



STATE AUDIT OFFICE

ANNUAL REPORT
2015

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Foreword

Another year, another report on the results of our operation in 2015. The State Audit Office accomplished its 2015 Work Programme covering all types of audit, with particular emphasis on performance audit. It must be highlighted that two performance audits were cooperative audits conducted with SAIs of the EU and the region.

In 2015 the State Audit Office produced 79 audit reports. They contain important information and a number of recommendations for improving auditees' financial management and responsible spending of public money. The selection and definition of the audit scope was, as always, guided by the principles of transparent and earmarked use of public money, as well as the quality of public services worthy of the citizens of the Republic of Macedonia.



Adhering to SAO Development Strategy 2013-2017 and its five key objectives, in 2015 we conducted activities aimed at maximizing SAO contribution to strengthening financial control and accountability in the public sector.

Concerning employees' professional development, we organized several trainings in the field of audit and the use of SAO upgraded IT infrastructure in relation to the implementation of the audit management system (AMS). Internal trainings and participation at international seminars during 2015 played a part in the high professionalism and dedication of our employees who make the core of the achieved results and ensure unimpeded realization of SAO mission. My sincere congratulations to all employees!

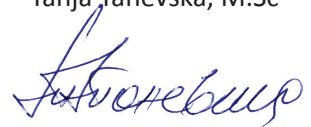
Internationally, in addition to the regular activities and cooperative audits, the State Audit Office has made a significant progress in the project with the Office of the Auditor General of Norway aimed at improving the efficiency and quality of audit with the implementation of audit management system. The activities in 2015 focused on designing and testing the AMS software solution, as well as on training of SAO employees on how to use the new IT infrastructure.

Regulating SAO constitutionality and setting up regular and effective mechanism for reviewing audit reports in the Parliament following European practice remain our long-term priorities that we would like to see implemented in the near future. It would provide proper attention to our audit reports in the Parliament, which is important for improving auditees' financial management and responsible spending of public money.

Within the Annual Report we regularly enclose the opinion of the independent external auditor on the financial statements of the State Audit Office for 2015.

Auditor General

Tanja Tanevska, M.Sc

A handwritten signature in blue ink, appearing to read 'Tanja Tanevska', is positioned below the printed name.



STATE AUDIT OFFICE

MISSION

The State Audit Office (SAO) is the Supreme Audit Institution of the Republic of Macedonia whose objective is to communicate audit findings timely and objectively to the Parliament, the Government, other public office holders, and the general public.

SAO provides support to the Parliament in meeting its responsibilities by identifying and revealing irregularities, cases of illegal operation and potential cases of corruption and abuse of office.

With clear and effective recommendations SAO provides support to the state institutions and the beneficiaries of public funds for improving the management thereof. Thus SAO contributes to the improvement of the lives of the citizens of the Republic of Macedonia.

INDEPENDENCE

As an independent external auditor SAO conducts audit on the public revenue and expenditure in line with the auditing standards of the International Organization of Supreme Audit Institutions - ISSAIs.

SAO independence is guaranteed by the State Audit Law, first enacted in 1997. Over the past years the Law underwent several modifications and amendments. New State Audit Law was adopted in 2010 for further compliance with Mexico Declaration on Supreme Audit Institutions Independence and the Lima Declaration of Guidelines on Auditing Precepts. The Law regulates SAO position and provides for a broad mandate for conducting regularity and performance audit, and access to all necessary information. SAO has financial independence and authority to manage its own resources. In addition, SAO has the freedom to decide on the audit subject and contents and has sufficient mechanisms for follow-up of recommendations to ensure appropriate implementation of recommendations given in audit reports.

VALUES

SAO would like to be recognized by the following values:

- professionalism - implemented through professional approach to the job, using applicable standards, experience and skills;
- teamwork – the teams created for implementation of work tasks collaborate constructively and devotedly towards successful accomplishment of audit objectives;
- reliability and professional ethics – execution of work tasks involves objectivity, effectiveness and commitment to achieving common goals;
- independence – of the management, the authorized state auditors and the state auditors in relation to the auditees, the state institutions and the other users of public funds; and
- responsibility – which implies execution of tasks in a reliable, accurate, reasonable and proper manner.

STRUCTURE OF EMPLOYEES

The State Audit Office has 94 employees - authorized state auditors, state auditors and administrative support staff organized in: three departments directly involved in the audit process (audit departments), which cover different areas of the public sector; one department for audit development and following international practice for ISSAI implementation; one department for IT audit; two departments for administrative support (legal and financial affairs); and two units for human resources and internal audit.

State audit is conducted by 82 auditors, and 70 of them hold a certificate for authorized state auditor.

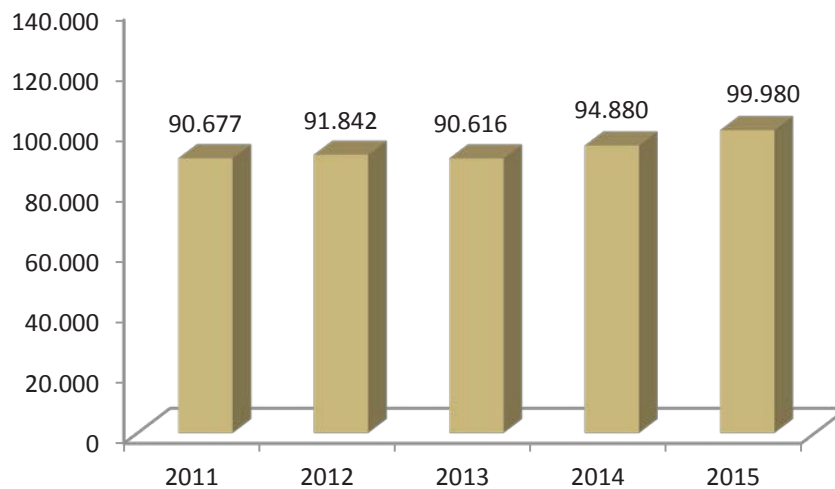
99% of the employees have university degree in economy, law, information technology and other fields, and the percentage of employees with master's degree is continuously increasing.

SAO BUDGET

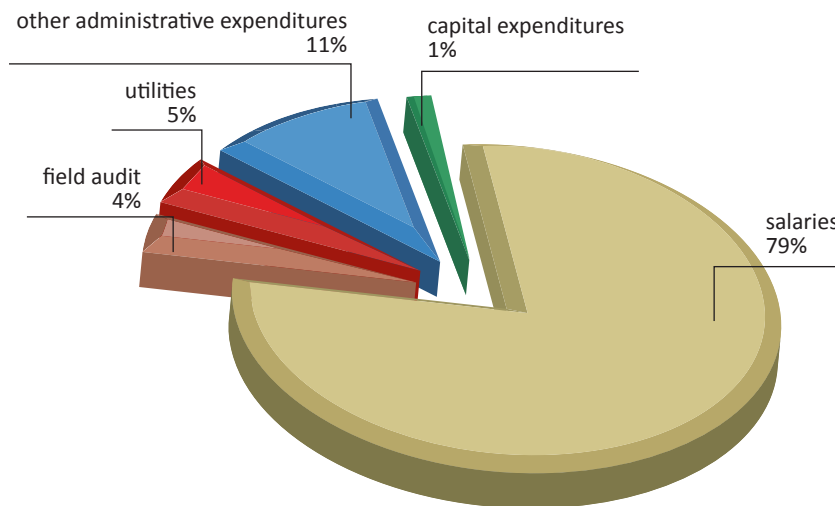
In line with the State Audit Law (Official Gazette of RM no. 66/10, 145/10, 158/11, 43/14, 154/15, 192/15) SAO operation is financed by the Budget of the Republic of Macedonia. The necessary funding proposed by SAO is approved by the Parliament of the Republic of Macedonia.

The total budget of the State Audit Office in 2015 amounted to 99.980.000,00 MKD. 96% are funds provided by the Central budget and 4% are SAO own revenues. SAO own revenues come from collection of fee for audits conducted before the adoption of the State Audit Law in 2010.

SAO budget over the years



SAO EXPENDITURE IN 2015



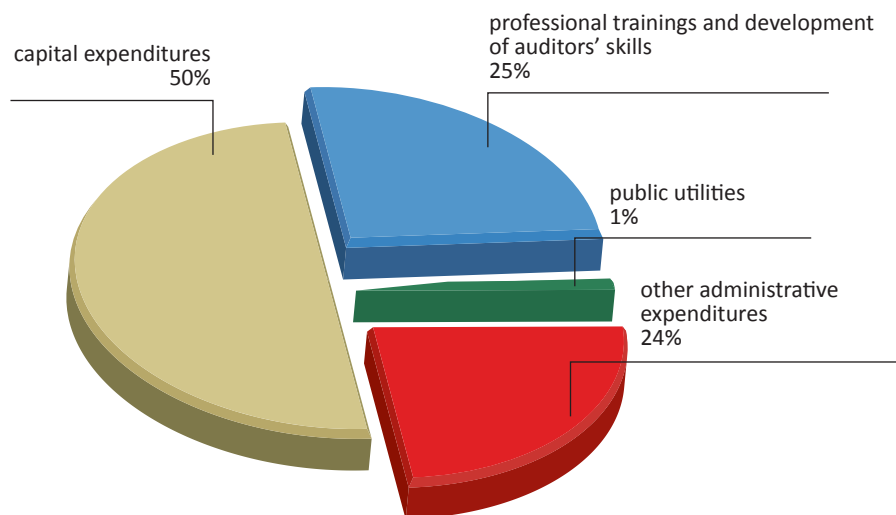
In terms of the structure of SAO expenditures, 79% are allocated for salaries of employees, 4% for conducting audit on the territory of the Republic of Macedonia, 5% for public utilities, 11% for other administrative expenditures and 1% are capital expenditures.

In 2015 SAO continued with the realization of the Project MAK-12/0015 „Implementation of audit management system“ funded by a donation from the Ministry of Foreign Affairs of Norway. The project objective is to improve the efficiency and quality of audit work by implementation of an audit management system.

The approved project budget for 2015 amounted to 19.025.000,00 MKD. The State Audit Office realized 9.503.000,00 MKD, and the remaining funds are transferred to the next year. 25% of the total expenditure were allocated for professional training and development of auditors' skills for the implementation of the new audit management system, 24% for administrative expenditures and 1% for public utilities.

The largest part, i.e. 50% were allocated for capital expenditures. 90% of these were allocated for procurement of software solution for virtualization of the new audit management system, antivirus protection and licenses Office Professional Plus 2016. The rest of the funds were allocated for procurement and installation of equipment for upgrade of the IT infrastructure necessary for the new audit management software.

EXPENDITURE FROM DONATION IN 2015



PROFESSIONAL DEVELOPMENT OF STATE AUDITORS

Professional development of employees is aligned with SAO strategic objectives for continuous upgrade of professional and technical skills of auditors and management, as well as with 2015 Annual Work Programme. This contributes to setting up an objective system for assessment of the level and quality of completion of work tasks.

Professional training of employees was carried out through different forms - internal training with SAO lecturers and external experts, on-the-job trainings, courses, seminars and workshops organized by the working groups/committees of INTOSAI/EUROSAI, the European Court of Auditors, SIGMA and other international organizations and professional associations.

During 2015 SAO organized training in the following areas:

- Practical application of IAS;
- Use of upgraded IT infrastructure (for SAO employees);
- Strengthening ethics in SAIs;
- Presenting new Manuals for regularity audit and performance audit, and audit flow for regularity audit;
- Latest amendments to the Public Procurement Law (in cooperation with the Public Procurement Bureau).

STRATEGIC DOCUMENTS



Implementation of the strategic objectives set out in SAO Development Strategy 2013-2017, HR Management Strategy 2013-2017 and IT Strategy 2013-2017 continued with unchanged intensity.

Implementation of Development Strategy objectives ensures continuous promotion of SAO operation and further development of the quality of state auditing by improving the quality of audits and follow up of the effects thereof, as well as of SAO institutional capacity management system.

In 2015 SAO has undertaken many activities to implement the strategic objectives in terms of:

- Audit Quality Assurance, as a method for assessing the functioning of quality control, is carried out in line with the Audit Quality Assurance Guidelines. Following the completion of the quality assurance reviews in 2015, the independent QA team provided guidance for ensuring proper application of methodology acts and best practice in audits;
- Overcoming systemic weaknesses, by pointing to identified systemic weaknesses in each audit report and presenting summarized disclosure of systemic weaknesses in SAO 2014 Annual Report;
- Implementation of electronic audit management system (AMS), in cooperation with the Office of the Auditor General of Norway (OAGN);
- Improvement of the current financial management and control system, in line with international standards for internal control and the Law on Public Internal Financial Control, by adopting and implementing procedures for important processes;
- Execution of SAO internal audit function, by adopting and implementing Internal Audit Plan for 2015;
- In order to align the organizational structure with the Law on Administrative Officers and the Collective agreement, SAO adopted new acts on internal organization and systematization of jobs; this is also consistent with SAO strategic objectives for further development of the quality of state audit, thus further improving the functional, organizational and HR structure;
- SAO is a member and actively participates in the activities of EUROSAI Task Force on Audit & Ethics;

- Further promotion of the role and significance of state auditing by publishing SAO Development Strategy 2013-2017 in color edition in Macedonian and English language, making it accessible to all interested parties and the general public;
- All other activities for realization of SAO strategic objectives in relation to professional development of employees, implementation of ISSAIs in the methodology acts and state audit practice, information technology and IT audit, cooperation with authorities, international cooperation and transparency, are elaborated in the relevant chapters of this document.

Concerning the strategic objectives for the coming period, the State Audit Office has submitted Proposal fiche for a Twinning project financed by EU IPA funds entitled Further improvement of administrative capacities and external audit efficiency of SAO, planned to start during 2017. The project includes several activities in relation to strengthening cooperation with the Parliament, as well as preparation of multi-annual planning methodology and plan.

Consistent with the objectives of the HR Management Strategy, in 2015 SAO has ensured continuous professional development and training of employees, as well as promotion of employees to higher positions, in support of high quality in the performance of audits and in other areas of operation.

In 2015 SAO carried on with the implementation of the IT Strategy 2013-2017 with continuous upgrade of its information system following the development of new technologies and standards. In addition, SAO IT staff attended training for administration and maintenance of the information system, and subsequently all employees were trained to use the system. Moreover, new applications were introduced as guidance throughout the audit process.

AUDITING STANDARDS AND METHODOLOGY

Auditing standards provide guidance for auditors in determining the scope of audit steps and procedures, and contain criteria for assessment of the quality of audit results. Manuals and guidelines guide the auditors in their work.

ISSAI implementation in the methodology acts of SAO provides further development of the quality of regularity and performance audit.



Consistent with the assessment of compliance with the ISSAIs and the ISSAI Implementation Strategy, SAO adopted Manual for regularity audit and Manual for performance audit, with annexes for all audit phases. Both manuals became effective in 2015.

For easier and uncomplicated dealing with challenges in the audit process, in 2015 SAO also prepared Manual for implementation of recommendations, and started drafting Manual for IT audit, thus continuing the harmonization of SAO methodology acts with the ISSAIs, consistent with the assessment of compliance with ISSAIs and the ISSAI Implementation Strategy.

SAO will continue with the translation of ISSAIs, methodology manuals and other professional literature in the field of audit issued by INTOSAI committees and working groups into Macedonian language, for harmonization and implementation in SAO audit practice.

In addition, Audit Quality Assurance Guidelines and Quality Control Guidelines were harmonized with the new methodology acts and the ISSAIs.

In line with the standards and the Audit Quality Assurance Guidelines in 2015 SAO followed through the Annual plan for audit quality assurance.

Professional team of authorized state auditors conducted three quality assurance reviews on the following audits:

- Ministry of Defense;
- National Gallery of Macedonia; and
- Public health care institution - University Clinic for Pediatric Surgery.

In keeping with the Annual Plan for audit quality assurance, the professional team of authorized state auditors also conducted reviews on the implementation of recommendations contained in the audit reports on:

- Appellate Court - Stip,
- Public health care institution - University Clinic for radiology; and
- PI Institute of National History.

COOPERATION WITH COMPETENT AUTHORITIES

In line with the State Audit Law, SAO submitted its 2014 Annual Report on conducted audits and operation to the Parliament of the Republic of Macedonia.

At the continuation of the 62nd session held on 21 August 2014, the Parliament reviewed SAO Annual Report and adopted conclusions thereof, noting that the State Audit Office as an independent supreme audit institution carries out its activities compliant with the State Audit Law, Mexico Declaration of SAI Independence and Lima Declaration of Guidelines on Auditing Precepts, and timely and objectively informs the Parliament on the audit findings.

In addition, the Parliament noted that SAO should take on all necessary measures for overcoming identified shortcomings in the audit reports and give clear recommendations to the auditees, while the auditees should act upon SAO recommendations and strengthen the control system, so the percentage of positive opinions on financial statements would increase.

Consistent with the obligations laid down in the State Audit Law, during 2015 SAO submitted all final audit reports to the Parliament.

SAO also cooperates with the other competent state authorities and in the frames of 2015 Annual Work Programme SAO submitted 6 audit reports to the Public Prosecutor on grounds of reasonable doubt for committed misdemeanor/offense, and 1 audit report to the State Commission for prevention of corruption.

SAO actively cooperates with all state authorities for preventing and reducing corruption in the frames of the Protocol on cooperation for the prevention and repression of corruption and conflict of interests. The State Audit Office also participates in the implementation of the

National Programme for Adoption of the Acquis (NPAA) through the activities provided in Chapter 3.23 Judiciary and fundamental rights, Area – Prevention of corruption policy, and Chapter 3.32 Financial Control, Area - External Audit, as well as in the work of the Inter-ministerial body for prevention of corruption.

TAIEX Expert Mission Report on Corruption Risk Assessment in the Public Sector of the Republic of Macedonia prepared by Jure Skrebec, Ph.D. (Expert Mission member), in the section on best practice regarding risk management notes the following:

„...Amongst all institutions with which I met during the mission to the Skopje, I found an example of good practice regards Risk Management process and that is State Audit Office (hereinafter SAO). SAO is not only obeying Risk Management Guidelines but they took in to the consideration also other international samples and guidelines how to do proper risk assessment. They assess in-depth internal and external factors which can mean threat to the SAO no matter what is the nature of such risk / threat. They have special methods and forms how to make proper assessment and evaluation... I recommend to Macedonia to consider such practice as example for all others.”

INFORMATION TECHNOLOGY AND IT AUDIT

Development and application of information technology and its rational and efficient use in the audit process is one of SAO strategic objectives.

SAO has ensured unimpeded functioning of the information system infrastructure and implemented system for centralized storage and data exchange, electronic mail, archiving system, system for internal information for employees (intranet), integrated financial information system, and a system for data analysis of audit reports. Due regard is also paid to availability of data for authorized users, confidentiality, integrity, secure data storage on central location, compliance with laws, regular backup, as well as physical and logical access security.

In 2015 SAO introduced 2 applications – audit flow for regularity audit and audit flow for performance audit, which provide guidance through the audit process.

Auditors are provided with internet access when carrying out audit fieldwork.

Within the activities of the project for Improvement of efficiency and quality of audit work with the application of audit management system (AMS), funded by a grant from Norway and implemented with technical assistance from the Office of the Auditor General of Norway, the selected supplier for AMS design and implementation prepared functional specification for the system. Currently the system (AMS) is in its development phase and the modules are being tested according to the planned dynamics.

Computer assisted audit techniques (CAATs) are applied regularly in financial audit, and IDEA software for analysis of data in financial statements.

In accordance with the auditing standards, audit of information systems is integral part of regularity and performance audit - it involves assessment of policies and procedures in auditees IT environment to provide assurance that adequate controls and mechanisms for application are in place. With the audits on the information systems, SAO pointed to the need of adopting or updating IT development strategies, as well as prescribing and implementing security policies and procedures. This will improve IT resources management in line with auditees' development priorities, and will also reduce the risk of ineffective protection of information systems, loss or damage of data, inaccuracy and unreliability of records and unauthorized access to confidential data.

