



ANNUAL REPORT 2016



CONTENTS

FOREWORD.....	3
---------------	---

STATE AUDIT OFFICE.....5

MISSION.....	7
INDEPENDENCE.....	7
VALUES.....	8
BUDGET OF THE STATE AUDIT OFFICE.....	9
SAO EXPENDITURE IN 2016.....	10
STRUCTURE OF EMPLOYEES	12
PROFESSIONAL DEVELOPMENT OF STATE AUDITORS	13
STRATEGIC DOCUMENTS	13
AUDITING STANDARDS AND METHODOLOGY	15
COOPERATION WITH COMPETENT AUTHORITIES.....	15
INFORMATION TECHNOLOGY AND IT AUDIT	16
CONDUCTED AUDITS AND ISSUED REPORTS.....	20
AUDITEES.....	22
FOLLOW UP REVIEWS ON THE IMPLEMENTATION OF RECOMMENDATIONS.....	23
AUDITED PUBLIC REVENUE.....	24
AUDITED PUBLIC EXPENDITURE.....	25
AUDIT FINDINGS.....	27
PUBLIC PROCUREMENT.....	29
AUDIT OPINION.....	31
MEASURES TAKEN UPON RECOMMENDATIONS IN AUDIT REPORTS.....	33

AUDIT ACTIVITIES 35

MAIN ASPECTS OF ASCERTAINED SITUATION FOLLOWING THE AUDIT ON THE CORE BUDGET IN 2016	37
PARLIAMENT OF THE REPUBLIC OF MACEDONIA.....	41
JUDICIARY.....	42
STATE INSPECTORATES.....	44
MINISTRY OF INFORMATION SOCIETY AND ADMINISTRATION.....	45
COMPLIANCE AUDIT ON THE METHOD AND PROCEDURES FOR AWARDED PUBLIC PROCUREMENT CONTRACTS IN THE MINISTRY OF INTERNAL AFFAIRS.....	48
POLITICAL PARTIES.....	49
SECRETARIAT FOR EUROPEAN AFFAIRS.....	51

PUBLIC HEALTHCARE INSTITUTIONS, CONFORMITY OF OPERATIONS, AND RELIABILITY AND OBJECTIVITY OF FINANCIAL STATEMENTS.....	52
LOCAL SELF-GOVERNMENT.....	53
PUBLIC ENTERPRISES	56
PUBLIC ENTERPRISE FOR MANAGING AND PROTECTION OF MULTIPURPOSE AREA “JASEN” SKOPJE	56
PUBLIC ENTERPRISE FOR STATE ROADS	57
PUBLIC ENTERPRISES AT LOCAL LEVEL.....	58
COMPANY FOR CONSTRUCTION, MANAGING AND LEASING MULTIPURPOSE HALL „BORIS TRAJKOVSKI“	59
HIGHER EDUCATION.....	60
MINISTRY OF EDUCATION AND SCIENCE.....	61
MINISTRY OF TRANSPORT AND COMMUNICATIONS.....	62
PERFORMANCE AUDIT.....	64
1. PROTECTION OF STREET CHILDREN.....	64
2. EFFICIENCY OF POLICIES AND INSTRUMENTS IN THE PUBLIC PROCUREMENT SYSTEM AND PROCEDURE FOR GRANTING CONSENT FOR PUBLICATION OF PUBLIC PROCUREMENT NOTICE.....	65
3. EFFICIENCY OF MEASURES, POLICIES AND PROJECTS FOR PROTECTION OF LAKE OHRID	65
4. SPA AND CLIMATE RECREATION FOR PENSIONERS.....	67
5. EFFICIENCY OF MEASURES FOR SOLVING TRAFFIC JAM IN THE CITY OF SKOPJE	69
6. EFFICIENCY OF ACTIVITIES AND MEASURES FOR DEVELOPMENT OF RAILWAY TRAFFIC AS DEFINED	70

INTERNATIONAL COOPERATION AND TRANSPARENCY73

INTERNATIONAL COOPERATION.....	75
Activities within EUROSAI and INTOSAI	
Network of SAIs of EU Candidate and Potential Candidate Countries and the European Court of Auditors	
Bilateral and regional cooperation	
Cooperation with SIGMA and the European Commission	
TRANSPARENCY	80

REPORT OF THE INDEPENDENT AUDITOR 81

FOREWORD

It is my pleasure to present the Annual Report on the operation and conducted audits of the State Audit Office of the Republic of Macedonia and to express my satisfaction with the results of our work in 2016.

In 2016 the State Audit Office followed through a work program which covered all types of audits. Same as previous year, SAO put special emphasis on performance audits that significantly focus citizens' attention to the public spending.

SAO Development Strategy 2013-2017 provided guidance in fulfilling our goals aimed at long-term impact on strengthening the public sector as well as our institution. I am grateful to the employees for the way they implement the strategy in their work and contribute to better quality of our audits.



In 2016 the State Audit Office produced 85 reports, covering 118 auditees within our jurisdiction. The reports contain important information and a number of recommendations for improving auditees' financial management and responsible spending of public funds. 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.

The professional development of employees was accomplished through trainings in the field of auditing and the use of new SAO IT infrastructure related to the implementation of the audit management system (AMS). Internal trainings and participation in international seminars, workshops and cooperative activities with other supreme audit institutions contributed to raising the level of professionalism and commitment of employees to the realization of our common goals. To all employees I sincerely congratulate!

In addition to the regular international activities, it is worth to note SAO networking within the new working groups and audit activities of SAIs of EU and the region. Significant progress has been made with the project aimed at improving the efficiency and quality of audit with the application of audit management system (AMS), implemented in cooperation with the Office of the Auditor General of Norway. In 2016 the project activities were focused on designing and testing the software solution for AMS modules and on training SAO employees to use the new IT infrastructure. Most importantly, the application of AMS starts in 2017.

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 as soon as possible. It would provide proper attention to our audit reports in the Parliament, as well as responsible spending by the budget users.

Finally, I would like to share a fact I am particularly proud of - our vision to acquire new administrative building has been realized. In February 2017 the Palace "Emanuel Cuckov" became the new home of the State Audit Office.

The opinion of the independent external auditor on the financial statements of the State Audit Office for 2016 is regularly enclosed within the Annual Report.

Auditor General

Tanja Tanevska, M.Sc.

A handwritten signature in blue ink, appearing to read "Tanja Tanevska".

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.

The State Audit Office provides support to the Parliament in meeting its responsibilities by identifying and disclosing 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 public revenue and public expenditure in line with the auditing standards (ISSAIs) of the International Organization of Supreme Audit Institutions (INTOSAI).

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 Institution 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 audit recommendations to ensure appropriate implementation thereof.

VALUES

SAO would like to be recognized by the following values:

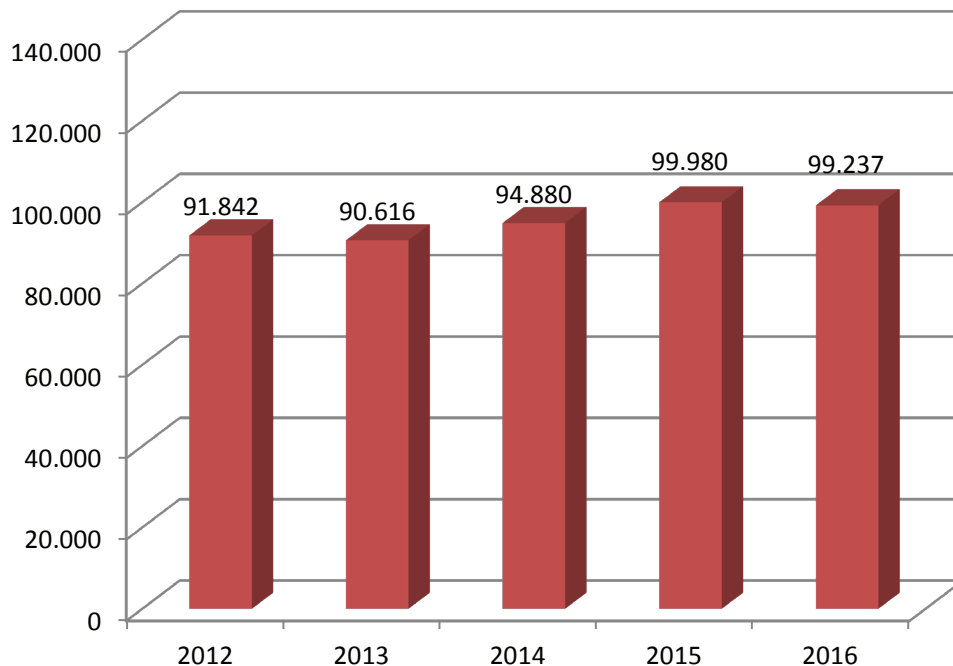
- » **professionalism** - implemented through professional approach, using applicable standards, experience and skills;
- » **teamwork** – the teams created for execution of work tasks collaborate constructively and devotedly towards successful accomplishment of audit objectives;
- » **reliability and 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.