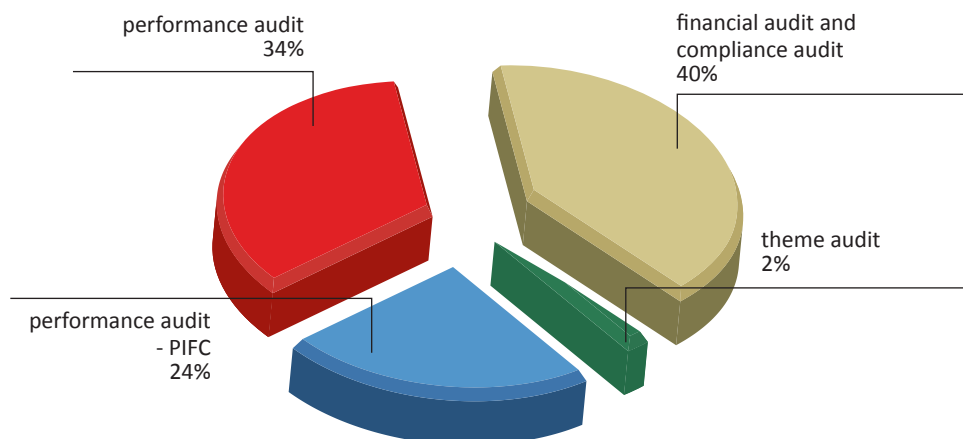
No.	AUDIT ACTIVITIES THROUGH FIGURES	2015 Annual Work Programme
1.	Regularity audit reports (audit on financial statements and compliance audit)	47
2.	Performance audit reports	18
3.	Performance audit reports on Public Internal Financial Control System	13
4.	Audit of specific elements, accounts or items in financial statements	1
5.	Audit reports submitted to the legal representative of the auditee	79
6.	Audit reports submitted to the Public Prosecutor's Office of the Republic of Macedonia	6
7.	Audit reports submitted to the Parliament of the Republic of Macedonia	79
8.	Audited entities	410
9.	Audit findings	858
10.	Audit recommendations	700
11.	Audited public revenue (in million MKD)	149.343
12.	Audited public expenditure (in million MKD)	13.693

CONDUCTED AUDITS AND ISSUED REPORTS

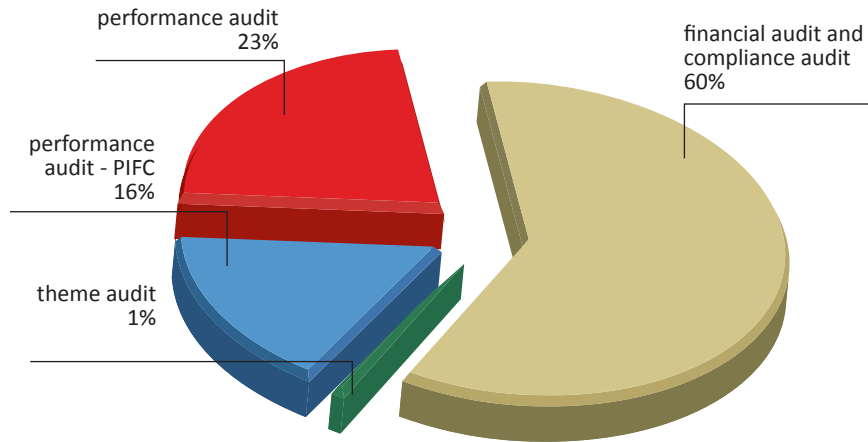
In 2015 SAO conducted 53 audits (103 audits in 2014): 21 regularity audit, 1 theme audit, 18 performance audits and 13 performance audits on the system for financial management and control and internal audit (PIFC system).

79 audit reports were issued upon completed audits (116 audit reports in 2014): 47 regularity audit reports, 1 theme audit report, 13 performance audit reports on the PIFC system, and 18 performance audit reports.

Audit structure				
SAO Annual Work Programme	2015		2014	
Type of audit	Number of conducted audits and their structure			
	Number	%	Number	%
1	2	3	4	5
Financial audit and compliance audit	21	40	17	16
Theme audit	1	2	-	0
Performance audit - PIFC	13	24	80	78
Performance audit	18	34	6	6
Total number of audit reports	53	100	103	100



Structure of audit reports				
SAO Annual Work Programme	2015		2014	
Type of audit	Number of audit reports and structure			
	Number	%	Number	%
1	2	3	4	5
Financial audit and compliance audit	47	60	30	26
Theme audit	1	1	-	-
Performance audit - PIFC	13	16	80	69
Performance audit	18	23	6	5
Total number of audit reports	79	100	116	100



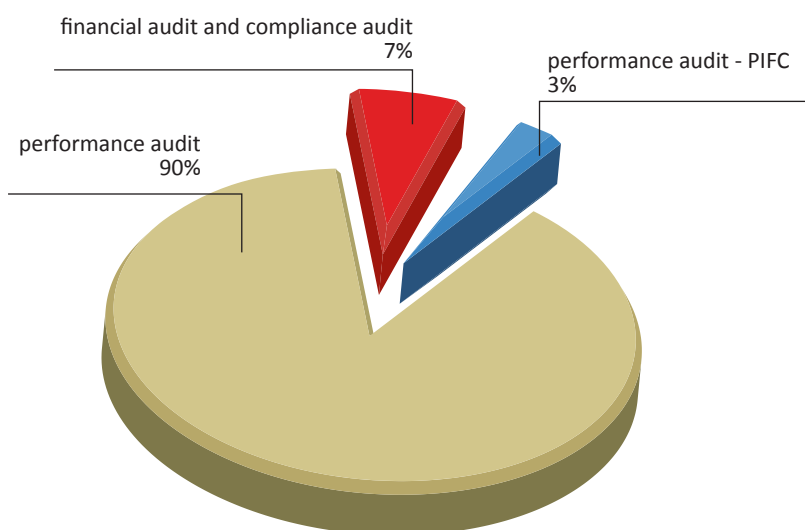
AUDITEES

SAO Annual Work Programme defines the entities and areas that will be subject to audit in line with the criteria for selection of entities i.e. areas to be audited on annual level.

The scope of state audit, in terms of number of auditees also covers the mandatory annual auditees in accordance with the Law.

In order to achieve audit objectives of financial and performance audits, in 2015 SAO covered 410 auditees in total. The following table presents the structure of auditees by different types of audit.

Audited entities and entities included in performance audit				
Type of audit	2015		2014	
	Auditees	%	Auditees	%
1	2	3	4	5
Financial audit and compliance audit	27	7	21	12
Theme audit	1	-	-	-
Performance audit - PIFC	13	3	80	48
Performance audit	369	90	67	40
Total number of audits	410	100	168	100

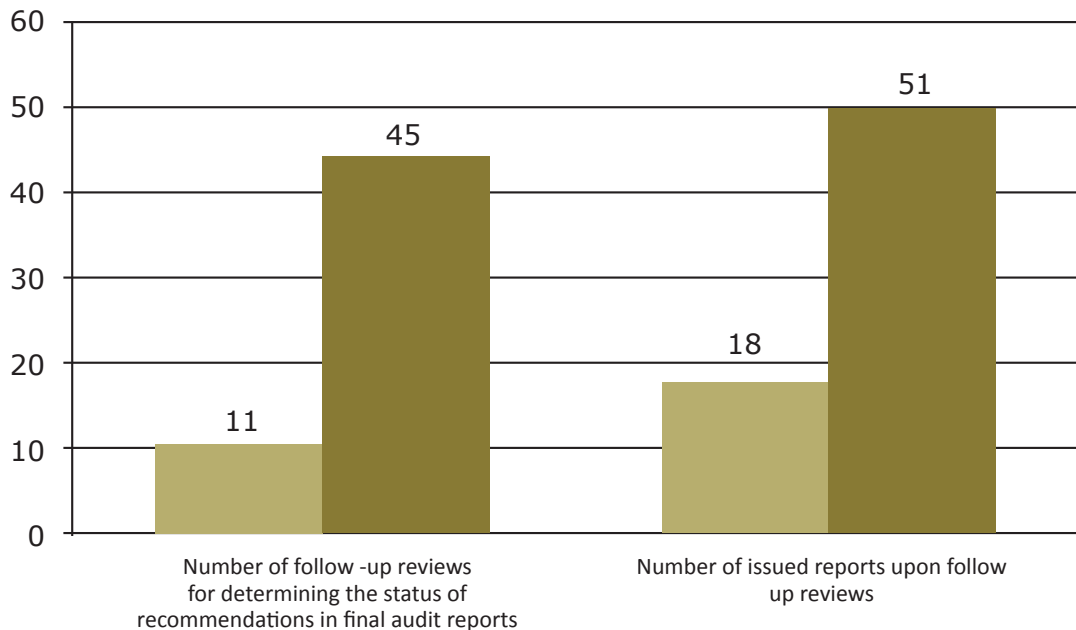


FOLLOW UP REVIEWS ON THE IMPLEMENTATION OF RECOMMENDATIONS

In 2015 SAO conducted follow up reviews on the status of implementation of recommendations given in final audit reports from 2014 and 2015 to determine the level of implementation.

The table below gives the number of follow up reviews and issued reports for determining the status of recommendations given in final audit reports.

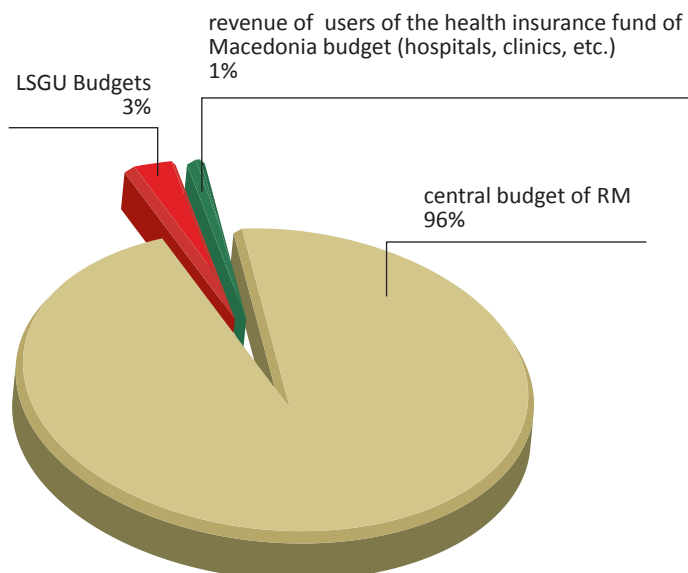
Follow up Reviews on the implementation of recommendations			
Follow up Reviews	2015	2014	TOTAL
1	2	3	4
Number of follow -up reviews for determining the status of recommendations in final audit reports	11	45	56
Number of issued reports upon follow up reviews	18	51	69



AUDITED PUBLIC REVENUE

The amount of audited public revenue in 2015 is presented in the table below.

Audited public revenue (in million MKD)				
Audited public revenue in:	2015		2014	
	Revenue	%	Revenue	%
1	2	3	4	5
Central Budget of RM	142.695	96	138.377	99
LSGU Budgets	5.183	3	673	1
Funds' Budgets	0	0	76	0
Revenue of users of the Health Insurance Fund of Macedonia budget (hospitals, clinics, etc.)	714	1	0	0
Political parties	342	0	169	0
Public enterprises	0	0	41	0
Other institutions	409	0	0	0
TOTAL	149.343	100	139.336	100

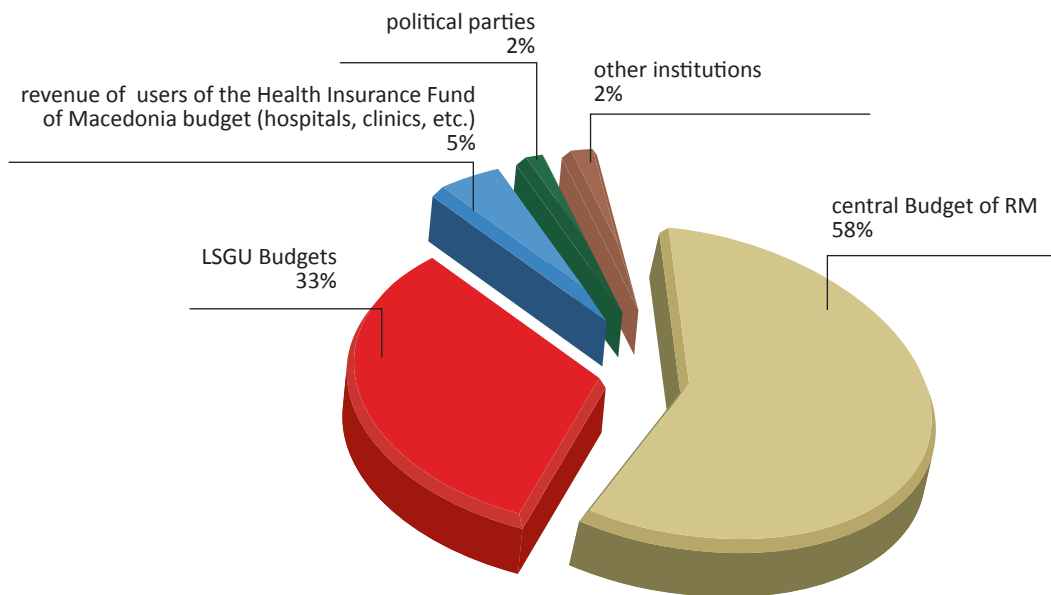


The structure of audited public revenue in 2015 presented in the annual accounts for 2014 is as follows: Central Budget revenue 96%, revenue of budgets of local self-government units (LSGU) 3%, and revenue of the users of the Health Insurance Fund of Macedonia (hospitals, clinics, etc.) 1%.

AUDITED PUBLIC EXPENDITURE

The structure of audited public expenditure in 2015 presented in the annual accounts for 2014 is as follows: Central Budget users 58%, LSGU budgets' users 33%, users of the Health Insurance Fund of Macedonia (hospitals, clinics, etc.) 5%, political parties 2%, and other public institutions account for 2% of the audited expenditure.

Audited public expenditure (in million MKD)				
Audited public expenditure in:	2015		2014	
	Expenditure	%	Expenditure	%
1	2	3	4	5
Central Budget of RM	7.954	58	6.858	87
LSGU Budgets	4.425	33	656	8
Funds' Budgets	0	0	76	1
Revenue of users of the Health Insurance Fund of Macedonia budget (hospitals, clinics, etc.)	709	5	0	0
Political parties	316	2	214	3
Public enterprises	0	0	40	1
Other institutions	289	2	0	0
TOTAL	13.693	100	7.844	100



AUDIT FINDINGS

With the implementation of SAO Annual Work Programme for 2015 authorized state auditors and state auditors issued audit reports that contain 858 findings as follows:

- 32 findings in the audit report on the Core Budget;
- 328 findings in the regularity audit reports;
- 337 findings in the performance audit reports;
- 157 findings in the performance audit reports on PIFC system; and
- 4 audit findings in the audit report on specific elements, accounts, items of financial statements.

The tables below present the share of findings in different areas / topics and types of audits.

FINDINGS BY TYPE OF AUDIT			
1. Compliance Audit on the Core Budget of the Republic of Macedonia			
Type of finding		Number	%
1	2	3	4
1.	Core Budget preparation	3	9
2.	Core Budget adoption	1	3
3.	Core Budget execution	28	88
TOTAL		32	100
2. Regularity Audit (financial and compliance audit)			
Type of finding		Number	%
1	2	3	4
1.	Compliance with laws and regulations	84	37
2.	Financial statements	90	40
3.	Internal control system	28	13
4.	Lawfull use of funds	7	3
5.	Public procurement	16	7
TOTAL		225	100
6.	Emphasys of matter	44	
7.	Other issues	59	

3. Performance Audit - PIFC			
Type of finding		Number	%
1	2	3	4
1.	Legal framework and strategic documents	15	10
2.	Financial management and control	66	42
3.	Internal audit	40	25
4.	Inventory	12	8
5.	Public procurement	6	4
6.	Internal control system for procurement and payments	18	11
TOTAL		157	100

4. Audit of specific elements, accounts or items in financial statements (NBRM)			
Type of finding		Number	%
1	2	3	4
1.	Emphasys of matter	2	50
2.	Other issues	2	50
TOTAL		4	100

5. Performance Audit			
Type of finding		Number	%
1	2	3	4
1.	Consistent with the audit topic	337	100
TOTAL		337	100

SUMMARY OF FINDINGS IN FINAL AUDIT REPORTS

Type of finding		Number	%
1	2	3	4
1.	Compliance Audit on the Core Budget of the Republic of Macedonia	32	8
2.	Regularity Audit (financial and compliance audit)	225	54
3.	Performance Audit - PIFC	157	37
4.	Audit of specific elements, accounts or items in financial statements (NBRM)	4	1
TOTAL I		418	100
5.	Emphasys of matter	44	10
6.	Other issues	59	13
7.	Performance audit findings	337	77
TOTAL II		440	100
TOTAL I + II		858	

PUBLIC PROCUREMENT

Within the execution of planned audits in 2015, the State Audit Office also audited public procurement procedures in auditees. With the audit on the method of planning, implementation and realization of public procurement the auditors identified 22 findings in relation to the following irregularities:

Public Procurement Findings			
No.	Type of sub-findings	Number	%
1	2	3	4
1.	Lack of or improper procedures/ control systems in place for implementation of PP Law by the PP Commission	3	5
2.	Not implemented procedures for PP / PP realized before signing PP contract / PP realized with old contracts from previous years	1	2
3.	Weaknesses in the planning phase (type of PP, selection of proper procedure, planned quantities, dynamics, planned funds, submitting PP plan to the PP Bureau, changes to the plan, etc.)	6	11
4.	Weaknesses in the phase of decision making on PP	2	3
5.	Tender documentation does not include elements prescribed by PP Law	6	11
6.	Noncompliance of criteria for awarding PP contracts with PP Law	6	11
7.	Weaknesses in the phase of announcing public procurements and notifying PP Bureau	1	2
8.	Weaknesses in the phase of opening tender documentation, evaluation of tender documentation and reporting on the evaluation in line with PP Law	1	2
9.	Weaknesses in bid evaluation phase, scoring, ranking and proposing most favorable bidder (not applied/incorrectly applied scoring methodology, lack of/incorrect ranking, incorrect proposal for selection of most favorable bidder)	5	9
10.	Weaknesses in the phase of decision making on the most favorable bidder	2	3

11.	Weaknesses in the phase of signing contracts with selected bidders (not signing contracts with selected bidders or signing contracts with different prices and different conditions or other elements of the bid, signing contracts within a period shorter than the legally prescribed one, etc.)	4	7
12.	Weaknesses in the realization of signed contracts (warranties, prices, quantities, payment terms and other conditions different than the ones defined in the contracts)	2	3
13.	Lack of procedures in place for monitoring overall realization of contracts, both from quantitative and qualitative aspect	2	3
14.	Dividing public procurements / bypassing procedures prescribed by PP Law	2	3
15.	Need for staffing / additional staffing of PP unit	1	2
16.	Designated person(s) in PP unit without appropriate certificate for passed PP exam	1	2
17.	Not requested consent for PP from the PP Council in line with PP Law	1	2
18.	Lack of report on implemented PP procedure	1	2
19.	Implemented procedures and control systems for the operation of PP Commission	3	5
20.	PP Plan is prepared, approved and submitted in line with PP Law	2	3
21.	Implemented and functional procedures for monitoring realization of PP contracts	2	4
22.	Designated person(s) in PP unit possess appropriate licences and authorizations	3	5
TOTAL		57	100

AUDIT OPINION

In accordance with the audit objectives, auditors expressed opinion on financial statements and compliance with laws and regulations, as well as conclusions in the performance audit reports.

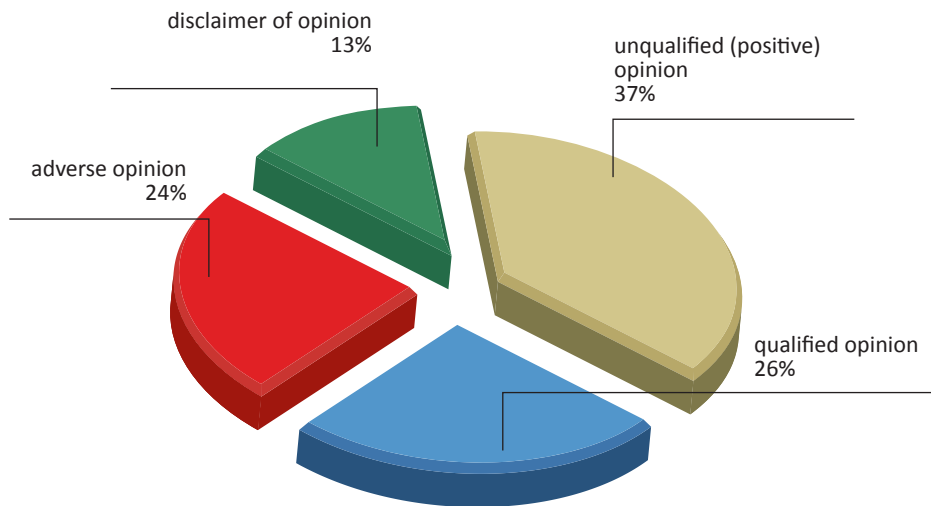
In relation to financial statements for 2014 auditors expressed unqualified opinion in 17 reports (37%), qualified opinion in 12 reports (26%), adverse opinion in 11 reports (24%), and disclaimer of opinion in 6 reports (13%).