BUDGET OF THE STATE AUDIT OFFICE

In line with the State Audit Law (Official Gazette of RM no. 66/10, 145/10, 158/11, 43/14, 154/15, 192/15, 127/2016), SAO operation is financed by the Budget of the Republic of Macedonia. The necessary funding is proposed by SAO and approved by the Parliament of the Republic of Macedonia.

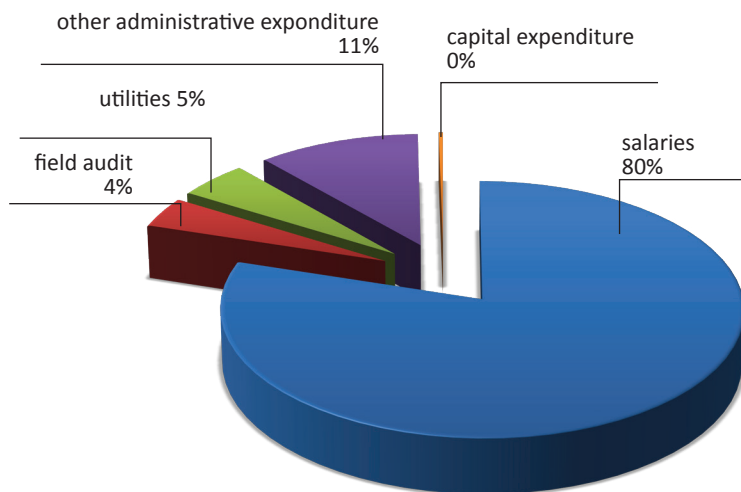
The total budget of the State Audit Office in 2016 amounted to 99.237.000,00 MKD. 96% of this amount i.e. 95.237.000,00 MKD are funds provided by the Central Budget and the other 4% are SAO own revenues. SAO own revenues come from collection of fee for audits conducted before the adoption of the new State Audit Law. Pursuant to the Law passed in 2010, the funds for operation of the State Audit Office are provided exclusively from the Budget of the Republic of Macedonia

SAO budget over the years



SAO EXPENDITURE IN 2016

In terms of the structure of SAO expenditure, 80% are allocated for salaries of employees, 4% for conducting audit on the territory of the Republic of Macedonia, 5% for public utilities and 11% for other administrative expenditures. Out of 1.000.000,00 MKD allocated for capital expenditure, 261.000 MKD were realized i.e. 0,29% of the total SAO expenditure.



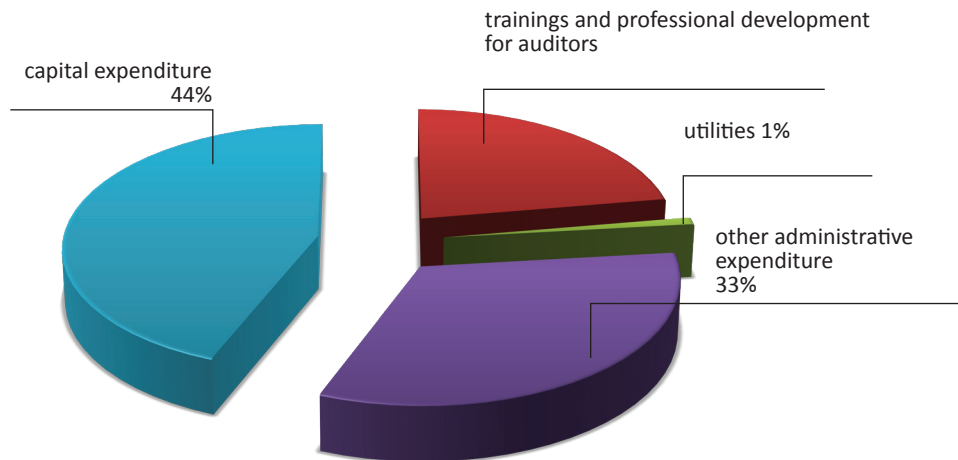
The low percentage of realization of capital expenditure is due to the failed procurement of IT equipment. The economic operator selected as the best bidder was not able to meet the requirements of the tender documentation. Therefore, the contract was terminated and the funds were returned to the Budget of the Republic of Macedonia.

In 2016 SAO continued intensively with the activities 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 2016 amounted to 12.460.000,00 MKD; the State Audit Office realized 5.537.000,00 MKD, while the remaining funds were transferred for 2017. Out of the total expenditures, 22% were allocated for professional training and development of auditors' skills for the implementation of the new audit management system, 33% for administrative expenditures and 1% for public utilities.

The largest part i.e. 44% were allocated for capital expenditures. 77% of these funds were allocated for procurement of software solutions for the new audit management system (phase II) and for the system for office and archive operations. The rest of the funds were allocated for procurement of technical support and upgrade of SAO IT infrastructure, necessary for the new audit management software.

Expenditure from donation in 2016



STRUCTURE OF EMPLOYEES

The State Audit Office has 90 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 78 auditors and 67 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.



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. This contributes to establishing an objective system for assessment of the level and quality of completion of work tasks.

Professional training of employees was carried out through internal trainings with SAO lecturers and external experts, as well as through 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.

In line with the HR Management Strategy and the available capacities, the following trainings were conducted in 2016:

- » Use of new operative system and new MS Office package;
- » Practical application of IAS;
- » Latest amendments to the Public Procurement Law (in cooperation with the Public Procurement Bureau);
- » Strengthening ethics in SAs;
- » Introduction to IT security policies and procedures;
- » Training of employees for using the AMS.

STRATEGIC DOCUMENTS

In 2016 SAO continued with the implementation of the strategic objectives set out in SAO Development Strategy 2013-2017, HR Management Strategy 2013-2017 and IT Strategy 2013-2017.

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

In 2016 SAO has undertaken many activities to implement the strategic objectives:

- » Audit Quality Assurance review was done on 3 (three) audits; guidance and recommendations were given 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 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 several procedures for important processes;
- » Execution of SAO internal audit function, by adopting and implementing Internal Audit Plan for 2016;
- » Active participation of SAO in the activities of EUROSAI Task Force on Audit & Ethics;
- » Other activities for realization of 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 to be realized in the coming period, the State Audit Office is in the last phase of the preparations for implementation of the Twinning project financed by EU IPA funds entitled Further improvement of administrative capacities and external audit efficiency of SAO. The project includes activities in relation to strengthening cooperation with the Parliament and preparation of multi-annual planning methodology and plan.

Consistent with the objectives of the HR Management Strategy, in 2016 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 2016 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, as well as training for the employees 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.

During 2016 SAO continued with the realization of strategic objectives set in the ISSAI Implementation Strategy, i.e. strategic objective 2 for further development of the quality of state audit. The practical application of the manuals for regularity audit and performance audit, as well as the manual for follow-up of audit recommendations, has ensured uniformed approach and high quality of audits, as well as methodology support for follow up of measures taken upon audit recommendations.

During 2016 SAO prepared Manual for IT Audit, which continues the harmonization of SAO methodology acts with ISSAIs, in line with the analysis for assessment of the degree of compliance with ISSAIs and the ISSAI Implementation Strategy.