Regarding compliance with laws and regulations auditors expressed unqualified opinion in 12 reports (26%), qualified opinion in 19 reports (40%), adverse opinion in 14 reports (30%), and disclaimer of opinion in 2 reports (4%).

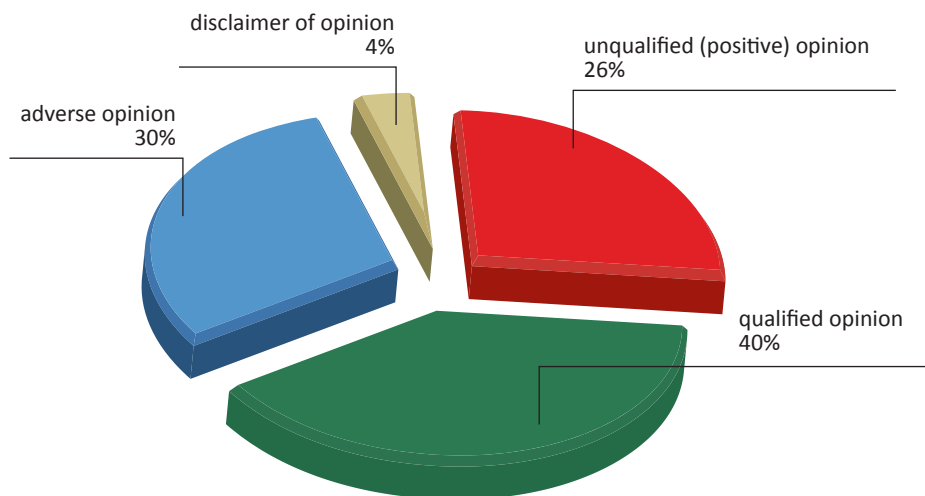
Below is an overview of expressed opinion on financial statements and compliance with laws and regulations in 2014 presented in audit reports of 2015.

Overview of audit opinion on financial statements and compliance with laws and regulations				
2015 Annual Work Programme				
Audit opinion	Financial statements		Compliance with laws and regulations	
	Number	%	Number	%
	2015	2015	2015	2015
Unqualified (positive) opinion	17	37	12	26
Qualified opinion	12	26	19	40
Adverse opinion	11	24	14	30
Disclaimer of opinion	6	13	2	4
TOTAL	46	100	47	100

Structure of expressed opinion on financial statements



Structure of expressed opinion on compliance with laws and regulations



MEASURES TAKEN UPON RECOMMENDATIONS IN AUDIT REPORTS

Besides its mission as a supreme audit institution to communicate audit findings timely and objectively to the public office holders and the general public, the State Audit Office objective is to give clear and effective recommendations and provide support to the state institutions and the beneficiaries of public funds for improving the management thereof.

In line with the State Audit Law, auditee's legal representative is obliged to notify the SAO, as well as the competent body for supervision and control, on the measures taken upon findings and recommendations in the audit report within 90 days of the receipt of the final report.

SAO follows the implementation of recommendations as part of the regular audits, the special purpose audits and the reviews of implementation of recommendations, as well as through the information provided by the auditees.

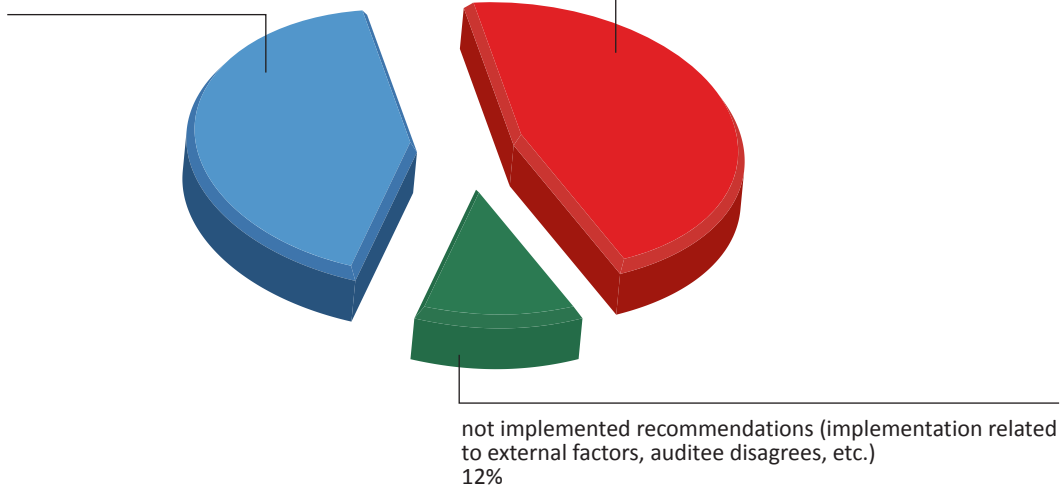
Upon completion of the audits from 2015 Annual Work Programme, the State Audit Office has issued 700 recommendations. By the time of the preparation of the Annual Report for 2015, the deadline for feedback from auditees for 378 recommendations has not expired. Out of 322 recommendations, 147 have been completely or partially implemented, or the implementation is ongoing; 38 recommendations have not been implemented (related to other competent bodies/external factors or discrepancies); and auditees have not provided feedback or have not commented on 137 recommendations.

The following table presents the status categories for measures taken upon recommendations for 2015 and 2014:

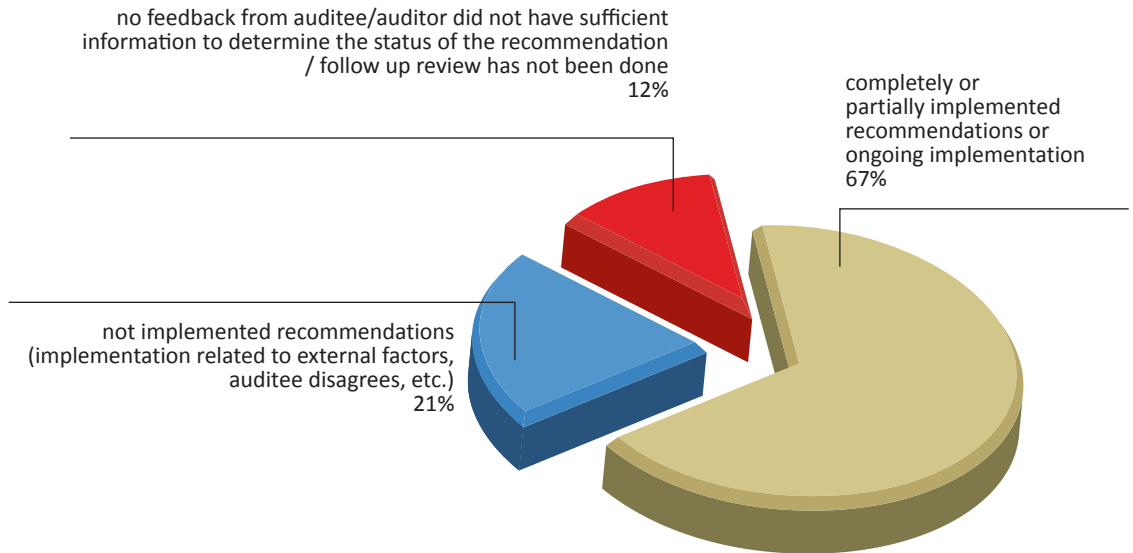
STATUS OF IMPLEMENTATION OF RECOMMENDATIONS			
2015 ANNUAL WORK PROGRAMME			
	DESCRIPTION	Number	%
1.	Completely or partially implemented recommendations or ongoing implementation	147	46
2.	Not implemented recommendations (implementation related to external factors, auditee disagrees, etc.)	38	12
3.	Recommendations that cannot be implemented due to changed circumstances	0	0
4.	No feedback from auditee/auditor did not have sufficient information to determine the status of the recommendation	137	42
Number of recommendations for which 90 days' feedback deadline has expired		322	100
5.	Number of recommendations for which 90 days' feedback deadline has not expired	378	
TOTAL NUMBER OF RECOMMENDATIONS		700	

no feedback from auditee/auditor did not have sufficient information to determine the status of the recommendation
42%

completely or partially implemented recommendations or ongoing implementation
46%



2014 ANNUAL WORK PROGRAMME			
	DESCRIPTION	Number	%
1.	Completely or partially implemented recommendations or ongoing implementation	561	67
2.	Not implemented recommendations (implementation related to external factors, auditee disagrees, etc.)	175	21
3.	Recommendations that cannot be implemented due to changed circumstances	2	0
4.	No feedback from auditee/auditor did not have sufficient information to determine the status of the recommendation / follow up review has not been done	95	12
TOTAL NUMBER OF RECOMMENDATIONS		833	100





AUDIT ACTIVITIES

MAIN ASPECTS OF ASCERTAINED SITUATION FOLLOWING THE AUDIT ON THE CORE BUDGET IN 2015

Public finance management is a priority of the Government and the Ministry of Finance. Medium-term planning of the main macroeconomic and fiscal parameters ensures financial security and sustainability of public finance.

The Fiscal Strategy, as an important strategic document, defines the most important objectives and policies, as well as the medium-term macroeconomic and fiscal projections, thus creating a link between defined strategic priorities and available sources of financing i.e. the Budget. At the same time, guidelines and policies in this document serve as basis for the medium-term projections of public revenue and expenditure, aimed at strengthening fiscal discipline and proper allocation of available resources in line with the strategic priorities.

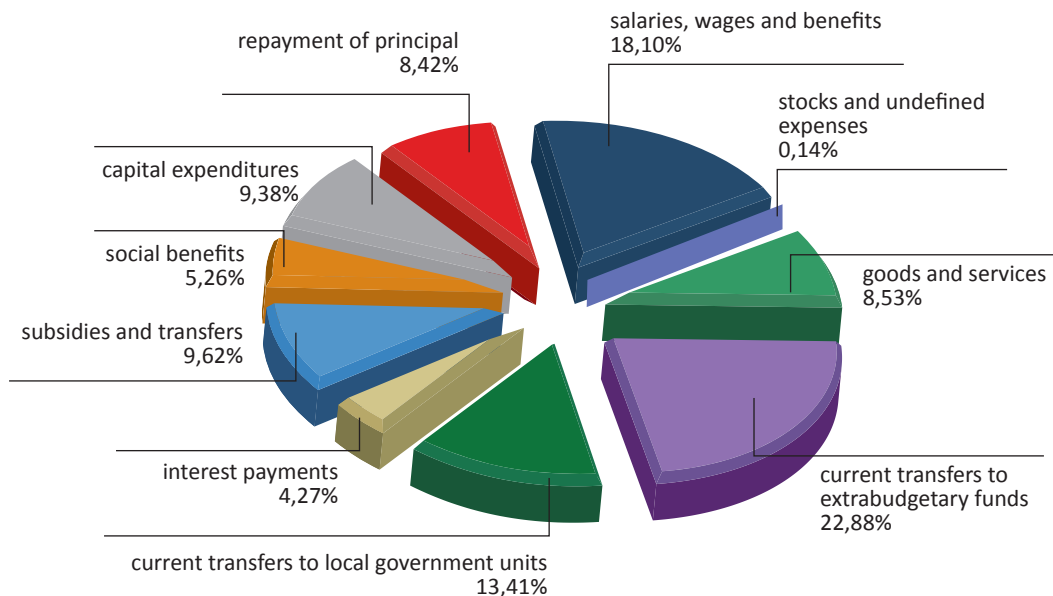
Such guidelines are the first step in ensuring proper allocation of budget funds aimed at development of priority areas.

The Government identifies the most important strategic priorities in the Decision on establishing strategic priorities. Implementation of strategic priorities and allocation of adequate budget funds ensure higher growth rate of Macedonian economy and improvement of the living standard of the population.

We examined the functioning of the procedure for preparation, adoption and management of the Core Budget of the Republic of Macedonia in the Ministry of Finance, and we applied control procedures regarding the organizational structure and the functioning of internal controls, monitoring of payments and recording capital and tax revenues in the Ministry of Agriculture, Forestry and Water Economy, the Ministry of Transport and Communications, the Ministry of Economy and the Public Revenue Office.

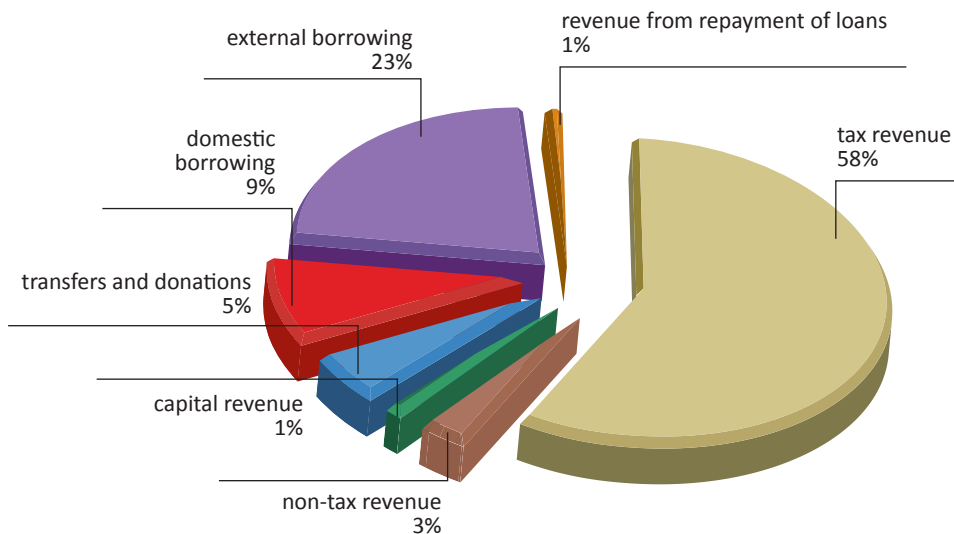
With the application of audit techniques, we analyzed data from the Treasury Ledger relating to total expenditure and total revenue. This data is recorded i.e. presented in the budget accounting database of the Core Budget account.

Total expenditure and other outflows of the Core Budget of the Republic of Macedonia in 2014 amount to 119.245.688.000,00 MKD.



Planned revenue and other inflows of the Core Budget are the basis for determining appropriations for financing main competencies of budget users.

The Core Budget revenue for 2014 amounts to 142.858.233.000,00 MKD.



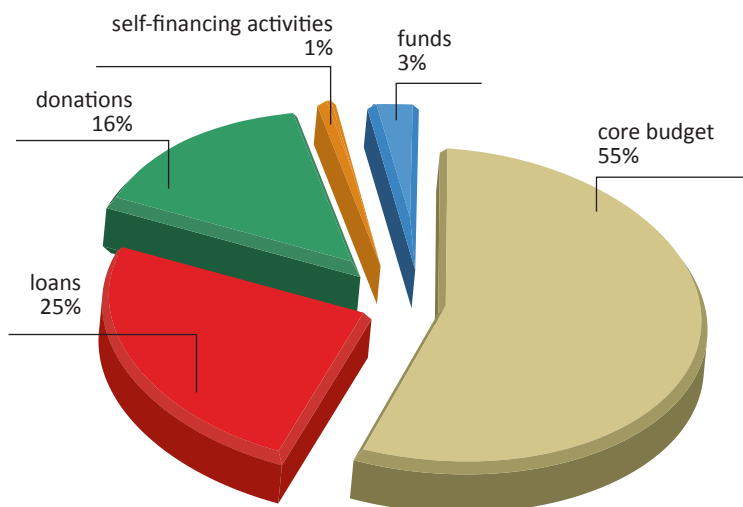
Tax revenues occupy the largest share of Budget revenue at 58%.

With the insight into the available documentation and records of planning, recording and collection of tax revenue in the Public Revenue Office, we found that the established method of planning and recording, and the communication regarding data exchange on collected tax revenue between the Ministry of Finance and the Public Revenue Office provide high degree of realization of projected revenue in the Budget.

The largest part of capital revenues in the Core Budget are revenues whose realization, recording and enforcement is carried out by the state bodies, within their powers defined by law. Capital revenues are revenues of the Core Budget and the local self-government units, in proportion determined by law.

Government programs reflect its strategic priorities. The funds for financing these programs are provided by the Core Budget (78%), donations (11%) and loans (11%). In 2014 Government programs were projected in the amount of 20.517.671.000,00 MKD i.e. 16.5% of the total Core Budget. The implementation of these programs in 2014 was 98%.

Through development sub-programs, the country is financing capital projects and they represent the development component of the State Budget. Development sub-programs of the Central Budget are financed from the Core Budget, loans, donations, self-financing activities and funds. Part of the Government programs are included in the development subprograms in the amount of 2.624.670.000,00 MKD; the realization of these programs was 86%.



All inflows, outflows and records for the execution of the State Budget, the budgets of the municipalities and other institutions (pursuant to law) are carried out through the Treasury account. In addition, all entries and transactions related to appropriations, financial plans, reported and undertaken liabilities are recorded in the Treasury account.

With the use of IT tools we analyzed data in different databases for the treasury operations and found that established controls cover the risks in the operation and management of the treasury account in terms of completeness and accuracy of recording inflows and outflows of funds in the Core Budget of the Republic of Macedonia.

Budget users and spending units of the central government are obliged to report the undertaken liabilities for the purpose of recording these liabilities in the unique treasury database. With the insight into the method of recording liabilities into the treasury information system we found that the controls for recording liabilities in the module are in place. However, in order to have complete records of total liabilities in the treasury, all users need to report their liabilities electronically.

The opinion on the use of the Budget funds by the Budget users classified in different Budget sections is expressed in the individual audit reports of the authorized state auditors.

JUDICIARY



The main objectives of an autonomous, independent and efficient judiciary in every country are the rule of law, efficiency of the judicial system, protection of citizens' rights, fast and effective procedures, prevention of abuse of power and possibilities for corruption, as well as adhering to professional ethics and incorporation of European standards.

In the Republic of Macedonia, the highest instance for protection of the rule of law and the guardian of human rights and freedoms stipulated by the Constitution, the laws and the international agreements ratified in accordance with the Constitution, are the courts and the judges.

The principle of separation of powers on legislative, executive and judicial is of particular importance for the organization and functioning of the judiciary, aimed at implementation of the constitutional commitment.

The unique judicial system in the Republic of Macedonia consists of courts, appellate courts, the Administrative Court, the Supreme Administrative Court and the Supreme Court of the Republic of Macedonia. The Judicial Council of the Republic of Macedonia was established as an independent judicial body for achieving and guaranteeing the independence of the judiciary.

The funds for the operation of the judiciary are provided by the Court budget as a separate section of the Budget of the Republic of Macedonia.

With the audits on the appellate courts in Skopje, Bitola and Stip, we identified some conditions that need to be addressed in the following period in relation to:

- setting up complete system of internal controls and adopting written procedures at all levels of operation, for ensuring effective control system and strengthen public funds management;
- signing agreement with state bodies located in the same facilities, in order to regulate mutual rights and obligations and proper distribution of costs;
- carrying out complete inventory of assets and liabilities, and insuring courts' property;
- consistent implementation of laws and bylaws related to planning and implementation of public procurement procedures;
- proper recording of complete documentation in the log book for consistent application of provisions specified in the Law on archive operations and the Decree on office and archive operations.

The procedure for determining, preparing and executing the judicial budget is specified in the Law on Judicial Budget. Compliant with this Law, part of the funds for the judiciary in the Budget of the Republic of Macedonia intended for the operation of the spending units should be set in the amount of at the least 0.8% of the GDP, with specific dynamics starting from 2012 to 2015; in 2014 the approved funds amounted to 0.7% of the GDP. Along these lines the Judicial Budget Council defines a framework for the budget requests of the courts.

Public Prosecutor's Office is an independent state body organized on several levels: Public Prosecutor of the Republic of Macedonia, Higher Public Prosecutor, Basic Public Prosecutor for organized crime and corruption, and Basic Public Prosecutor. The Public Prosecutor's Office is organized in accordance with the principles of hierarchy and subordination. The Public Prosecutor's Office is performing the function of prosecuting perpetrators of crimes and other punishable acts as stipulated by law.

With the entry into force of the provisions of the new Criminal Procedure Law, all public prosecutors have increased legislative powers i.e. the pre-trial investigation and investigation procedures of the courts have been transferred to the public prosecutors. Therefore, the Public Prosecutor's Office made an analysis highlighting the need for strengthening its capacity in terms of number of prosecutors, prosecutorial professional service and technical personnel, for unimpeded execution of the public prosecution function.

CONFORMITY OF OPERATIONS OF PUBLIC HEALTHCARE INSTITUTIONS AND RELIABILITY AND OBJECTIVITY OF FINANCIAL STATEMENTS



Public healthcare institutions are legal entities performing healthcare activity in the network of healthcare institutions. Healthcare activity is carried out as a public service for providing healthcare; it covers the measures, activities and procedures, which compliant with evidence-based medicine and application of healthcare technology, are used for protection and promotion of health, prevention, early detection and extinction of diseases, injuries and other health disorders caused by the impact of the working and living environment, for timely and effective treatment, health care and rehabilitation.

The healthcare system in the Republic of Macedonia is organized on three levels: primary, secondary and tertiary level.

The network at primary care level is divided into separate geographical areas, which may include one or more municipalities, according to certain criteria.

All types of primary level healthcare activity are ensured for each area; the healthcare activity is carried out at primary level healthcare centers and private healthcare institutions performing healthcare activity, based on a primary level license in the network.

The network at secondary care level is divided into separate geographical areas. It is specialized healthcare and includes specialty-consultative outpatient services and hospital inpatient services.

The network at tertiary level of healthcare consists of public healthcare institutions that provide healthcare services which require professionally, organizationally and technologically complex and multidisciplinary healthcare treatment.

In line with SAO 2015 Annual Work Programme, we conducted audit in the following public healthcare institutions:

- PHI University Clinic of Gynecology and Obstetrics;
- PHI University Clinic of Plastic and Reconstructive Surgery;
- PHI University Clinic of Radiology;
- PHI Health Station „Zelezara“ - Skopje;
- PHI Healthcare Centre Kumanovo.

We conducted audit on the financial statements together with compliance audit on the above public healthcare institutions and audit on the financial management and control and internal audit, and made recommendations for overcoming ascertained shortcomings.

Acting upon audit recommendations, and taking measures and activities by the competent authorities and those responsible for governance and management of public healthcare institutions should provide improvements in relation to: the system of internal controls and internal audit; harmonization of acts on organization and systematization and adoption thereof; setting up accurate/updated record-keeping and monitoring medical supplies on a daily basis; inventory of assets and liabilities; planning of public procurement, awarding public procurement contracts and monitoring the implementation of awarded public procurement contracts.

LOCAL SELF-GOVERNMENT

In 2015 the State Audit Office conducted audit on the financial statements for 2014 together with compliance audit in two local self-government units (LSGUs) – the City of Skopje and the municipality of Kocani.

The audits covered 14% of the total expenditure i.e. public spending at local level.

With the audits we ascertained shortcomings in relation to: the internal control system in the process of setting up and collecting own revenues and the process of budgeting; payment of various allowances; the inventory; the liabilities; implementation of public procurement procedures and realization of awarded public procurement contracts. We made recommendations to the competent authorities and agencies that would help overcome identified shortcomings.

In this annual report we highlight systemic weaknesses that are present in LSGUs and relate to the Law on Property Tax, the Law on Communal Taxes, the Law on Firefighting and the Law on Secondary Education. These systemic weaknesses have financial implications on the operation of LSGUs and the competent authorities should take appropriate action.

According to Article 39, paragraph 1 and 2 of the Law on Property Taxes, the municipalities, the municipalities of Skopje and the City of Skopje should regularly synchronize the real property registry with the registry kept by the Agency for Real Estate Cadaster of the Republic of Macedonia; no later than 31 December each year the registry data should be submitted to the Central Registry of the Republic of Macedonia and to the headquarters of the Public Revenue Office.

Data from the register of real property of the City of Skopje and the municipalities in Macedonia are not harmonized with data from the Geodetic Cadaster Information System (GCIS) of the

Agency for Real Estate Cadaster, due to the conflicting basis for recording data (registries), i.e. in the City of Skopje and in the municipalities the taxpayers are recorded by their unique master citizen number and other personal data, and in GCIS of the Agency for Real Estate Cadaster by cadastral municipality and cadastral parcel. Alignment of these data is a legal obligation of LSGUs, which has an effect on the completeness of data in LSGUs and has financial implications on the completeness of the revenue on this basis.

For complete, efficient and quality update of database on property tax, it is necessary to have compatible registers and software connection with the state bodies and institutions (the Agency for Real Estate Cadaster of the Republic of Macedonia, the Central Registry, the Public Revenue Office, and other institutions).

Pursuant to the Law on communal taxes, collection of communal taxes for using roads with passenger vehicles, cargo vehicles, buses, special vehicles and motorcycles (Tariff List, tariff no. 9), should be done by the body responsible for vehicle registration and payed to the appropriate account within the treasury account of the municipality, the municipalities in Skopje or the City of Skopje. The current legal solution does not prescribe deadline for depositing the collected tax on the municipality account; it also does not prescribe obligation to inform the municipality on the number of registered vehicles by different cubic capacity and on the monthly amount of collected tax individually and cumulatively. The existing legal provisions do not stipulate setting up a system that would provide accurate data on registered vehicles by cubic capacity and purpose, and on the other hand, municipalities do not have legal possibility to get assurance about the accuracy and reliability of funds paid and the completeness of revenue on this basis.

Concerning the communal tax for street lighting, the municipalities do not receive data from EVN Makedonija AD Skopje on:

- the number of tax payers by category (number of meters), in accordance with tariff no. 10 from the Tariff List of the Law on communal taxes;
- report on the monthly amount of funds collected individually and cumulatively;
- six-monthly report on the real situation with the number of meters; and
- notice of uncollected receivables based on this communal tax.

The present Law on communal taxes does not prescribe obligation for submitting the above data. To overcome this situation, ZELS (Association of LSGUs) and EVN Makedonija AD Skopje signed Memorandum of cooperation.

Despite the signed Memorandum, EVN Makedonija AD Skopje does not adhere to the contractual obligations for submitting the above data and reports (Article 6). This practice affects the completeness and accuracy of realized revenue on this basis; the municipalities only record this revenue in the accounting books as an inflow without specific information on it. In order to ensure completeness and transparency of collection of municipalities' own revenue, as well as for overcoming identified weaknesses, we recommend to the legislator to amend the legal solution.

Block subsidies received by the municipalities in the Republic of Macedonia for secondary education are not sufficient to cover the costs relating to the organization of free bus transportation in accordance with the Law on Secondary Education. The subsidy for financial costs of high schools is not sufficient to cover the costs for student transportation and other costs. This situation requires additional funds from the core budget of the municipality and for increasing the liabilities towards transporters. Such conditions are present in several municipalities in the country.

In order to overcome these weaknesses, the Ministry of Education and Science in coordination with the Government of the Republic of Macedonia and in cooperation with LSGUs should take measures and activities aimed at finding new solution for the transportation of students.

In line with Article 49 of the Law on Firefighting, the activities of territorial firefighting units (TFFUs), of the City of Skopje and the municipalities in the Republic of Macedonia could be financed by the additional revenue from: collected fines for violations regarding fire protection and explosions; donations and other funds from insurance companies, foundations, and legal and natural persons intended for promoting fire safety; and from own revenues for services rendered. The City of Skopje and the municipalities in the Republic of Macedonia do not generate revenue on this basis, except for the revenue from the insurance companies amounting to 2% of collected premiums for insurance of motor vehicles and liability insurance for the use of motor vehicles. However, the municipalities have no information on the amount of funds to be paid on this basis, and there is no legal obligation to verify the accuracy and reliability of funds paid. The imprecise legal solution results in failure to collect revenue on this basis for financing TFFUs.

The competent authorities need to take measures aimed at more specific definition of other types of revenues for financing TFFUs in the legal solution for implementation thereof by the relevant institutions.

PERFORMANCE AUDIT

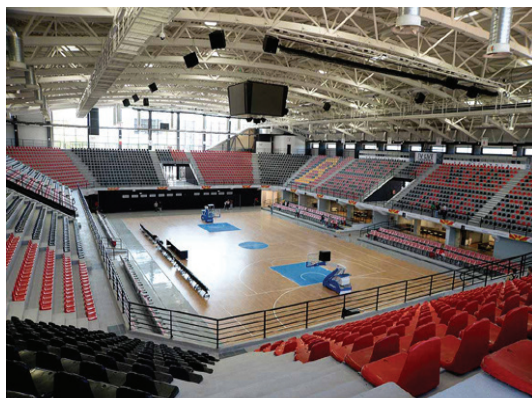
In line with 2015 Annual Work Programme, SAO conducted 18 performance audits covering 369 entities, and 13 performance audits on the system of financial management and control and internal audit covering 13 entities.

All performance audits are assessments focused on the quality and quantity of public resources and services in areas where we identified significant financial risks and opportunities for social and systemic improvements; we also created indicators, thus providing added value to the selected activities.

1. EFFECTIVENESS OF MANAGEMENT OF SPORTS FACILITIES CONSTRUCTED BY THE AGENCY FOR YOUTH AND SPORTS

Sports and sports activities in modern social conditions are integral part of human activities aimed at achieving certain social objectives in the field of education, upbringing, culture, health, social policy, defense and security, as well as in promotion of national values. Sports as mass sports movement, acts in all spheres of life and encompasses all generations.

Significant changes in this area may come with new investments in construction of sports facilities, permanent maintenance of existing ones, creating conditions for mass sports and promoting professional sports.

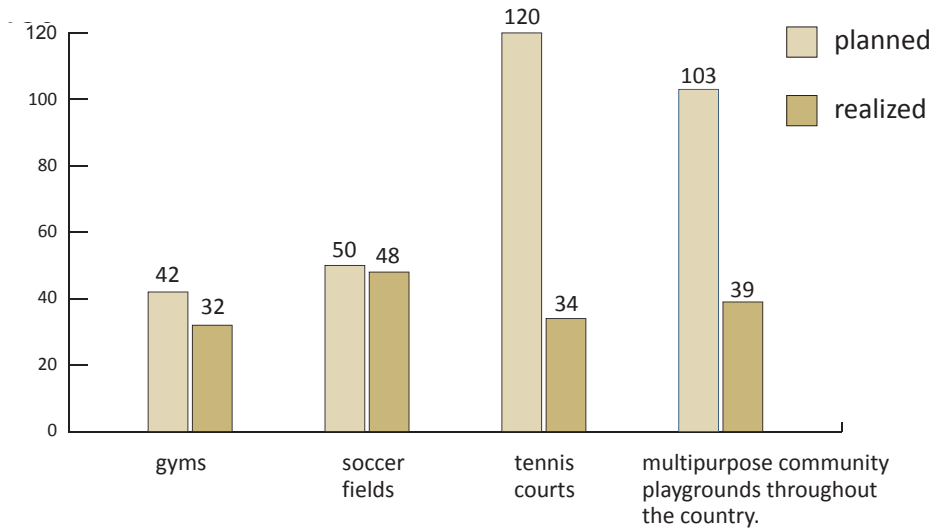


In this regard, in 2006 the Government started implementing the project for Construction of 35 sports halls, 50 soccer fields, 100 tennis courts and 100 multipurpose sports fields. The Agency for Youth and Sports is responsible for construction of sports facilities, the planning procedure, as well as for handing these facilities over to municipal ownership.

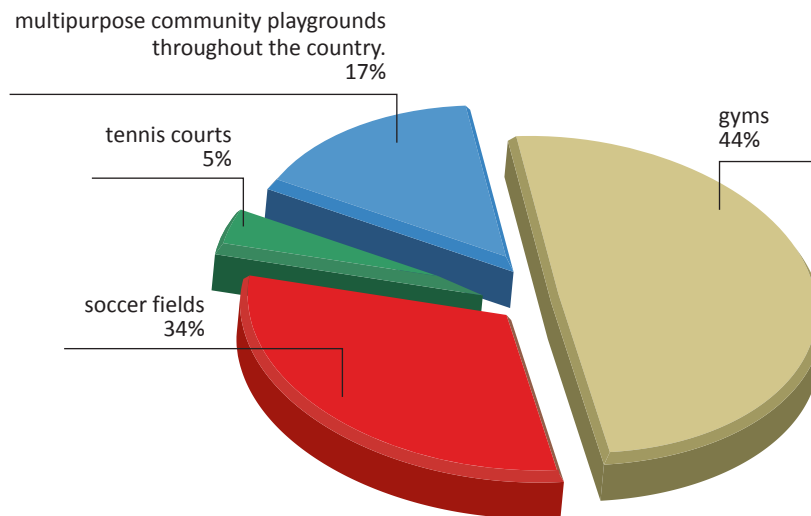
The Programme for development of sport in the Republic of Macedonia until 2017 provides for investments in sports facilities of public interest:

- gyms,
- soccer fields,
- tennis courts and
- multipurpose community playgrounds throughout the country.

With the audit on the implementation of projects for construction of sports infrastructure in the country we found that from 2006 until 30 March 2015 the Agency for Youth and Sports has constructed 153 out of 315 sports facilities.



A total amount of 1.799.296.000,00 MKD were paid for the constructed sports facilities (until the time of the audit). The funds paid by type of facility is shown in the following graph.



In order to increase the effectiveness in managing sports facilities constructed by the Agency for Youth and Sports, we made recommendations to the relevant institutions aimed at achieving results and full and effective implementation of the project objectives as follows:

- to amend, supplement and clarify the legislative framework that regulates the area of sports, for uniformed action by all stakeholders in the area (both the owners and the users of sports facilities);
- to register the sports facilities in the public record of real estate in the Agency for Real Estate Cadaster, to obtain ownership document, to register the property in the accounting records, and to insure the property against all types of damage, thus contributing to complete oversight of the sports infrastructure in the country;
- to prepare and adopt internal regulations for the leasing procedure of sports facilities, to have records of all users and the period of use, thus making it possible to determine the degree of utilization of facilities and the awareness of residents of the municipalities on the possibilities to use the sports facilities;
- the Agency for Youth and Sports to continue with the activities for setting up sports information management system, as a central place to keep records and collect data on various segments affecting sports in the country, thus enabling organized monitoring and development of sports;
- the Agency for Youth and Sports to submit its annual programs and reports on the operation to the Government in a timely manner, thus providing complete insight into the planned and implemented project activities, aimed at successful long-term policy for this area.

The full implementation of the project for sports and sports infrastructure and the implementation of audit recommendations will contribute to improving the conditions in sports and the quality of sports infrastructure, creation of modern sports facilities and conditions for recreation of all citizens, thus supporting rapid and continuous development of sports in the country.

2. REAL PROPERTY IN STATE OWNERSHIP USED BY STATE ADMINISTRATION BODIES

Effective management of state property is particularly important for the stability of any country, contributing to the protection of national interests and better quality of life for all generations. In the Republic of Macedonia state property management and use denotes centralization regarding ownership and management and decentralization in relation to the use by the state authorities.

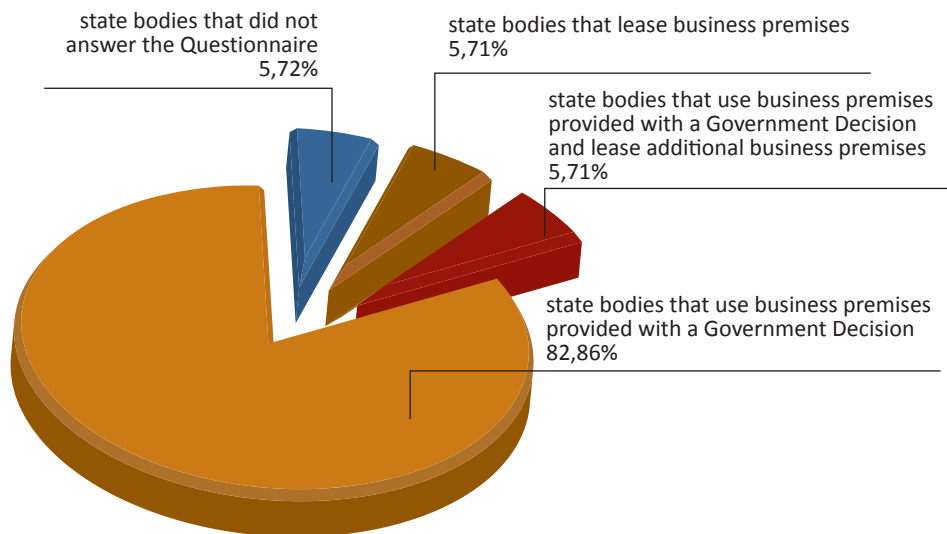
Sole owner of the state property is the Republic of Macedonia. The Government, on behalf of the Republic of Macedonia, manages the state property used by state authorities.

Real property in state ownership is the land, the buildings and other facilities built on the land, which are used as long-term assets by the state bodies for their work and tasks at home and abroad.

The use of real property by state bodies includes the right to immediate use, while managing real property is the right to decide on the ownership thereof.

Considering the pecuniary value of the property owned by the Republic of Macedonia and used by the state bodies for performing their activities in the country, as well as the significant amount of expenditure for using this property, we conducted performance audit on the **Effectiveness of the management of real property owned by the Republic of Macedonia and used by the state bodies**. We assessed the identified risks and offered possibilities for improving the policies for more effective management of state property, which is general interest of the Republic of Macedonia.

We found that the majority of state bodies i.e. 82.86% carry out their activities in premises in state ownership provided with Government decision; only small number of state bodies, i.e. 5.71% use rented office premises, and the rest of the state bodies use their own and rented premises.



Taking into consideration the responsibilities of the entities involved in the management of real property owned by the Republic of Macedonia, we point to the need to improve activities for creating conditions for effective management of the real property in state ownership. The audit recommendations concerning enhancement of effectiveness of the management of real property used by the state bodies also highlight the need to create measures and policies for organization of the entire system.

In terms of the existing legislation on managing state property used by state bodies, the audit ascertained a need of integrated management of state property, as well as recognition of the harmonization of activities of all institutions involved in the management of state property. Setting up integrated management of state property will provide complete insight into the extent, structure and records of property owned by the Republic of Macedonia, as well as monitoring of the use and effects of the process, supervision and control over the condition of the property, and adoption of quality decisions for managing the whole process.

Setting up and implementing legal instruments that would provide immediate accountability of the competent institutions for managing state property will increase the efficiency in managing state property.

We point out that competent authorities should examine the possibility for initiating, designating or appointing a body authorized by the Government, to be responsible for coordination and harmonization of state property management, as well as for preparing an act on long-term planning of all activities related to the management of property owned by the Republic of Macedonia. To accomplish the above said, it is necessary to provide adequate institutional capacities i.e. professional, technical and organizational conditions and human resources.

Improving the existing method of record-keeping by the competent agency through the implementation of software for complete oversight, monitoring, chronology and control of data on state property, is a prerequisite for more efficient management of state property. Setting up complete and uniform records of property owned by the Republic of Macedonia is extensive and continuous process. Complete and accurate data of all state property is particularly important for successful management thereof. Subsequently, when complete records are in place, other business processes that are connected to and arise from property management, such as monitoring, analysis and reporting on the status of the property of the Republic of Macedonia, will develop as well.

3. EFFICIENCY OF UTILIZATION OF THERMAL AND MINERAL WATERS

Macedonia is a country with great natural potential of thermal mineral waters, due to the numerous springs and their dispersion across the country. This provides good basis for development of health spas for medical services and recreation opportunities, as well as for development of wellness tourism.

Ground waters, which include thermal waters, have many beneficial effects; they are used for various purposes including: residential heating, industry, greenhouse horticulture, drinking water, as well as in health spas.



Health spas are complex natural sites, not just sites of thermal mineral water springs. They integrate several elements: thermal mineral springs, precious gases and healing mud, fresh air, diverse vegetation and favorable climate, with emphasis on invigorating and relaxing effects, primarily for strengthening the human body.

The significance of contemporary spa therapy done in modern spas is particularly emphasized throughout the world. During the last years, health spas developed into “spa centers”. As such, they carry out activities related to preventive medicine,

promotion of healthy lifestyle, and „wellness“ - spiritual and physical balance and improvement of the quality of life in the modern environment.

Considering all benefits of thermal waters for the people and their utilization in health spas, we examined the measures, policies and activities by competent authorities for efficient utilization of thermal mineral waters in spas for providing health services, recreational activities and spa tourism in the country. The audit objective was to identify opportunities for improvement i.e. more efficient and effective policies, measures and activities for utilization of thermal mineral waters in health spas in the Republic of Macedonia intended for health and recreational purposes, as well as possibility for transformation of spas into interesting tourist destinations.

The size and extent of the healing waters at the territory of the Republic of Macedonia is good starting point for development of spas as places for provision of medical services and for development of spa tourism. However, full valorization of spa locations is required. There are many opportunities for development of health spas and spa tourism in the country by investing in the current structures and equipment of health facilities, in the tourist and catering facilities, the infrastructure, different types of services and, certainly, in the scope of tourism propaganda.

We ascertained the need of additional measures and activities related to:

- harmonization, further regulation and development of adopted strategic documents, and adopting strategy for geological research;
- sustainable use and exploitation of mineral resources;
- more precise legislation in the field of healthcare, waters and tourism;
- specifying responsibilities of all institutions and bodies involved;
- complying with signed concession agreements for exploitation of thermal waters by all concessionaires;

- strengthening supervision and control in the area, by specifying responsibilities of the institutions;
- detailed analysis and reassessment of the existing capacities of institutions, their organizational structures and the need of financial and human resources.