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

In line with the standards and the Audit Quality Assurance Guidelines, in 2016 SAO followed through the Annual plan for audit quality assurance.

COOPERATION WITH COMPETENT AUTHORITIES

In line with the State Audit Law, SAO submitted its 2015 Annual Report on conducted audits and operation to the Parliament of the Republic of Macedonia.

At the 108th Session held on 6 July 2016, the Parliament reviewed SAO Annual Report and adopted conclusions thereof, noting that during 2015 the State Audit Office carried out activities aimed at increasing the contribution to strengthening financial control and accountability of the public sector.

In addition, the Parliament positively assessed SAO activities on performed reviews of given recommendations in the audit reports, and noted the need for auditees to act upon given recommendations in order to improve financial performance and responsible spending of public funds.

Consistent with the obligations laid down in the State Audit Law, during 2016 SAO submitted all final audit reports to the Parliament.

SAO also cooperates with other competent state authorities. Within the implementation of 2016 Annual Work Program SAO submitted 7 /seven/ audit reports to the Public Prosecutor and 4 /four/ audit reports to the State Commission for prevention of corruption on grounds of reasonable doubt for committed misdemeanor/offense.

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 the 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.

INFORMATION TECHNOLOGY AND IT AUDIT

Development and use 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 as well as of the implemented systems for centralized storage and data exchange, electronic mail, archiving system, system for internal information for employees (intranet), integrated financial information system, and the system for data analysis of audit reports. The auditors used 2 applications which provide guidance through the audit process – audit flow for regularity audit and audit flow for performance audit. The systems and the applications were developed with due regard to the 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.



Following the technological development in 2016, SAO implemented the latest MS Office 2016 package. For its successful implementation, SAO organized training for its employees on the novelties in the MS Office package.

Auditors are provided with internet access within SAO premises, as well as when carrying out audit fieldwork. Scanners are used for digital saving of audit evidence, while access to SAO information system from external networks is provided through appropriate channels (VPNs).

Auditors use computer assisted audit techniques (CAATs) in the audit process, as well as IDEA software for analysis of financial statements' data.

SAO continued with 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. Test environment has been set up, which is used for testing new versions of the AMS, as well as production environment for auditors' use. The AMS is composed of several modules that are appropriately designed, tested and implemented in accordance with SAO needs. At the same time, pilot audits were conducted for testing the system in the production environment, thus successfully completing the phase of performed test audits, removing deficiencies and releasing the final version of the system in production.

When preparing SAO Annual Work Program, proposals for IT audit are also submitted. The audit of information systems can be part of regularity audit where the auditor evaluates the setup and functionality of controls by identifying specific risks in the auditee's internal controls (unauthorized access, unauthorized change of data, potential data loss...) in order to obtain assurance on the reliability, integrity and confidentiality of data.

The audit of information systems can also be performance audit where information technology is the main focus of the audit, aimed at assessing the economy, efficiency and effectiveness of particular business processes, programs or topics.

In accordance with the auditing standards applied by the State Audit Office, the policies and procedures of the auditee's IT environment are evaluated in order to obtain assurance that adequate controls and implementation mechanisms are in place.

With the audits on information systems SAO points to the need of adopting/updating strategies for development of information systems, as well as prescribing, approving and implementing security policies and procedures for the systems and improving mutual cooperation, connecting information systems and data exchange between institutions. At the same time, the manner of keeping commercial books with application software should be harmonized with the legislation.

The recommendations given will improve the management of IT resources in line with auditee's development priorities, and also reduce the risk of inefficient protection of the information systems, loss or damage of data, inaccuracy and unreliability of records and unauthorized access to confidential data.