We made recommendations aimed at improving utilization of thermal mineral waters in health spas; further regulation of the area in relation to the operation of spas; improving conditions for provision of medical services in the departments of physical medicine and rehabilitation in public healthcare institutions; and proper action of local self-government units aimed at solving property rights of land and improvement of municipality infrastructure, thus increasing the benefits at central and local level through development and promotion of health spas as interesting tourist destinations.



The need for development of spas for providing health services, as well as for development of spa tourism in the country is addressed in several policies, strategies and programs adopted by the Government. Tourism, agriculture and rural development have been identified as priority development areas. Localities with thermal mineral water are promising locations for spa and wellness tourism, which should be developed and fitted into the overall tourism offer. Promotion and development of health spas can have an impact on the economic progress by reviving local economic development in the municipalities with thermal mineral springs, as well as on the promotion of cultural values and natural resources of the Republic of Macedonia.

4. CONDITIONS FOR DEVELOPMENT OF RURAL AREAS



Development of rural areas through sustainable rural communities is one of the key priorities of the national policy for development of agriculture and rural areas. Achievement of this objective depends on ensuring better living conditions in rural areas.

Rural areas are considered all settlements within a municipality with less than 30.000 residents registered with the national census of population and housing, or with population density of less than or equal to 150 inhabitants per square

kilometer. If all settlements in the municipality meet the above conditions, then the whole municipality is declared as rural environment.

Sustainability of rural areas can be achieved through implementation of various inter-related complementary activities and policies, such as:

- ensuring sustainability of economic activities in rural areas,
- renovation and construction of rural infrastructure,
- improving social security of rural population, and
- reviving depopulated rural areas.

Supporting development of rural areas, encouraging development of planning regions, improvement of infrastructure and improvement of communal infrastructure are among the priority Government objectives for realization of the strategic priority for economic growth, improved living standard and better quality of life.

We conducted performance audit entitled **Conditions for development of rural areas in the Republic of Macedonia**. The audit objective was to assess the situation in rural areas, and to contribute to increasing the effectiveness of improving the living conditions in rural areas, by identifying weaknesses/shortcomings in laws, bylaws and strategic documents, competences, financing, human resources, as well as the communication and cooperation between relevant institutions for rural development. In addition, we assessed the measures, activities and projects undertaken by the competent authorities for improving living conditions in rural areas in the Republic of Macedonia.

The audit covered the following institutions: Ministry of Local Self-Government, Ministry of Agriculture, Forestry and Water Economy, Ministry of Health, Ministry of Labor and Social Policy, Ministry of Education, Agency for Financial Support of Agriculture and Rural Development, Bureau for Regional Development, and 30 municipalities in the Republic of Macedonia, in order to identify the measures and activities taken by the relevant institutions to improve the living conditions in rural areas.

We made an analysis of the structure of rural areas according to the number of residents using data from the last census of population done in Macedonia in 2002. We concluded that out of 1.760 rural communities, 1.141 (65%) have up to 500 residents. Moreover, 458 rural areas i.e. 40% have up to 50 residents.

The insight into the level of development of rural areas indicates that some rural areas need construction, extension and reconstruction of infrastructure, such as water supply, sewerage, road infrastructure, to follow the trend of modern living and to create optimal and contemporary living conditions for the population in these areas.

In relation to the support of rural areas development, the audit concluded the following:

- it is necessary to set up a single classification of rural areas in Macedonia, thus enabling uniformed action of institutions in the implementation of measures, activities and projects to improve the living conditions in rural areas,
- institutions responsible for implementation of measures and policies to submit regular reports on their operation and on the degree of realization of indicators for the purpose of informing the Government, as one of the policy makers for encouraging balanced regional development in Macedonia, as well as for monitoring the implementation, evaluation, measuring effects and their impact on the development of rural areas,
- to continue the activities for setting up National rural network as a platform for building partnership with all stakeholders in rural areas for the needs of planning, monitoring and implementation of the Rural Development Program,
- shortcomings in human resources in the institutions,
- to make comprehensive analysis of the real conditions in rural areas in the country,
- to intensify municipalities' activities for providing and improving the living conditions of the population in rural areas, in order to reduce the risk of migration and depopulation of rural areas,
- to monitor the implementation of measures for improving conditions in rural areas continuously in order to measure the effects of regional development policies, the degree of revitalization of villages and the development of areas with specific development needs.

Recognizing the measures taken so far and the activities that made certain progress in terms of creation and improvement of living conditions in rural areas in Macedonia, it is necessary to undertake qualitative steps towards creation of conditions for development and modernization of rural areas, following the trend of the modern living.

5. SMALL AND MEDIUM ENTERPRISES

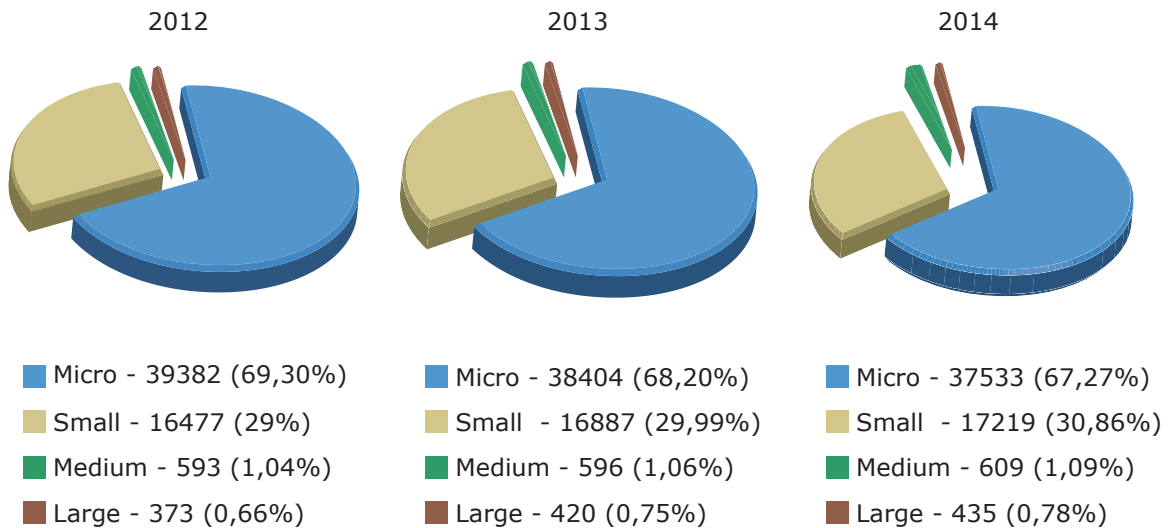
Dynamical technological changes, global competition, uncertainty and risks are characteristics of the contemporary trends in running a business, and introduce the need for creation and development of small and medium enterprises (SMEs). In terms of their size and flexibility, small and medium enterprises represent the most dynamic, and at the same time the most vulnerable segment in the structure of the country's economy. SMEs are recognized as creators of jobs, contributors to the increase in exports, creators of innovative products and services, promoters of domestic products at foreign markets, and as an important factor in reducing unemployment and poverty, and improving the living standard.

We conducted performance audit on the **Effectiveness of the system for creation and implementation of policies, measures and activities aimed at support and development of small and medium enterprises in the Republic of Macedonia** aimed at disclosing the state of affairs in relation to measures, policies and activities taken by competent authorities and institutions responsible for improvement of the ambiance for operation and development of SMEs.

The audit covered several institutions responsible for improving the overall conditions for operation and development of SMEs including the Ministry of Economy - Department for Entrepreneurship and Competitiveness of SMEs, the Agency for Promotion of Entrepreneurship of the Republic of Macedonia, Macedonian Bank for Development Promotion, National Entrepreneurship and Competitiveness Council, the Central Registry of the Republic of Macedonia, the Fund for Innovation and Technology Development, the Ministry of Local Self-Government, and other institutions at regional and local level.

We concluded that the sector of small and medium enterprises includes all types of companies - from sole proprietors to associations; some provide extremely traditional services, while other are rapidly growing firms that use high technology.

According to data received from the Central Registry of the Republic of Macedonia, SME sector covers around 98% of the total number of enterprises in the country.



Micro and small businesses are enterprises owned by one person, where the ownership and the management are independent; they usually do not employ more than 10 to 50 people.

Public support in the form of organized network of institutions offering various types of financial and non-financial assistance is particularly significant for SMEs. It creates favorable general framework for operation and business development.

The State Budget funds allocated for regular activities of institutions for creation and implementation of policies and measures for development and promotion of SMEs have an impact on the sustainability i.e. functionality and performance of the established institutional framework, as well as on the implementation of planned activities and measures for development and promotion of SMEs.

Approved funds from the State Budget

in 000 MKD

Institutions	2014	2015
Ministry of Economy - Department for Entrepreneurship and Competitiveness of SMEs	7.054	61.192
Agency for Promotion of Entrepreneurship of the Republic of Macedonia, Macedonian Bank for Development Promotion, National Entrepreneurship and Competitiveness Council, the Central Registry of the Republic of Macedonia, the Fund for Innovation and Technology Development, Ministry of Local Self-Government	3.900	3.900
Centers for support of SMEs in the Centers for development of the planning regions	6.288	6.288
Fund for innovations and technology development	0	289.053
Employment Agency of the Republic of Macedonia	117.311	97.625
Agency for financial support in agriculture and rural development	1.984.703	2.241.160
Agency for foreign investments and export promotion of the Republic of Macedonia	492	492
Agency for support and promotion of tourism	23.273	20.729
TOTAL	2.143.021	2.720.439

With the laws on guarantee of the Republic of Macedonia under the loan agreements for financing small and medium enterprises and other priority projects, in the period from 2009 to 2015 the state has taken guarantees for timely settlement of liabilities on loans amounting to 350.000.000 Euros for the European Investment Bank. The activities are performed by the Macedonian Bank for Development Promotion (development and export bank whose strategic objective is to support and encourage development of Macedonian economy by crediting SMEs and export companies), in line with the strategic policies, objectives and priorities of the Republic of Macedonia.

Using favorable credit lines from the European Investment Bank provided by Macedonian Bank for Development Promotion, SMEs are able to overcome most problems and improve their operation by securing permanent and revolving funds and commencing investment processes.

Effects have been achieved in terms of reduced interest rates on loans from commercial banks, so the companies could use commercial loans when European Investment Bank loans are limited.

Recent Government policies for SME development and support are in relation to simplified registration of business entities through one-stop shop system, simplified tax system by introducing flat tax rate, use of soft loans provided by the European Investment Bank, increased implementation of information and communication technologies to encourage e-business, creating conditions for improved role of technology and innovation in SMEs development, as well as strengthening the dialogue between the public and private sector.

Creation of policies and measures for development and support of SMEs and entrepreneurship is an area which necessitates further efforts for setting up integrated management system for ensuring strong communication between institutions at central and local level, coordination of activities, and monitoring and evaluation of implemented measures.

6. EFFICIENCY OF THE PROCESS OF MANAGING COURT DEPOSITS AND GUARANTEES

Court deposits are deposits of cash, precious metals and items made of precious metals, as well as securities, valuables, and other non-cash items, which may be demanded during legal proceedings.

Provisional court deposits are money paid to a deposit account of the court intended to be used immediately or as soon as possible solely for a particular purpose i.e. for inspection, expertise, rewards for trustees, etc.

Regular court deposits can be cash and non-cash. Cash deposits are paid in cash to the court cashier, while non-cash deposits are paid to a deposit account of the court, if demanded during legal proceedings.

The guarantee is one of the measures that can be taken against the accused for securing his/her presence in court, and for unimpeded criminal proceedings; other measures include: notice to appear in court, pre-trial precautionary measures, detention, arrest, short-term confinement, house arrest and jail arrest. When deciding on the measure to be taken, the competent authority should comply with the requirements for implementation of certain measures, paying attention not to apply more severe measure if the same objective can be achieved with a moderate one.

We conducted audit to answer the question **whether competent institutions take measures and activities for efficient management of court deposits and guarantees**, and to give clear and effective recommendations as a support to the institutions responsible for managing judicial deposits and guarantees i.e. the Ministry of Justice, the Court Budget Council and the basic courts in the Republic of Macedonia.

According to the Law on Courts, the Ministry of Justice supervises the implementation of the Court Rules of Procedure, as well as the regulations concerning court deposits and guarantees. The audit ascertained the need of instituting continuous supervision in the basic courts, that would increase the control over the implementation of the Court Rules of Procedures and the regulations related to court deposits and guarantees.

Data entry and processing in relation to financial and accounting operations of the judiciary is performed automatically using appropriate application for automated data processing. The functionality of the application and the necessary changes are defined by the Court Budget Council. For unimpeded implementation of the aforementioned activities, the Court Budget Council should form a working body for standardization of procedures in the judiciary system, for making suggestions for its improvement, and for harmonization of the application with the legislative changes.

Court Rules of Procedure provides for the Court President to perform regular supervision over timely and proper execution of court operation, as well as supervision of the overall financial operations. The audit holds the opinion that envisaged obligations for supervision by the Court President can be delegated to commissions and working bodies.

In line with the Guidelines on treasury operations, the basic courts in Macedonia need to have separate accounts for payments of guarantees, allowing full recording and control of funds received on this basis.

Recording court deposits and guarantees in the basic courts in Macedonia is done automatically using appropriate application for automated data processing. We found that 78% of the basic courts have accessed the module for financial operation and entered data on received deposits. We recommended all basic courts to use the automated budget management system in order to obtain accurate, comprehensive, updated, chronological and complete records of court deposits and guarantees.

Receiving, handling, storing, recording, monitoring and issuing court deposits should be carried out by an authorized court officer for performing the said duties, which will strengthen the efficiency of the process of managing court deposits and guarantees in the country.

Considering that the inventory of court deposits and guarantees determines the maturity structure of deposits and guarantees, and the status of court cases for the received deposits, it is necessary to carry out regular and complete inventory, and the results thereof will form the basis for taking measures for returning or payment of the court deposits.

The guarantee as a measure to ensure the presence of the accused, enforced when deemed appropriate by the court, is a cost effective measure and its wider application would protect fundamental human rights guaranteed by the Constitution, in compliance with the principle of presumption of innocence.

Recognizing the activities taken by the relevant institutions for managing court deposits and guarantees, the audit concluded that there is a need of additional measures and activities for setting up complete records and managing deposits and guarantees in a way that will provide accurate and timely data on the type, amount, maturity structure of court deposits and guarantees, and payment thereof in the State Budget after the expiry of the legal deadline. Coordination of all institutions involved in the process, alignment of legislative regulations, sufficient human resources, and implementation of the guarantee measure in the basic courts will contribute to setting up an effective system for managing court deposits and guarantees in the basic courts in the Republic of Macedonia.

7. EFFICIENCY OF MEASURES AND ACTIVITIES DEFINED IN LEGAL AND STRATEGIC DOCUMENTS ON ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCES



In line with 2015 Annual Work Programme we carried out performance audit on the topic **Efficiency of measures and activities defined in legal and strategic documents on energy efficiency and renewable energy resources**, as part of the parallel performance audit on energy efficiency of Western Balkan SAIs.

The parallel performance audit project was organized by the Swedish SAI in cooperation with the Joint Working Group for Audit Activities (JWGAA) of the Contact Committee and the European Court of Auditors.

SAIs of Albania, Kosovo, Bosnia and Herzegovina, Montenegro, Serbia and Macedonia were included in this project. SAIs of Serbia and Montenegro however, participated only as observers.

The objective of these SAIs was to gain specific knowledge about the process of conducting performance audit, considering the fact that they are now starting with this type of audit.

The project started in June 2014 and ended in May 2015. Five workshops were held during this period. By February 2015 the SAIs were obliged to submit the audit programs from conducted preliminary research, and May 2015 was set as the deadline for preparation of the draft audit reports.

At the invitation of the project organizers (JWGAA, SNAO and ECA), and in view of the relevance of this issue in recent years at international level, as well as the challenge to participate in a parallel audit with other Western Balkan countries, the Auditor General approved the participation of the State Audit Office in this parallel audit.

Each participating SAI was responsible to give comments/remarks on another SAI audit report regarding the structure of the report, the findings, conclusions, recommendations and other elements of the report.

There is no doubt that the parallel audit adds value; it is an additional tool for capacity development of SAIs because it allows the auditors to extend their professional expertise through exchange of best practice, and it encourages and facilitates communication and information sharing between SAIs.

The performance audit covered the period 2010-2014. During this period the Republic of Macedonia has implemented measures and activities and achieved results in the area of harmonization of national legislation with the obligations arising from the Treaty establishing the Energy Community (EC); adopted strategic documents that regulate the energy efficiency policy and the level of implementation of measures and actions for improving energy efficiency in the public sector; and has implemented an active state policy for improving energy efficiency.

For achieving the national indicative energy savings target of 9% by the end of 2018 the competent authorities need to take additional measures in relation to:

- complete transposition of EU Directives into the national legislation, and timely implementation of laws and regulations;
- adoption of the second National Energy Efficiency Action Plan (NEEAP) and the National Energy Efficiency Program for Public Buildings;
- creating conditions for setting up financial mechanisms for support of energy efficiency projects;
- setting up information system for collecting data on energy consumption in the public sector;
- setting up a system for measuring and verifying energy savings;
- strengthening administrative capacity of institutions responsible for creating and implementing energy efficiency policies.

8. EFFICIENCY OF SOLID WASTE MANAGEMENT

Waste management is an activity of public interest regulated by the Law on Waste Management and the regulations enacted on the basis of this Law. Waste management is also regulated by the Law on Environment.



Municipal waste is the non-hazardous waste generated by individuals in the households, as well as the commercial waste.

Waste management is a set of activities, decisions and measures intended for avoidance and reduction of waste generation and its adverse effects on the environment and human life and health, including waste handling.

To determine the state of affairs of measures, policies and activities taken by competent authorities for solid waste management, we conducted audit entitled **Efficiency of solid waste management in the Republic of Macedonia**.

As a result of our audit we identified certain conditions that affect the efficiency of measures and activities for solid waste management in the country.

Stakeholders in the process of solid (municipal) waste management have not taken sufficient and proper measures, actions and decisions, including the control functions of state institutions, so that they could contribute significantly to the reduction of waste generation and its negative impact on the environment, life and health.

Namely, the existing legislation on public utility activities creates overlapping of powers and responsibilities of two state bodies in the implementation and supervision of waste management, which contributes to uncoordinated and ineffective implementation of laws in this area.

Thus far, the Ministry of Environment and Physical Planning has not adopted Annual Waste Management Programme, and the Councils of several municipalities have not adopted their own waste management programs or the adopted ones are inadequate. In addition, the execution of activities set forth in programs and plans generally is not followed through reports produced by individual stakeholders. Consequently, there are no defined annual measures and actions to be taken by the entities for waste management aimed at implementation of the National Waste Management Plan (2009-2015).

The activities for setting up waste management system (primarily for municipal waste) at regional level in certain planning regions, which should define 8 regions for waste management, are different and the implementation is slow; thus the system is in its initial phase. This situation has a negative effect on the mitigation of risks arising from existing landfills and the improper methods of waste management in terms of reducing amount of generated waste and protecting the environment and the public health.

Most of the municipalities and public utility companies do not entirely meet the legal obligations for handling waste and non-hazardous waste; in particular regarding adoption of all acts for regulation of the system of selection, collection and transportation of municipal waste, introducing records and reporting, as well as collection and selection of municipal waste.

The central and local governments have not taken sufficient and appropriate measures to close the landfills that do not hold a license for waste disposal activities; the result is continued existence of illegal (non-standard) landfills, with adverse impact on the environment and the human health.

The obligations of the Department of Environment for monitoring waste management are not met, and the municipalities and the City of Skopje do not monitor non-hazardous (municipal) waste with the quality and quantity required by the Law. Data provided by the Department of Environment are neither complete nor comprehensive – there is no Environment Cadaster and Waste Cadaster. Consequently, there is lack of complete and timely information about waste management, and noncompliance with the obligation to inform the public about the progress and future plans regarding waste management.

The Ministry of Environment and Physical Planning supervises the work of the municipalities and the City of Skopje through a Commission. However, the Commission is covering small number of municipalities and has limited competences, resulting in insufficient oversight of the work of institutions involved in waste management.

The audit made recommendations for overcoming current state of affairs. The recommendations are aimed at increasing the efficiency of solid waste management and relate to the entities responsible for solid waste management.

9. EFFECTIVENESS OF PROGRAMMES/MEASURES AIMED AT DEVELOPMENT OF SECONDARY EDUCATION

Knowledge is the most powerful tool for achieving personal and professional ambitions of each person, while the realization of knowledge leads to individual contribution to the overall socio-economic and political prosperity, development of democracy and social justice in the country.

Hence, developing quality national education system that incorporates contemporary global educational trends, movements and processes for producing individuals with sufficient competitive knowledge at national and international level, is one of the top priorities of each country.