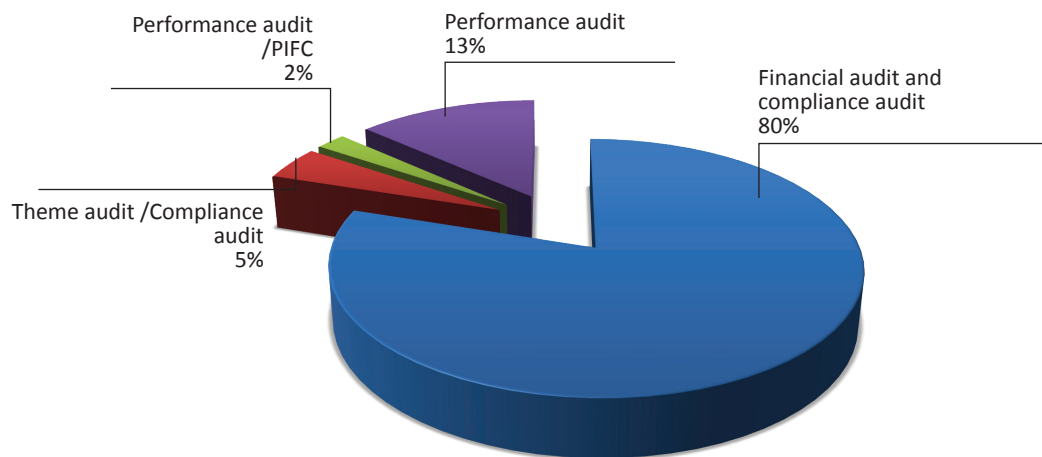
AUDIT ACTIVITIES THROUGH FIGURES	2016 Annual Work Programme
Regularity audit reports	76
Performance audit reports	6
Compliance audit reports	2
Performance audit reports on Public Internal Financial Control System	1
Audit reports submitted to the legal representative of the auditee	85
Audit reports submitted to the Public Prosecutor's Office of the Republic of Macedonia	7
Audit reports submitted to the State Commission for prevention of corruption of the Republic of Macedonia	4
Audit reports submitted to the Parliament of the Republic of Macedonia	85
Audited entities	118
Audit findings	795
Audit recommendations	673
Audited public revenue (in million MKD)	251.636
Audited public expenditure (in million MKD)	108.490

CONDUCTED AUDITS AND ISSUED REPORTS

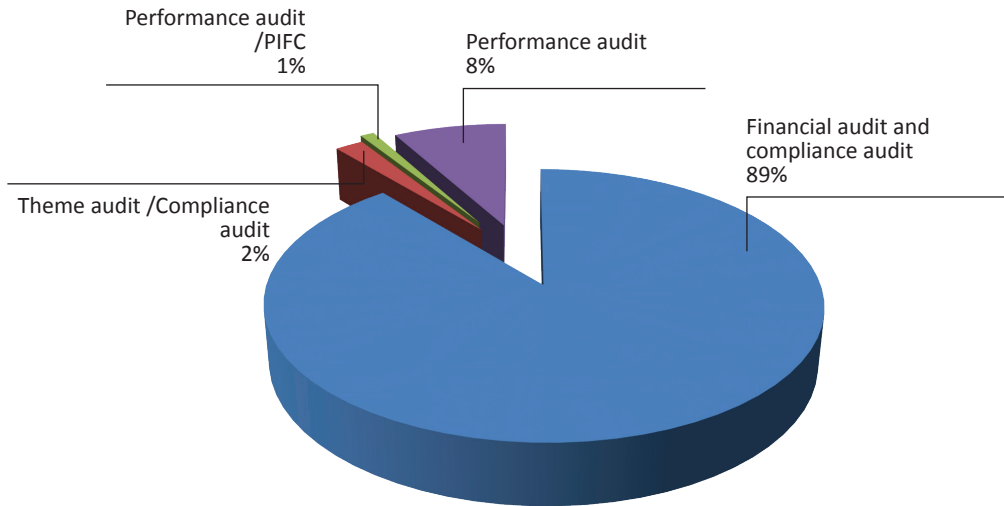
In 2016 SAO conducted 45 audits (53 in 2015): 36 regularity audit, 2 compliance audits, 6 performance audits and 1 performance audit on the system for financial management and control and internal audit (PIFC system).

85 audit reports were issued upon completed audits (79 in 2015): 76 regularity audit reports, 2 compliance audit reports, 1 performance audit report on the PIFC system and 6 performance audit reports.

Audit Structure				
SAO Annual Work Programme	2016		2015	
Type of audit	Number of conducted audits and structure			
	Number	%	Number	%
Financial audit and compliance audit	36	80%	21	40%
Theme audit / Compliance audit	2	5%	1	2%
Performance audit / PIFC	1	2%	13	24%
Performance audit	6	13%	18	34%
Total number of audits	45	100	53	100



Structure of Audit Reports				
Type of audit	2016		2015	
	Number of audit reports and structure			
	Number	%	Number	%
Financial audit and compliance audit	76	89	47	60
Theme audit / Compliance audit	2	2	1	1
Performance audit / PIFC	1	1	13	16
Performance audit	6	8	18	23
Total number of audits	85	100	79	100



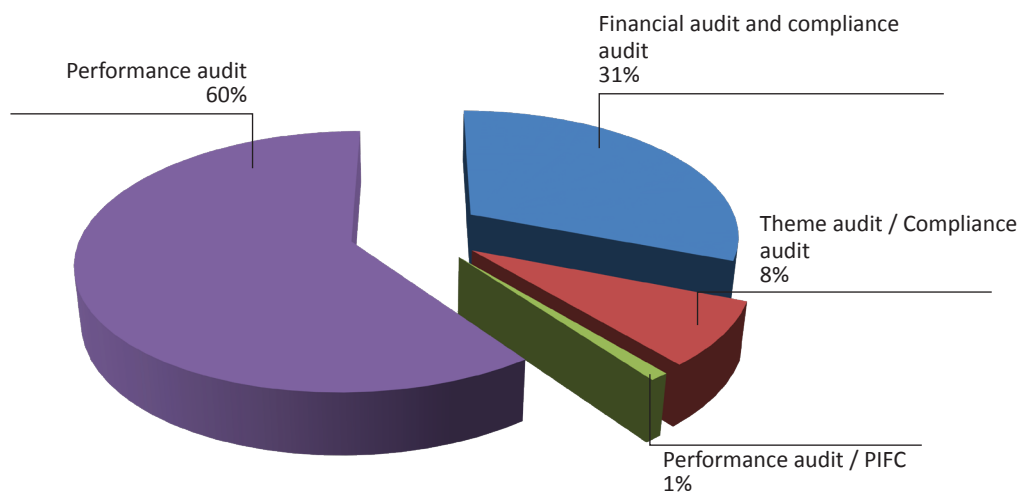
AUDITEES

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 2016 SAO covered 118 auditees in total. The following table presents the structure of auditees by different types of audit.

Audited entities and entities covered by performance audit				
Type of audit	2016		2015	
	Auditees	%	Auditees	%
Financial audit and compliance audit	36	31	27	7
Theme audit / Compliance audit	9	8	1	-
Performance audit / PIFC	1	1	13	3
Performance audit	72	60	369	90
Total number of auditees	118	100	410	100