Secondary education is part of the education and upbringing system. Secondary education is realized through curricula and programs for different types of secondary schools: gymnasium, vocational schools, art schools and schools for pupils with special educational needs.



Secondary education is organized in secondary schools: public, municipal or secondary schools of the City of Skopje, and state secondary schools. State secondary schools are established only for realization of secondary education plans and programs for certain categories of students of special interest to the country.

According to the curricula implemented in public schools, 16 schools provide gymnasium education, 40 schools vocational education, 34 schools exercise curricula for gymnasium and vocational education, 4 schools are for pupils with special educational needs, and 5 are secondary art schools.

The main objectives of the secondary gymnasium and vocational education are aimed at:

- individual development of the pupil;
- paving the way to higher education;
- developing set of competences (clearly defined knowledge, skills and abilities);
- developing potentials required by the labor market.

Secondary education is compulsory for every citizen under equal conditions determined by law. Secondary education in public secondary schools is free as of 2008/2009 school year.

The concept of free textbooks for secondary school students was introduced in 2009/2010 school year.

To determine the state of affairs of measures, policies and activities taken by competent authorities for promotion of secondary education in the country, we conducted audit on the **Effectiveness of implemented programs/measures aimed at development of secondary education in the Republic of Macedonia.**

As a result of our audit we identified certain conditions that have an impact on the effective development of secondary education in the country, and the State Audit Office made the following recommendations:

- to adopt bylaws for regulation of the complete procedure of drafting and approval of textbooks for secondary education;
- the State Examination Centre to prepare: National program for evaluation of primary and secondary education; National Report on the work of teachers and professional associates from primary and secondary schools; and analysis of the results of verification of achievements of pupils in primary and secondary education;
- due to certain legal inconsistencies, there is overlapping of responsibilities and obligations of the Bureau for Education Development and the Center on Secondary Education and Training, which affects their cooperation and coordination;
- to make full analysis for determining the optimum load for students in secondary vocational education compared to the load in gymnasium secondary schools;
- preparation of a Concept for four-year vocational education will determine the ratio between general and vocational education, as well as the share of general subjects, vocational subjects and practical training in the curricula of this type of education;
- curricula for four-year vocational education is not based on occupational standards;
- there is lack of interest of companies to perform practical training for students because there are no defined incentive mechanisms / measures;
- with the annual programs for construction and reconstruction of secondary schools the Ministry of Education actively contributes to improving the situation by constructing new and reconstructing existing schools, within the budget possibilities;

- free textbook for students in secondary education were introduced as of September 2009. Out of 583 subjects in two competitions (in 2009 and 2010 on general educational subjects and vocational subjects for four-year vocational education) 324 textbooks were approved. This has an effect on the complete realization of the free textbook measure;
- Since the introduction of mandatory secondary education in 2008/2009 school year, and the introduction of free transport for pupils, some municipalities have arrears for busing;
- implementation of measures and activities for improving the educational process (integrated evaluation and self-evaluation) have achieved satisfactory results;
- Under the Law on Primary and Secondary Education, external evaluation of the progress and achievement of pupils in primary and secondary education was implemented in 2012/2013 school year with two main objectives: to verify the achievement of pupils, and to verify the objectivity of teaching staff;
- the Law on secondary education does not adequately regulate certain issues with respect to external evaluation of achievement of pupils causing problems in the implementation of this measure;
- Introduction of state exam is one of the most important projects in the field of education in the country. The graduation exam is introduced as the final part of secondary education and aims to serve the selection of candidates in entry to higher education.

Recommendations arising from this audit are aimed at raising the quality of education and relate to the bodies responsible for development, promotion and supervision of secondary education in the Republic of Macedonia.

10. EFFICIENCY OF THE PROCESS FOR LEGALIZATION OF ILLEGALLY CONSTRUCTED BUILDINGS

Illegally constructed buildings are structures constructed without adequate permit or contrary to the building permit.

Illegal construction seriously effects the environment, the social and economic aspects of the society due to inadequate infrastructure systems, poor solid waste management, poor maintenance of basic infrastructure, unauthorized interventions of existing buildings that can affect the stability of the structure, locked up capital in illegal buildings, owners/users of illegal buildings not having access to loans or mortgages, etc.

Legal status of illegal building is acquired once it is registered in the public book for rights on real estate and incorporated into urban planning documentation in a manner and procedure determined by law.

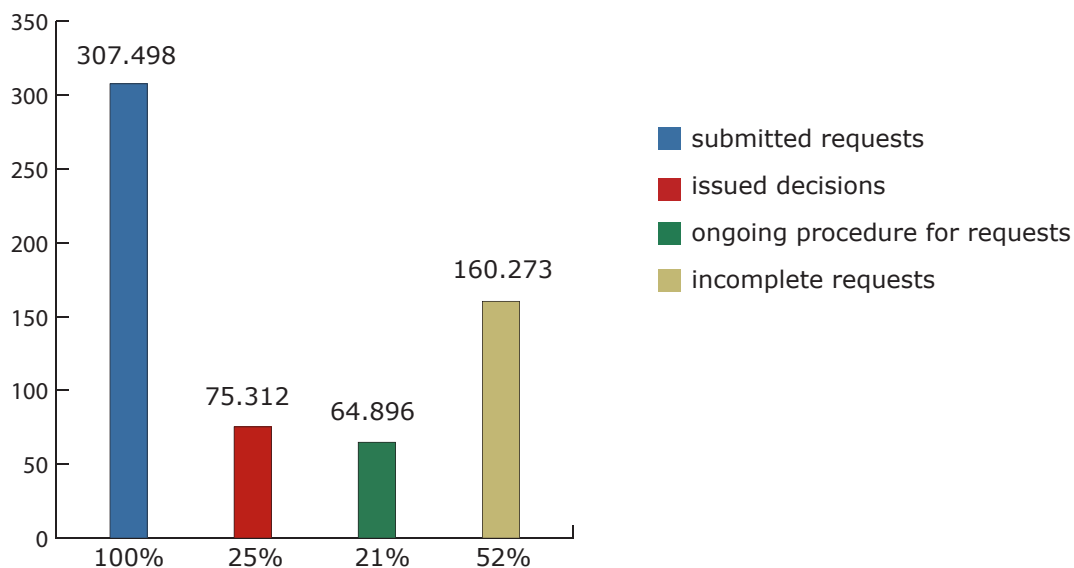
The process of dealing with illegal buildings in the Republic of Macedonia started in March 2011 with the entry into force of the Law on treatment of illegally constructed buildings. At the same time started the submission of applications for determining the legal status of illegally constructed buildings.

The procedure for determining the legal status of illegal buildings is implemented by the state authority responsible for spatial planning i.e. the Ministry of Transport and Communications and the local self-government units.

To determine the state of affairs of the process for treatment of illegal buildings and its effects, we conducted audit on the **Efficiency of the process of legalization of illegally constructed buildings in the Republic of Macedonia in the period 2011-2014.**

The audit found that prior to the adoption of the Law on treatment of illegally constructed buildings, the competent authorities had no data on the exact number of illegal buildings in the Republic of Macedonia. Some municipalities projected much smaller number of illegally constructed buildings calculated from the requests for legalization, which usually refer to additions and upgrades of houses and ancillary facilities.

We sent a questionnaire to the municipalities and received data from 74 municipalities on the number of: requests submitted within the deadline for submission, issued decisions, ongoing requests, and incomplete requests until 31.12.2014, presented in the graph below.



We defined recommendations for implementation of measures for improving the efficiency of the process for legalization of illegal buildings, registration of illegal buildings by relevant institutions, improvement of the economic climate in the country, improving records for collection of fees and taxes by the municipalities and the City of Skopje, as well as other indirect effects related to the ownership rights of real estate:

- The Ministry of Transport and Communications and the municipalities to take action for additional information for applicants for completing the requests with geodetic report, title deed for the relevant land and other necessary documents, in order to have more efficient enforcement of the process of legislation;

- To take action for timely issuance of urban design approval and decision for the legal status of illegally constructed buildings;
- The Ministry of Transport and Communications to conduct regular supervision over the implementation of the Law on treatment of illegally constructed buildings and the regulations based on this Law;
- Municipal building inspectors that discovered construction activities on buildings for which request for legalization is submitted, and issued decision for their removal, to submit the decision to the Commission for stopping the legalization procedure;
- Municipalities to submit annual report on earmarked use of collected fee for determining the legal status of illegal buildings to the Ministry of Transport and Communications.

We consider it necessary to highlight the action taken by the Ministry of Transport and Communications during the course of the audit to overcome shortcomings concerning registration of illegal buildings in the public book of real estate. The amendment to the Law stipulates the obligation for official delivery of legal decisions for all legalized buildings to the Agency for Real Estate Cadaster.

11. METHOD OF KEEPING MUSEUM RECORDS IN NATIONAL AND LOCAL INSTITUTIONS AND PROTECTION OF MUSEUM ITEMS

Museum activity is performed by museums and independent museum collections, as well as galleries and gallery collections if registered for museum activity. Museum activity is an activity of public interest.

Museums explore, collect, arrange, professionally and scientifically process and study, protect, publish and present museum material and museum objects at permanent exhibition stands or temporary and mobile exhibitions, lectures, seminars, workshops, screening films, and perform other activities to familiarize and educate citizens on the museum items and the importance of cultural heritage and nature of the Republic of Macedonia.



Cultural heritage is of fundamental value to the Republic of Macedonia and it is protected by identification, valuation, revaluation, classification, declaration, registration and labeling, as well as by preservation, reverence, care and maintenance, conservation, restoration, reconstruction, relocation, surveillance, restitution, presentation, popularization, and any other form of direct or indirect preservation that is exercised in the public interest.

To determine the state of affairs of the method of keeping museum records in national and local institutions and the protection of museum items, we conducted performance audit that covered the Ministry of Culture and the Directorate for protection of cultural heritage, as well as 14 public institutions – museums with national and local status. The audit concluded the following:

- Museums are obliged to keep museum records in electronic version since 2006. The audit found that in some museums electronic records were introduced in 2014 and 2015, and some museums do not have electronic records;
- Electronic records need to be complete and to contain all elements, and discovered movable objects of intensive archaeological research to be recorded in the museum records;
- For efficient protection of museum items, it is necessary to have museum items recorded, categorized, identified, as well as to have procedures in place regarding protection against damage from illegal activities, war and natural disasters;
- Audited museums and the Directorate for protection of cultural heritage do not have security records for identification and monitoring of protected goods of cultural and historical significance;
- Museums that possess cultural heritage of particular importance, proclaimed as such with a Government decision, are required to have special security system that involves storage, maintenance, care and use of the goods, which is not always followed;

- Museums that possess collections of cultural heritage of particular importance, against the established rules for exchanging and yielding, yielded museum objects to other museums, which distorted the concept of integrity of the collection, disassembled the collection, and decreased its importance;
- Internal regulations of museums envisage adoption of rulebooks and procedures for protection of museum objects, in terms of physical protection, protection of illegal acts, armed conflict and natural disasters; these were adopted in 2014;
- In terms of human resources and technical equipment of museums, it is necessary to continue the activities for overcoming ascertained state of affairs i.e. lack of professional and other staff, aimed at effective performance of museum activities;
- Efficient execution of museum activities in relation to registration and protection of museum objects is obligation and responsibility of the museums. Professional, permanent and effective control over the implementation of laws and regulations in this area will contribute to timely implementation of measures for recording, identification and protection of museum objects.

We made recommendations to the competent authorities, and the implementation thereof should contribute to overcoming identified state of affairs in relation to the method of keeping museum records in national and local institutions and the protection of museum objects.

12. FUNDING SOURCES AND THEIR IMPACT ON THE EFFICIENCY OF OPERATION OF PUBLIC HEALTHCARE INSTITUTIONS



The healthcare system and its organization, as well as exercising and financing healthcare activities are regulated by several laws and bylaws, including the internal regulations adopted by the competent healthcare authorities.

Healthcare is based on the unity of preventive, diagnostic, therapeutic and rehabilitative measures, as well as on the principles of accessibility, efficiency, continuity, fairness, comprehensiveness, and safe and high quality

healthcare services.

Key institutions in the healthcare system are the Ministry of Health, the Health Insurance Fund and the public healthcare institutions (PHI).

The Ministry is responsible for creating policies, regulations, performing supervision and control, defining network of healthcare facilities, infrastructure development, investments in healthcare, and human resources planning. At the same time the Ministry has an overall responsibility over

the public health. The Fund is responsible for development and implementation of mechanisms for purchasing healthcare services from public and private healthcare institutions, and PHI provide healthcare services.

Healthcare activity is performed inside and outside the network of healthcare institutions. The network determines the required number of healthcare institutions and the types of healthcare activity i.e. the specialty provided in specific geographical areas by place of residence of healthcare users, as well as in line with the healthcare needs of the population in the Republic Macedonia.

The network provides balanced access to healthcare services, in accordance with the scope of rights on mandatory health insurance and the economic viability, technological and scientific development in the area of the healthcare activity, the degree of urbanization of regions, population density, traffic connections, migration of population, availability of healthcare facilities, and specific conditions of demographically endangered areas.

Depending on the type of healthcare services, healthcare within the network is carried out in 32 university clinics, 3 clinical hospitals, 13 general hospitals, 7 specialized hospitals, 34 healthcare centers, 2 healthcare stations, 7 healthcare bureaus, 4 institutes, 10 public healthcare centers and 2.598 private healthcare institutions.

One of the key criteria i.e. preconditions for public healthcare institutions to perform healthcare activity are the sources of funding. In order to identify the impact of funding sources on PHI operation, the State Audit Office conducted audit entitled **Funding sources and their impact on the efficiency of operation of public healthcare institutions.**

The audit activities covered the areas in relation to the legal framework, strategic documents and organizational structure of institutions involved in PHI funding system; PHI funding sources (most significant ones are the Health Insurance Fund, as procurer of healthcare services, and the Ministry of Health, through the healthcare programs and the revenue from payment of participation fee), PHI financial position (solvency and liquidity), records of expenses and the impact on PHI activity execution.

The measures and activities taken upon audit recommendations should, inter alia, ensure improvements to the current legislation aimed at providing necessary funding of healthcare; reassessment of the basic package of healthcare services and the possibility for introducing and structuring several packages with different share of participation with personal resources of healthcare users; strengthening cooperation and coordination of institutions involved in the healthcare system, adopting strategy for setting up long-term dynamics for adapting actual capacities to the standards for providing capacities within the network of healthcare institutions; improving the financial position of PHI and efficient realization of healthcare services.

13. EFFICIENCY OF MEASURES, POLICIES AND ACTIVITIES TAKEN FOR FULFILLMENT OF SOCIAL PROTECTION RIGHTS FOR THE ELDERLY AND ACCOMMODATION IN STATE INSTITUTIONS AND RETIREMENT HOMES AND CLUBS



An aging population creates many qualitative and quantitative healthcare, economic and social problems. In addition, the changes to the family structure make the traditional family care at home impossible. Macedonia belongs to the demographic group of countries with high percentage of senior citizens.

The complexity of the issue of an aging population in the country and the influence of the home and the environment on the feeling of security and quality of life, creates the need for quality

individual life, appropriate living conditions and social inclusion, while respecting the right of the individual choice.

Republic of Macedonia as a signatory to the European Social Charter has an obligation, directly or in cooperation with public or private organizations, to adopt or encourage appropriate measures for ensuring social inclusion of the elderly by providing resources for dignified life, proper housing in accordance with the needs and the health status, as well as support and living conditions in the institutions.

Social protection for the elderly is an activity of public interest for exercising the right to social security under the Law on Social Protection. The state, the municipalities, the City of Skopje and the municipalities in Skopje are holders of social protection within their jurisdiction and in line with this Law. The social protection system includes the social protection facilities, institutions, measures, policies and activities for realization of the rights of the elderly and for preventing / overcoming the basic social risks to health, old age and aging, and the risks of any kind of social exclusion. Social protection of the elderly is implemented through the following forms:

- **institutional care**, as a right to placement in a public institution for social protection, and applies to the elderly who are unable to fend for themselves, do not have adequate living conditions in the family, and do not have the means to provide for themselves different kind of protection, and
- **extra-institutional care**, organized as help provided in the households of the elderly, in the institutions for accommodation of the elderly, in day care centers and clubs, by offering food/feeding and personal hygiene, and by organizing cultural, entertainment and other activities.

In addition to the social protection measures for the elderly, the state is exercising social protection in line with the Law on Pension and Disability Insurance. Under this Law, the Pension and Disability Fund provides temporary accommodation in homes for the elderly for the beneficiaries of

pension, family pension or disability pension, or for those that have no home or accommodation. The social inclusion of pension beneficiaries is provided as a day stay in the pensioners' clubs.

In order to provide sufficient and relevant audit evidence to determine whether measures and policies in the laws, strategic documents, programs and internal regulations of competent institutions ensure improvement of conditions, method of accommodation, maintenance and reconstruction of existing facilities and construction of new accommodation facilities for the elderly, we conducted audit on the topic **Efficiency of measures/policies and activities stipulated in laws, strategic documents and programs for exercising the right to social protection of the elderly in the Republic of Macedonia in terms of institutional and extra-institutional accommodation in public institutions, day care centers and retirement homes and clubs.**

The audit activities covered the following areas: legal framework, strategic and program documents; institutional setup, capacities, conditions and investment policy and activities; funding sources for accommodation of the elderly; and monitoring, supervision and control.

The audit conclusions and recommendations should contribute to: improvement of measures, policies and activities stipulated in the laws, strategic documents and programs for exercising the right to social protection of the elderly in terms of institutional and extra-institutional accommodation in public institutions, day care centers and retirement homes and clubs; decision-making by the competent authorities for taking or initiating corrective future actions as per the audit recommendations; improvement of the living conditions in the homes for the elderly, enlargement of the network of homes for the elderly and retirement homes with balanced approach to facilities and accommodation services; as well as continuation of activities for increasing the network of extra-institutional care.

14. EFFICIENCY OF ACTIVITIES TAKEN BY COMPETENT AUTHORITIES FOR PROTECTION AGAINST ADVERSE EFFECTS OF WATERS

Waters (surface water, including permanent and temporary water flows, lakes, reservoirs, springs and ground water) on the territory of the Republic of Macedonia are a public good in state ownership; the method of protection and management thereof are regulated by the Law on waters. Water is not a commercial product, but a legacy that must be protected and properly utilized.

Water resources are one of the most important factors for the development of human kind and economy, since it is essential for every living creature, plant,



agricultural production, and for many industrial processes. Therefore, practical and long-term steps for: development of water resources for meeting the needs of all users; rational and economical use of water; ensuring good water quality and sufficient quantity; water protection; pollution prevention measures; protection and improvement of aquatic ecosystems; as well as protection from the harmful effects of water, are of utmost importance.

Taking into consideration global warming, continuous increase of average temperature and noticeable climate changes resulting in droughts and flash floods, water resources are a very vulnerable category.

Without integrated approach for protection and management of water resources, the safety and consequences for human health can be very serious.

Uneven distribution of water flows, the climate, the topography and other factors put Macedonia at high risk of flooding.

Considering the role and importance of waters for the benefit of the society on the one hand, and the risks of their harmful effects on the other, the State Audit Office conducted audit on the topic: **Efficiency of activities taken by competent authorities for protection from adverse effects of waters.**

Audit activities were focused on several areas, including:

- Legal and institutional framework, strategic documents and implementation thereof;
- Regulation, management and maintenance of water flows, reservoirs, dams, drainage systems;
- Financial, technical and human resources;
- Inspection supervision, and
- Monitoring, informing and reporting.

Audit recommendations regarding ascertained state of affairs, and measures and activities taken by the competent authorities during the course of the audit and after should ensure: adoption and implementation of strategic documents, bylaws, and harmonization thereof with the EU acquis; improvement of the institutional setup; improvement of financial, technical and human resources at the disposal of relevant institutions for prevention and protection from the adverse effects of river waters; improvement of the monitoring of water bodies and timely information; information and warning, timely measures for dealing with flooding, erosion and flash floods; mitigation of the effects of flooding, erosion and flash floods; raising public awareness regarding environment protection, and ensuring safer and more secure life of the citizens in terms of adverse effects of waters.

15. EFFICIENCY OF MEASURES AND ACTION TAKEN BY COMPETENT AUTHORITIES FOR MANAGEMENT OF AGRICULTURAL LAND

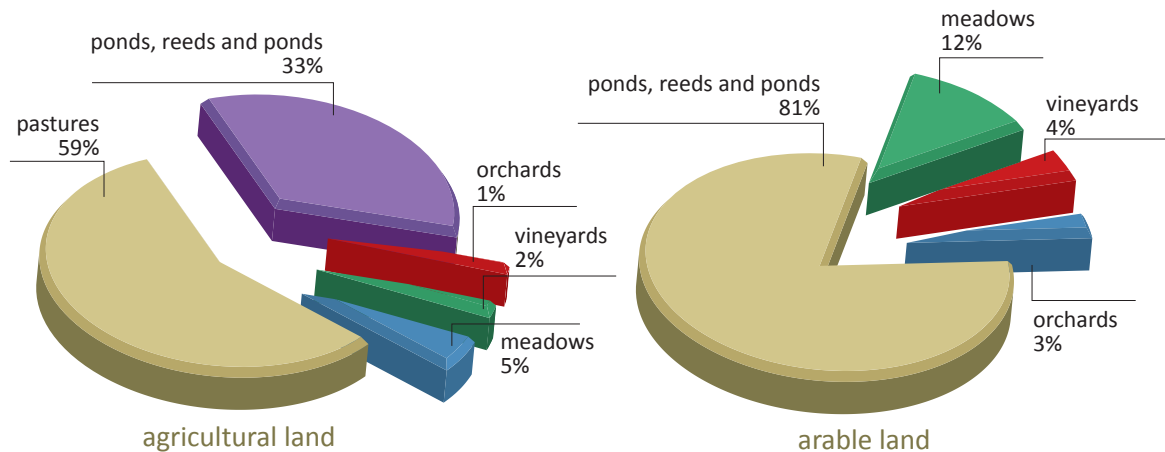
Agricultural land as a common good for the country benefits from special protection, and it is used under the conditions specified by the Law on agricultural land. Agricultural land is: fields, gardens, orchards, vineyards, olive groves, other perennial crops, meadows, pastures, wetlands, reeds, ponds, fields with greenhouses, fields with auxiliary facilities, fields with facilities for primary processing of agricultural products, and other land used or not used (non-arable land), and the land which can become arable if agro-technical, agro-ameliorative and hydro-ameliorative measures are applied.

Agricultural land can be state owned and privately owned. The owners and users of agricultural land are obliged to use land in accordance with its purpose, to maintain and increase fertility, and to prevent contamination or other type of degradation. Agricultural land in state ownership can be given for use through leasing and usufruct.

Republic of Macedonia covers an area of 25.713 km² which is mostly mountainous, i.e. hills and mountains occupy 79% of the total area, lowlands 19% and natural lakes 2%. About half of the total area is agricultural land, and around 44% are forestland.



According to recent statistics, about 50% of the total area of the Republic of Macedonia i.e. 1.263.000 hectares, is classified as agricultural land. About two-thirds of the agricultural land belongs to the category pastures, and the rest is arable land. In 2014 ploughed fields and gardens occupied most of the arable land (81%), while around 7% were orchards and vineyards.



Considering the role and importance of agricultural land in provision of quality and healthy food, the cash inflows from sale of agricultural products, and the fact that agricultural land is a limited natural resource, we conducted audit on the **Efficiency of measures and action taken by competent authorities for managing agricultural land**.

The audit activities covered several areas including the legal framework and strategic documents; registration of agricultural land/land registry, lease of agricultural land in state ownership, monitoring collection of lease and cooperation between the Ministry of Agriculture, Forestry and Water Economy and the competent authorities; human resources, professional training, and financial and technical assets, and control/supervision of management/utilization of agricultural land and the implementation of provisions of lease contracts.

The effects of the audit, the audit recommendations, and the measures and activities taken during the course of the audit and after by the competent authorities should ensure: setting strategic objectives for management of agricultural land; taking necessary activities to define requirements for developing software application, and awarding procurement contract for services/software application/Land Registry; creating database of agricultural land, leasing agricultural land and collection of lease; monitoring the use of agricultural land; cooperation between the Ministry and the other competent authorities and institutions; sufficient human resources and professional competence of administrative officers; financial and technical assets; increase of the efficiency of inspection supervision and information sharing between the State Agriculture Inspectorate and the competent Ministry.

16. EFFICIENCY OF MEASURES/ACTIVITIES DETERMINED BY STRATEGIC DOCUMENTS/ PROGRAMS FOR TOURISM DEVELOPMENT

Positive developments worldwide position tourism among the most dynamic and propulsive economic activities with multiple effects. Tourism in the Republic of Macedonia, as part of the global tourism trends, plays significant role in the economic progress of the country expressed through increased investments, foreign exchange inflow and share in the GDP, job creation, and promotion of cultural values and natural resources.



Macedonia is a treasure trove of culture, art, natural beauties and gastronomic delights, and offers many opportunities for nature, culture and spiritual values enthusiasts. The territory is covered with tall mountains, canyons, caves, lakes, waterfalls and springs, and the country is often called „the land of lakes“.

As rarely seen anywhere else in the world, this country possesses many cultural and historic landmarks from antiquity until the present day – churches, monasteries, mosques, archaeological sites, valuable exhibits, rare icons, rich tradition, and unique recognizable folklore and other artifacts.

Over the years Macedonia has shown that tourism is one of its top priorities, and the measures taken for tourism development give positive results: continuous growth of the number of foreign tourists, and thus of tourists and overnight stays overall, increase of foreign currency inflow from tourism and increase of investments and rate of employment in tourism, which consequently increases the participation of tourism in the GDP.

The State Audit Office conducted performance audit entitled **Efficiency of measures/activities determined by strategic documents/programs for tourism development**, in accordance with SAO Annual Work Programme for 2015 and the Agreement between the State Audit Office of the Republic of Macedonia and the State Audit Office of the Republic of Croatia (ref. no. 01-298/1 from 24.02.2015). With an Annex to the Agreement, the SAI of Hungary joined the cooperative audit.

Audit activities carried out by the audit team were focused on several areas:

- Legal and institutional framework and strategic documents;
- Human resources, education and raising awareness of tourism;
- Tourism products and services;
- Tourism marketing;
- Investment Policy;
- Indicators, monitoring and reporting;
- Integrated system for tourism and hospitality registries, tourism database, and building institutional tourism network with online platform; and

- Implementation of the provisions of the Agreement for cooperation between the Government of the Republic of Macedonia and the Government of the Republic of Croatia in the field of tourism.

The performance audit covered several auditees on central, regional and local level that are either competent or have an impact on development of tourism and hospitality in the Republic of Macedonia: Tourism Committee of the Government of the Republic of Macedonia, Ministry of Economy – Department for tourism and hospitality, Agency for promotion and support of tourism, Committee on economy of the Parliament of the Republic of Macedonia, State Statistical Office, Macedonian Bank for Development Promotion, Agency for Foreign Investments and Export Promotion of the Republic of Macedonia, educational institutions in the field of tourism, local self-government units, centers for regional development, chambers of commerce, and associations.

The conclusions of this a performance audit will contribute to increasing efficiency and effectiveness of policies, measures and activities in the tourism sector, i.e. the recommendations given will contribute to tourism development, creation of new jobs, promotion of cultural values and natural resources of the Republic of Macedonia, and foster economic development.

17. CAPACITY FOR EFFICIENT RESPONSE TO EPIDEMICS



Contagious or infectious disease is a clinically evident disease in humans caused by pathogenic microbial agents, including viruses, bacteria, fungi and parasites. Infectious diseases can be transmitted through direct contact or indirectly, through food, body fluids, contaminated objects, air or transmitters.

With its central position in the Balkans, Macedonia has constantly been exposed to epidemics of infectious diseases. Until 1973 Macedonia was known as hyper endemic area for malaria. The introduction of vaccination as a preventive measure against contagious diseases has achieved the best results in the history of medicine. Large number of infectious diseases have been eradicated, many have been eliminated, and a number of infectious diseases are contained. As an example, the completed vaccination of animals against brucellosis has resulted in significant reduction of sick animals, followed by reduction of human brucellosis cases. Vaccination coverage is improving continuously, and at the moment our country is among the countries with high immunization coverage. The results obtained from the immunization (eradication of polio and smallpox, elimination of diphtheria, neonatal tetanus, etc.) provide motivation for further improvements and more effective implementation of this measure in the healthcare system.

Globalization on one hand, has brought changes to the lifestyle (eating habits, increased travelling across borders), while the climate changes have caused changes in the environment and penetration of uncharacteristic infectious diseases, such as the West Nile fever. The continuous movement of migrants and refugees from war affected areas create new challenges for our

healthcare system, given the fact that these areas still have diseases that are eradicated in our country (polio, for example), and a number of cases of Middle East Respiratory Syndrome (MERS) have been registered in the region. Therefore, Republic of Macedonia and the countries from the region and beyond will be under increased pressure of all these risk factors for emergence and spread of infectious diseases in the coming years.

Following the World Health Organization recommendations in relation to strengthening national supervision systems for emergence and spread of infectious diseases, and setting up communication networks at national, regional and wider level, the State Audit Office recognizes the role and importance of competent authorities and public healthcare institutions in taking necessary measures and actions in this area. Therefore, we conducted audit on the topic **Capacity of the Republic of Macedonia for efficient response to epidemics**.

The audit covered the following areas:

- Preparing for epidemic - making strategic and operational plans, preparations for uninterrupted communication between all stakeholders and availability of human resources;
- Supervision of epidemiological situation - effective operation of the system for monitoring infectious diseases and detecting outbreaks – ALERT, and the system for individual reporting on infectious diseases, and timely information sharing by the institutions that have such legal obligation;
- Diagnosis, treatment and preventing spread of epidemics – available material and financial resources within public healthcare centers, laboratory capacities of competent state authorities, control of vaccination status for international travel of passengers, and supplies of medicines and medical material at country level;
- Capacities and maintenance of essential healthcare system services - financing, hospital admission and outpatient capacities, and isolation and quarantine capacities in the country;
- Testing plans – exercising activities.

Information and data obtained during the audit offered reasonable assurance that measures and activities taken in the audited areas provide a level of readiness of institutions in case of infectious disease outbreak in the country.

Audit recommendations and actions taken by the competent authorities and those responsible for governance and management of the auditees should ensure: sufficient human resources, specialized staff in particular; improvement of the level of reporting of the system for early warning and surveillance of infectious diseases; adequate storage space for medicines and medical supplies; introducing higher level of security in the laboratories; defining and equipping facilities for fast accommodation of persons in need of medical assistance in case of overload of existing facilities; adequate level of funding in emergency / crisis situations and in cases of epidemics or increased number of people in need of medical care; as well as frequent organizing exercising activities with participation of representatives of all relevant institutions.

18. EFFICIENCY OF POLICIES AND ACTIVITIES FOR EMPLOYMENT OF YOUNG PEOPLE

Employment and the number of unemployed active population is an issue in every country including the Republic of Macedonia. The competent authorities continuously take measures and activities aimed at preventing this phenomenon and reducing the number of unemployed people, as defined in the strategic and program documents.

In this regard several documents have been adopted including: National Employment Strategy of the Republic of Macedonia, National Employment Action Plans, annual operational plans for active policies and measures, etc.

The National Employment Strategy of the Republic of Macedonia 2011-2015 contains medium-term strategies and labor market challenges relating to this period, as a continuation of the labor market challenges defined in the previous National Employment Strategy for 2010, in terms of macroeconomic and microeconomic policies, labor market policies, objectives set and specific employment policies. The priority of labor market policy is creating conditions for increased participation and creating new jobs in the medium term through several preventive measures and mechanisms, including implementation of active labor market measures and policies aimed at strengthening support for young people, long-term unemployed and low-skilled people, women, unregistered workers, and other vulnerable groups. The specific activities for ensuring achievement of Strategy objectives are defined in the national employment action plans.

National employment action plans for the period 2011-2013 and 2014- 2015 define specific goals, measures/projects, target groups, implementation indicators, implementation time period, institutions responsible for implementation, and the necessary financial resources. The plans are prepared within the broader partnership between the ministries responsible for implementation of employment policies, the social partners and other institutions in coordination with the Ministry of Labor and Social Policy.

Annual operational plans define employment programs and measures, and concrete activities and financial resources for implementation thereof, aimed at improving labor market operation, creation of new jobs and increased employment. Operational plans are administered by the Minister of Labor and Social Policy, and coordinated by the Employment Agency.

In line with SAO Annual Work Programme we conducted audit on the **Efficiency of policies and activities for employment of young people (20-29 years of age), defined in the program for subsidized employment and the training program with subsidized employment.**

The audit covered the areas relating to: operational plans for active employment policies and measures; level of software support and application controls regarding the conditions and criteria set out in the Operational Plans and Guidelines; setting up authority / body and its operation; decision making in the selection of submitted applications and decisions on submitted complaints; monitoring the implementation of the signed agreements; and measures taken by the Employment Agency in case of deviation of anticipated obligations.

The conclusions of this performance audit will contribute to increasing the efficiency of policies and activities in the area of employment i.e. the audit recommendations and the consistent implementation thereof by the competent authorities should provide increased transparency in announcing requirements and criteria to be met by the stakeholders when applying for appropriate measure, ensuring sufficient controls in the software system, compliance with the legislation for setting up proper bodies and regulating their operation with laws and procedures, as well as setting up a central records system for monitoring signed agreements.



**INTERNATIONAL COOPERATION
AND TRANSPARENCY**

INTERNATIONAL COOPERATION

SAO international activities in 2015 continued with the same enthusiasm and dedication of employees working toward gaining new knowledge in the field of state audit. International cooperation was effected on bilateral and multilateral level. The participation in cooperative audits on the topics of energy efficiency (on the initiative of the European Commission - DG Enlargement) and tourism (following the cooperation agreement signed at the highest level between Macedonia and Croatia SAIs) has contributed to further development of the professionalism of SAO staff and the quality of performance audit, which were SAO priorities in the previous period.



The benefits of cooperative audits are multiple, in particular for the opportunity for professional development of auditors through peer-to-peer activities, flexible access to and using other SAIs experience, as well as for strengthening confidence in one's own capacity for carrying out performance audit

The exchange of knowledge and experience in the field of state audit with colleagues from other SAIs was accomplished through the standard forms of cooperation, mainly in coordination with INTOSAI¹ and EUROSAI². SAO contribution in the working groups and bodies established for realization of EUROSAI 2011-2017 strategic objectives and for promoting ethics and integrity in SAIs and public administration continued with equal intensity in 2015.

¹ International Organization of Supreme Audit Institutions – Macedonia SAO is INTOSAI member since 2001

² European Organization of Supreme Audit Institutions – Macedonia SAO is EUROSAI member since 2002

SAO is a veteran by length of service in the Network of SAIs of candidate countries and potential candidates for EU membership and the European Court of Auditors. This year we mark a decade of active participation and contribution to the implementation of Network's activities aimed at coaching audit structures in countries preparing to join the European family.

Positive trend is evident in the participation of SAO employees at international events for professional development and training in the field of energy, integrity and transparency of SAIs, detecting corruption and fraud in the audit process, cooperation with internal audit, planning and execution of budgets of municipalities, and environmental audit.

The candidate status of the Republic of Macedonia acquired in 2005 provided the State Audit Office with the opportunity to participate, as an active observer, in meetings of the Contact Committee and to monitor the latest developments and challenges faced by the Heads of the SAIs of the European Union in performing the audit function in their countries.



Activities within EUROSAI and INTOSAI

The State Audit Office maintained active participation in EUROSAI Working Groups on Environmental Auditing and IT since 2002 and 2005 respectively. SAO representatives participated in the meeting of EUROSAI IT Working Group in July 2015 in Warsaw, Poland, when the new IT activities within the working group were defined.



EUROSAI Working Group on environmental auditing held its regular 13th annual meeting in October 2015 in Malta, where SAO delegation was headed by the Auditor General. The main topic was industrial waste and chemicals, and training seminar was held on auditing environmental impacts of agriculture. The results from conducted and ongoing cooperative audits on programs for environmental protection were also presented during the meeting.

This year the State Audit Office of the Republic of Macedonia will host the annual meeting of EUROSAI Working Group on environmental auditing.

At the invitation of the SAI of Portugal, Chairman of EUROSAI Task Force on audit and ethics, for fourth consecutive year SAO representative participates in its activities at meetings and seminars for strengthening integrity and ethics in SAIs and the public administration.

During 2015 the State Audit Office actively contributed to SAI capacity building, application of professional standards and exchange of knowledge among EUROSAI members and beyond with its representatives in the working groups for implementation of EUROSAI Strategic Plan 2011-2017.

The second Young EUROSAI Conference 2.0 was organized by the SAI of Israel in November 2015. SAO participated with two junior auditors. The purpose of the meeting was to exchange views on the role of SAIs in the new reality and the preparedness to strengthen the role and importance of young staff who are expected to become future leaders in their SAIs.

In December 2015 SAO delegation participated in the V EUROSAI-ARABOSAI Joint Conference, held in Doha, Qatar. Members of SAIs from Europe and Arab countries discussed on the topic of “The role of SAIs in the Oversight of Government Bailout Plans”.

Network of SAIs of EU Candidate and Potential Candidate Countries and the European Court of Auditors

The regular annual meeting of SAI liaison officers (held in Ljubljana in March 2015) focused on the implementation of activities of the Draft Outline Work Plan in the upcoming period.

In February 2015, the State Audit Office hosted the fourth workshop under the project for carrying out cooperative performance audit on energy efficiency involving SAIs from the Network. On the initiative of the European Commission the project was implemented by the SAI of Sweden, the European Court of Auditors and the Joint Working Group on Audit Activities (JWGAA).

The cooperation with the European Court of Auditors in Luxembourg has been continuous since 2006 through the internship program organized as ECA contribution to the preparation of audit structures of SAIs of candidate countries for EU membership: Macedonia, Turkey, Montenegro, Serbia, (Iceland) and Albania. Until 2015, the five-month program at the European Court of Auditors has been completed by 16 SAO auditors.

Bilateral and regional cooperation

The activities of the second advanced phase of the project aimed at improving efficiency and quality of audit work with the application of an audit management system (AMS) were carried out in 2015. SAO is implementing this project with the technical support of the Office of the Auditor General of Norway. The activities were focused on designing and testing the software solution for the AMS modules. In addition, SAO carried out series of trainings and workshops for the employees for using the new IT infrastructure, which is the basis for complete realization of the AMS during 2016-2017.

At the regular (third) annual meeting in Skopje in October 2015, the project leaders approved the Progress Report and the Financial Report and defined the next steps for the project implementation. The focus of project teams’ working sessions was the presentation and testing of the first AMS module for annual planning, and the security of the IT infrastructure.

The project is planned to finish in December 2016.

In June 2015 SAO hosted a study visit from SAI of Albania. The delegation comprised of auditors and audit managers exchanged first-hand experience with the host colleagues in relation to audit procedures, reporting and implementation of recommendations from audit reports.

SAO delegation participated at two regional conferences held in Belgrade, Serbia, on cooperation between SAIs and internal audit in the public sector, and the application of IDI IT Audit Manual.

Cooperation with SIGMA and the European Commission

The State Audit Office has nominated its representative in the Audit Board of EUROCONTROL in July 2013. The Agency addressed an invitation to the Republic of Macedonia with a request for a representative from the Supreme Audit Institution in the country. SAO representative is appointed to perform this responsible task until 30 June 2017. This nomination is another recognition and legitimacy of SAO at the international scene.

The cooperation with SIGMA and the European Commission in 2015 was carried out within the annual assessment missions on the functioning of the financial control in the Republic of Macedonia and EC initiative for organizing and conducting coordinated performance audit by SAIs from the Network. Unlike previous years, in 2015 SIGMA introduced new more comprehensive approach to the annual assessment - baseline measurement reviews against the Principles of Public Administration. As always, this cooperation has positive effects on SAO development as a competent institution for external audit in accordance with EU criteria and the international auditing standards.

TRANSPARENCY

Transparency of SAO operation is one of the five strategic objectives defined in the Development Strategy and in that context it was consistently practiced throughout 2015. SAO regularly informed the public on the planned and implemented activities, educational processes and, above all, on the results of its operation through the already established system.

Transparency was most evident in the publication of the final audit reports on SAO website, as an integral part of the realization of the Annual Work Programme in 2015.

Except for the contents of the final audit reports resulting from the conducted audits, the public was also informed of other activities that commenced and were accomplished during 2015 through SAO website. SAO posted information on workshops held as part of the permanent professional development of state auditors, meetings of SAO representatives with delegations from other supreme audit institutions, participation of SAO representatives at meetings, seminars, congresses, and other audit related events.

In terms of the international audit activities, in 2015 SAO conducted coordinated audit on „Effectiveness of measures/activities determined by strategic documents/programs for tourism

development“ with the SAIs of Croatia and Hungary. The audit teams held three meetings to review the results of the individual national audits and to harmonize the format and the contents of the joint report. The Joint Report was signed in Budapest, Hungary by Auditor General Tanja Tanevska, Auditor General of Croatia SAI Ivan Klesic and the President of SAI of Hungary Laszlo Domokos. The Report is published on SAO website.

The interest of media and journalists in the results of SAO operation during 2015 was demonstrated in the published news, articles and comments, mostly related to the contents of the final audit reports. In this regard, SAO received five requests in line with the Law on free access to public information, which received positive replies.

In 2015 SAO continued to inform the public about the implementation of the joint project with the Office of the Auditor General of Norway for implementation of an audit management system. With the implementation of this project, which should be finalized by the end of 2016, SAO will make an important step towards improvement of the quality of the audit process and its electronic monitoring.



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ИЗВЕШТАЈ НА НЕЗАВИСНИОТ РЕВИЗОР

До Собранието на Република Македонија

Ние извршивме ревизија на приложените финансиски извештаи на Државниот завод за ревизија за средствата од Буџетот на РМ, односно за остварени приходи и расходи преку сметката 020021504063710 – Редовна сметка средства од буџетот на РМ, а коишто го вклучуваат билансот на приходите и расходите за годината којашто завршува на 31 декември 2015, како и билансот на состојба заклучно со таа дата, и прегледот на значајните сметководствени политики и други објаснувачки белешки.

Одговорност на раководството за финансиските извештаи

Раководството е одговорно за подготвувањето и објективно презентирањето на овие финансиски извештаи во согласност со Законот за сметководството на буџетите и буџетските корисници, Правилникот за примена на Меѓународните сметководствени стандарди за јавниот сектор на готовинска основа, и интерната контрола којашто е релевантна за подготвувањето и објективно презентирање на финансиски извештаи кои што се ослободени од материјално погрешно прикажување, без разлика дали е резултат на измама или грешка.

Одговорност на ревизорот

Наша одговорност е да изразиме мислење за овие финансиски извештаи врз основа на нашата ревизија. Ние ја спроведовме нашата ревизија во согласност со Меѓународните стандарди за ревизија. Тие стандарди бараат да ги почитуваме етичките барања и да ја планираме и извршиме ревизијата за да добиеме разумно уверување за тоа дали финансиските извештаи се ослободени од материјално погрешно прикажување.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

PCSM МАКЕДОНИЈА ДООЕЛ Скопје е член на РСМ мрежата и група како РСМ е трговското име кое се користи од страна на члените на РСМ мрежата. Сметка член на мрежата РСМ е независно правно лице работно согласно своите доделени права и обврски. Мрежата РСМ самата не е посебно правно лице во правна уредба/структура.



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Ревизијата вклучува извршување на постапки за прибување на ревизорски докази за износите и обелодувањата во финансиските извештаи. Избраните постапки зависат од расудувањето на ревизорот, вклучувајќи ја и проценката на ризиците од материјално погрешно прикажување на финансиските извештаи, без разлика дали е резултат на измама или грешка. Кога ги прави тие проценки на ризикот, ревизорот ја разгледува интерната контрола релевантна за подготвувањето и објективно презентирање на финансиските извештаи на ентитетот за да обликува ревизорски постапки коишто се соодветни во околностите, но не за целта на изразување на мислење за ефикасноста на интерната контрола на ентитетот. Ревизијата исто така вклучува и оценка на соодветноста на користените сметководствени политики и на разумноста на сметководствените проценки направени од страна на раководството, како и оценка на севкупното презентирање на финансиските извештаи.

Ние веруваме дека ревизорските докази коишто ги имаме прибрано се достапни и соодветни за да обезбедат основа за нашето ревизорско мислење.

Мислење

Според нашето мислење, финансиските извештаи ја презентираат објективно, од сите материјални аспекти, финансиската состојба на Државниот завод за ревизија – Редовна сметка средства од буџетот на РМ заклучно со 31 декември 2015 година, како и неговите финансиски приходи и расходи за годината којашто завршува тогаш во согласност со Законот за сметководството на буџетите и буџетските корисници. Правилникот за сметководството на буџетите и буџетските корисници и Правилникот за примена на Меѓународните сметководствени стандарди за јавниот сектор на готовинска основа.

THE POWER OF BEING UNDERSTOOD
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PCSM МАКЕДОНИЈА ДООЕЛ Скопје е член на РСМ мрежата и група како РСМ е трговското име кое се користи од страна на члените на РСМ мрежата. Сметка член на мрежата РСМ е независно правно лице работно согласно своите доделени права и обврски. Мрежата РСМ самата не е посебно правно лице во правна уредба/структура.

Државен завод за ревизија
Финансиски извештај за Сметката на основен Буџет 637-19 за годината завршена на 31 декември 2015

БИЛАНС НА ПРИХОДИ И РАСХОДИ

Опис на позицијата	Образложение	во денари	
		Буџет 2015	Реализирано 2015 2014
Приходи			
Трансфери и донации		95.980.000	82.979.759
Вкупно приходи	3.1.	95.980.000	82.979.759
Расходи			
Тековни расходи	3.2.		
Плати, наемнини и надоместоци	3.2.1.	74.230.000	73.625.052
Стрки и услуги	3.2.2.	19.590.000	17.739.018
Разни трансфери		240.000	214.952
Вкупно тековни расходи		94.060.000	91.578.022
Капитални расходи	3.3.		
Капитални расходи		1.920.000	1.400.737
Вкупно капитални расходи		1.920.000	1.400.737
Вкупно расходи		95.980.000	92.979.759

Нето вишок на приходи - добивка по оданочување

Скопје, 29.02.2016

Главен државен ревизор



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Извештај за други правни и регулативни барања

Во согласност со Законот за државна ревизија, Државниот завод за ревизија има обврска да изготвува годишен извештај за извршените ревизии и за работата на Државниот завод за ревизија.

Наша одговорност во согласност со Законот за ревизија е да изразиме мислење во врска со конзистентноста на годишниот извештај за работа со годишната сметка и финансиските извештаји за истата година.

Мислење

Според наше мислење, податоците во годишниот извештај се конзистентни со оние во годишната сметка и финансиските извештаји на Државниот завод за ревизија за 2015 година.

Скопје, 06.06.2016

Овластен ревизор
Миле Ниневски

Друштво за ревизија
RSM МАКЕДОНИЈА Скопје



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ИЗВЕШТАЈ НА НЕЗАВИСНИОТ РЕВИЗОР

До Собранието на Република Македонија

Ние извршивме ревизија на приложените финансиски извештаи на Државниот завод за ревизија за средствата на приходи наплатени од органи, односно за остварени приходи и расходи преку сметката 020021504063119 – Сметка на приходи наплатени од органи, а коишто го вклучуваат билансот на приходите и расходите за годината којашто завршува на 31 декември 2015, како и билансот на состојба заклучно со таа дата, и прегледот на значајните сметководствени политики и други објаснувачки белешки.

Одговорност на раководството за финансиските извештаи

Раководството е одговорно за подготвувањето и објективното презентирање на овие финансиски извештаи во согласност со Законот за сметководството на буџетите и буџетските корисници, Правилникот за сметководството на буџетите и буџетските корисници и Правилникот за примена на Меѓународните сметководствени стандарди за јавниот сектор на готовинска основа, и интерната контрола којашто е релевантна за подготвувањето и објективното презентирање на финансиски извештаи кои што се оспособени од материјално погрешно прикажување, без разлика дали е резултат на имама или грешка.

Одговорност на ревизорот

Наша одговорност е да изразиме мислење за овие финансиски извештаи врз основа на нашата ревизија. Ние ја спроведовме нашата ревизија во согласност со Меѓународните стандарди за ревизија. Тие стандарди бараат да ги почитуваме етичките барања и да ја планираме и извршиме ревизијата за да добиеме разумно уверување за тоа дали финансиските извештаи се оспособени од материјално погрешно прикажување.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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Државен завод за ревизија
Финансиски извештаи за Сметката на основен буџет 637-19 за годината завршена на 31 декември 2015

БИЛАНС НА СОСТОЈБА

Активa	Опис на позицијата	Образложение	во денари	
			2015	2014
Тековни средства				
Поборувања од вработените	4.1.		204.948	160.762
Активни временски разграничувања	4.1.1.		7.204.690	7.788.508
Залози	4.1.2.		788.752	952.454
Вкупно тековни средства	4.1.3.		8.198.390	8.901.724
Постојани средства	4.2.			
Нематеријални средства	4.2.1.		101.357	276.112
Материјални средства	4.2.2.		6.357.914	6.913.552
Вкупно постојани средства			6.459.271	7.189.664
Вкупна актива			14.657.661	16.091.388
Вонбилансна актива			77.829.200	77.829.200
Пасива				
Тековни обврски	4.3.			
Краткорочни обврски спрема добавувачи	4.3.1.		1.025.393	1.734.807
Краткорочни обврски за плати и други обврски спрема вработените	4.3.2.		6.179.297	6.053.701
Пасивни временски разграничувања	4.3.3.		204.948	160.762
Вкупно тековни обврски			7.409.638	7.949.270
Извори на средства	4.4.			
Извори на капитални средства			7.248.023	8.142.118
Вкупно извори на капитални средства			7.248.023	8.142.118
Вкупна пасива			14.657.661	16.091.388
Вонбилансна пасива			77.829.200	77.829.200

Скопје, 29.02.2016

Главен државен ревизор


М-р Танја Таневска



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Ревизијата вклучува извршување на постапки за прибавување на ревизорски докази за износите и обелоденувањата во финансиските извештаи. Избраните постапки зависат од расудувањето на ревизорот, вклучувајќи ја и проценката на ризиците од материјално погрешно прикажување на финансиските извештаи, без разлика дали е резултат на измама или грешка. Кога ги прави тие проценки на ризикот, ревизорот ја разгледува интерната контрола релевантна за подготвувањето и објективното презентирање на финансиските извештаи на ентитетот за да обликува ревизорски постапки коишто се соодветни во околностите, но не за целта на изразување на мислење за ефективност на интерната контрола на ентитетот. Ревизијата исто така вклучува и оценка на соодветноста на користените сметководствени политики и на разумноста на сметководствените проценки направени од страна на раководството, како и оценка на севкупното презентирање на финансиските извештаи.

Ние веруваме дека ревизорските докази коишто ги имаме прибавено се доградни и соодветни за да обезбедат основаа за нашето ревизорско мислење.

Мислење

Според нашето мислење, финансиските извештаи ја презентираат објективно, од сите материјални аспекти, финансиската состојба на Државниот завод за ревизија – сметката на сопствени приходи наплатени од органи заклучно со 31 декември 2015 година, како и неговите финансиски приходи и расходи за годината којашто завршува тогаш во согласност со Законот за сметководството на буџетите и буџетските корисници. Правилникот за сметководството на буџетите и буџетските корисници и Правилникот за примена на Меѓународните сметководствени стандарди за јавниот сектор на готовинска основа.



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Извештај за други правни и резултатни барања

Во согласност со Законот за државна ревизија, Државниот завод за ревизија има обврска да изготвува годишен извештај за извршените ревизии и за работата на Државниот завод за ревизија.

Наша одговорност во согласност со Законот за ревизија е да изразиме мислење во врска со конзистентноста на годишниот извештај за работа со годишната сметка и финансиските извештаи за истата година.

Мислење

Според наше мислење, податоците во годишниот извештај се конзистентни со оние во годишната сметка и финансиските извештаи на Државниот завод за ревизија за 2015 година.

Скопје, 06.06.2016

Овластен ревизор
 Миле Ѓиневски

Друштво за ревизија
 РСМ МАКЕДОНИЈА Скопје

THE POWER OF BEING UNDERSTOOD
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РСМ МАКЕДОНИЈА ДООЕЛ Скопје е член на РСМ мрежата и група како РСМ е првостепено име кое се користи од страна на членките на РСМ мрежата. Своео лично на мрежата РСМ е независно друштво кое работи согласно своите редовни права и обврски. Мрежата РСМ самата не е посебно правно лице во ниту една јурисдикција.

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Државен завод за ревизија
Финансиска извештај за Сметта на Буџетот на РМ 631-19 за годината завршена на 31. декември 2015

БИЛАНС НА ПРИХОДИ И РАСХОДИ

Опис на позицијата	Образло жение	во Денари		
		Буџет 2015	Реализирано 2015	Реализирано 2014
Приходи				
Недочинени приходи	3.1.	4.000.000	55.250	926.630
Трансфери и донации	3.2.	-	6.494.603	5.841.107
Вкупно приходи		4.000.000	6.549.853	6.867.827
Расходи				
Тековни расходи	3.3.	4.000.000	-	-
Стоки и услуги	3.3.1.	-	-	145.466
Разни трансфери	3.3.2.	4.000.000	29.319	227.758
Вкупно тековни расходи		4.000.000	29.319	373.224
Капитални расходи	3.4.	-	-	-
Капитални расходи		-	-	-
Вкупно капитални расходи		-	-	-
Вкупно расходи		4.000.000	29.319	373.224
Остварен вишок на приходи		-	6.520.534	6.494.603
Даноци, придонеси и други давачки од вишокот на приходи		-	-	-
Нето вишок на приходи		-	6.520.534	6.494.603
Распоредување на вишокот на приходи				
Дел од нето вишокот на приходи за пренос во наредна година		-	6.520.534	6.494.603
Вкупно распоред на вишок на приходи		-	6.520.534	6.494.603
Скопје, 29.02.2016				

Главен државен ревизор



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Државен завод за ревизија
Финансиска извештај за Сметта на Буџетот на РМ 631-19 за годината завршена на 31. декември 2015

БИЛАНС НА СОСТОЈБА

Опис на позицијата	Образлож ение	во Денари	
		2015	2014
Активa			
Тековни средства	4.1.		
Парични средства	4.1.1.	6.520.534	6.494.603
Поборувања од купувачите во земјата	4.1.2.	4.170.182	4.170.182
Поборувања од вработените	4.1.3.	50.102	50.102
Активни временски разгранувања	4.1.4.	-	-
Вкупно тековни средства		10.740.818	10.714.887
Постојани средства	4.2.		
Нематеријални средства	4.2.1.	-	-
Материјални средства	4.2.2.	-	-
Вкупно постојани средства		-	-
Вкупна актива		10.740.818	10.714.887
Вонбилансна евиденција - актива		2.686.027	2.686.027
Пасивa			
Пасива	4.3.		
Тековни обврски	4.3.1.		
Краткорочни обврски спрема добрувачи	4.3.1.	10.740.818	10.714.887
Пасивни временски разгранувања	4.3.2.	-	-
Вкупно тековни обврски		10.740.818	10.714.887
Извори на средства	4.4.		
Извори на капитални средства			
Вкупно извори на капитални средства		-	-
Вкупна пасива		10.740.818	10.714.887
Вонбилансна евиденција - пасива		2.686.027	2.686.027
Скопје, 29.02.2016			

Главен државен ревизор



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ИЗВЕШТАЈ НА НЕЗАВИСНИОТ РЕВИЗОР

До Собранието на Република Македонија

Ние извршивме ревизија на приложените финансиски извештаи на Проектот МАК-12/0015 „ИМПЛЕМЕНТАЦИЈА НА СИСТЕМ ЗА УПРАВУВАЊЕ СО РЕВИЗИЈА“ на Државниот завод за ревизија, а којшто го вклучуваат билансот на приходите и расходите за годината којашто завршува на 31 декември 2015, како и билансот на состојба заклучно со таа дата, и прегледот на значајните сметководствени политики и други објаснувачки белешки.

Одговорност на раководството за финансиските извештаи

Раководството е одговорно за подготвувањето и објективното презентирање на овие финансиски извештаи во согласност со Законот за сметководството на буџетите и буџетските корисници, Правилникот за сметководството на буџетите и буџетските корисници и Правилникот за примена на Меѓународните сметководствени стандарди за јавниот сектор на готовинска основа, и интерната контрола којашто е релевантна за подготвувањето и објективното презентирање на финансиски извештаи кои што се ослободени од материјално погрешно прикажување, без разлика дали е резултат на измама или грешка.

Одговорност на ревизорот

Наша одговорност е да изразиме мислење за овие финансиски извештаи врз основа на нашата ревизија. Ние ја спроведовме нашата ревизија во согласност со Меѓународните стандарди за ревизија. Тие стандарди бараат да ги почитуваме етичките барања и да ја планираме и извршиме ревизијата за да добиеме разумно уверување за тоа дали финансиските извештаи се ослободени од материјално погрешно прикажување.

Ревизијата вклучува извршување на постапки за прибавување на ревизорски докази за износите и објектунувањата во финансиските извештаи. Избраните постапки зависат од расудувањето на ревизорот, вклучувајќи ја и проценката на ризиците од материјално

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погрешно прикажување на финансиските извештаи, без разлика дали е резултат на измама или грешка. Кога ги прави тие проценки на ризикот, ревизорот ја разгледува интерната контрола релевантна за подготвувањето и објективното презентирање на финансиските извештаи на ентитетот за да објективно ревизорски постапки коишто се соодветни во околностите, но не за целта на изразување на мислење за ефикасноста на интерната контрола на ентитетот. Ревизијата исто така вклучува и оценка на соодветноста на користените сметководствени политики и на разумноста на сметководствените проценки направени од страна на раководството, како и оценка на севкупното презентирање на финансиските извештаи.

Ние веруваме дека ревизорските докази којшто ги имаме прибавено се доволни и соодветни за да обезбедат основа за нашето ревизорско мислење.

Мислење

Според нашето мислење, финансиските извештаи ја презентираат објективно, од сите материјални аспекти, финансиската состојба на Проектот МАК-12/0015 „ИМПЛЕМЕНТАЦИЈА НА СИСТЕМ ЗА УПРАВУВАЊЕ СО РЕВИЗИЈА“ на Државниот завод за ревизија заклучно со 31 декември 2015 година, како и неговите финансиски приходи и расходи за годината којашто завршува тогаш во согласност со Законот за сметководството на буџетите и буџетските корисници, Правилникот за сметководството на буџетите и буџетските корисници и Правилникот за примена на Меѓународните сметководствени стандарди за јавниот сектор на готовинска основа.

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Државен завод за ревизија
финансиски извештај за Проект МАК-12/0015 за годината завршена на 31 декември, 2015

БИЛАНС НА ПРИХОДИ И РАСХОДИ

Опис на позицијата	Образложен ие	во денари	
		Буџет 2015	Реализирано 2015
Приходи			
Трансфери и донации	3.1.	19.025.000	24.260.623
Вкупно приходи		19.025.000	24.260.623
Расходи			
Тековни расходи	3.2.	6.953.000	4.745.636
Стоки и услуги	3.2.1.	6.953.000	4.745.636
Вкупно тековни расходи		6.953.000	4.745.636
Капитални расходи	3.3.		
Капитални расходи	3.3.1.	12.072.000	4.757.578
Вкупно капитални расходи		12.072.000	4.757.578
Отплата на главнина			
Вкупно расходи		19.025.000	9.503.444
Нереализирани средства од буџетот		-	14.757.209
Даноци, придонеси и други давачки од вишокот на приходи - добивка пред оданочување			24.355.417

Нето вишок на приходи - добивка по
оданочување

Скопје, 29.02.2016

Главен државен ревизор


М-р Тања Таневска

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Извештај за други правни и резултатни барања

Во согласност со Законот за државна ревизија, Државниот завод за ревизија има обврска да изготвува годишен извештај за извршените ревизии и за работата на Државниот завод за ревизија.

Наша одговорност во согласност со Законот за ревизија е да изразиме мислење во врска со конзистентноста на годишниот извештај за работа со годишната сметка и финансиските извештај за истата година.

Мислење

Според наше мислење, податоците во годишниот извештај се конзистентни со оние во годишната сметка и финансиските извештај на Државниот завод за ревизија за 2015 година.

Скопје, 06.06.2016

Овластен ревизор
Миле Ниневски



Друштво за ревизија
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Државен завод за ревизија
Финансиски извештај за Проект МАК-120015 за годината завршена на 31 декември 2015

БИЛАНС НА СОСТОЈБА

Активa	Опис на позицијата	Образложение		во денари	
		2015	2014	2015	2014
Тековни средства	4.1.				
Жиро сметка	4.1.1.	14,757,209	24,355,417		
Поборувања од вработените	4.1.2.	5,066			
Активни временски разграничувања	4.1.3.		2,635,222		
Вкупно тековни средства		14,762,275	26,990,639		
Постојани средства	4.2.				
Нематеријални средства	4.2.1.	5,521,245	3,747,597		
Материјални средства	4.2.2.	2,969,920	3,448,353		
Вкупно постојани средства		8,521,165	7,195,950		
Вкупна актива		23,283,440	34,186,589		
Вонбилансна актива					
Пасива					
Тековни обврски	4.3.				
Краткорочни обврски спрема добавувачи	4.3.1.		2,635,222		
Пасивни временски разграничувања	4.3.2.	14,762,275	24,355,417		
Вкупно тековни обврски		14,762,275	26,990,639		
Извори на средства	4.4.				
Извори на капитални средства		8,521,165	7,195,950		
Вкупно извори на долговни средства		8,521,165	7,195,950		
Вкупна пасива		23,283,440	34,186,589		
Вонбилансна пасива					

Скопје, 29.02.2016

Главен државен ревизор



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