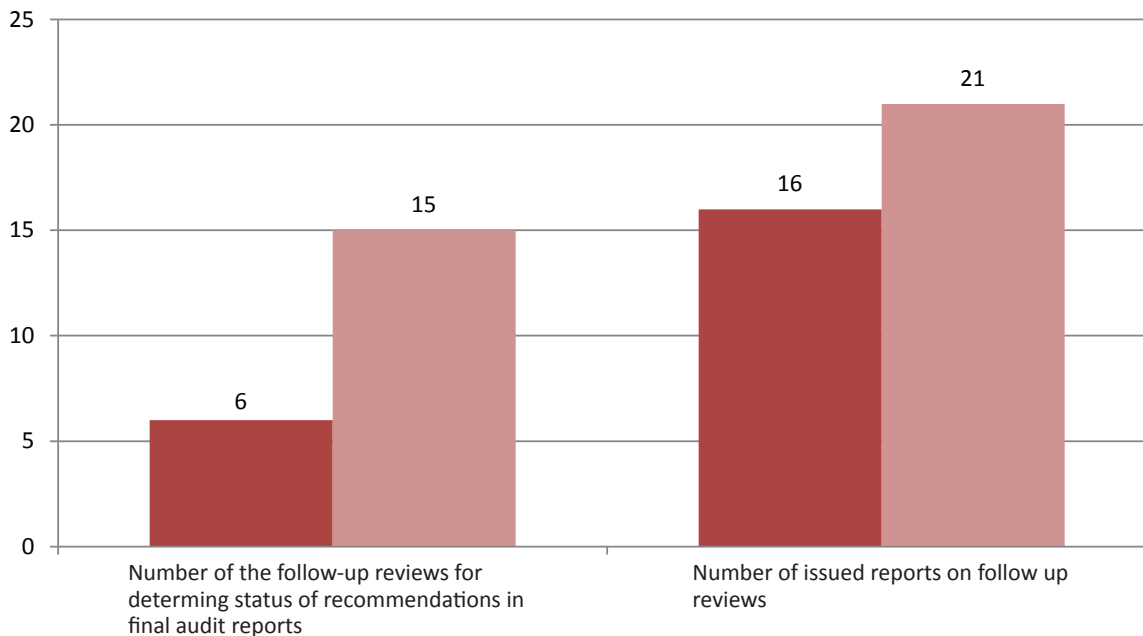


FOLLOW UP REVIEWS ON THE IMPLEMENTATION OF RECOMMENDATIONS

In 2016 SAO conducted follow up reviews on the status of implementation of recommendations given in final audit reports from 2015 and 2016 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.

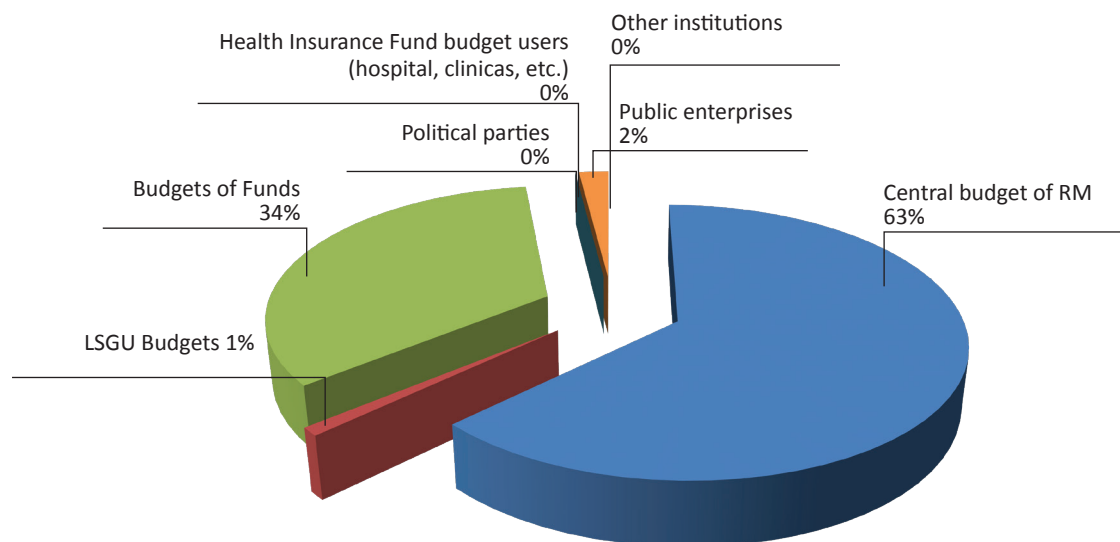
Follow up review on the implementation of recommendations			
	2016	2015	Total
Number of follow-up reviews for determining status of the recommendations in final audit reports	6	15	21
Number of issued reports on follow up reviews	16	21	37



AUDITED PUBLIC REVENUE

The amount of audited public revenue in 2016 is presented in the table below.

Audited public revenue (in million MKD)				
Audited public revenue in:	2016		2015	
	Revenue	%	Revenue	%
Central budget of RM	156.493	63	142.695	96
LSGU Budgets	2.679	1	5.183	3
Budgets of Funds	84.993	34	0	0
Health Insurance Fund budget users (hospitals, clinics, etc.)	955	0	714	1
Political parties	232	0	342	0
Public enterprises	6.166	2	0	0
Other institutions	118	0	409	0
Total	251.636	100	149.343	100

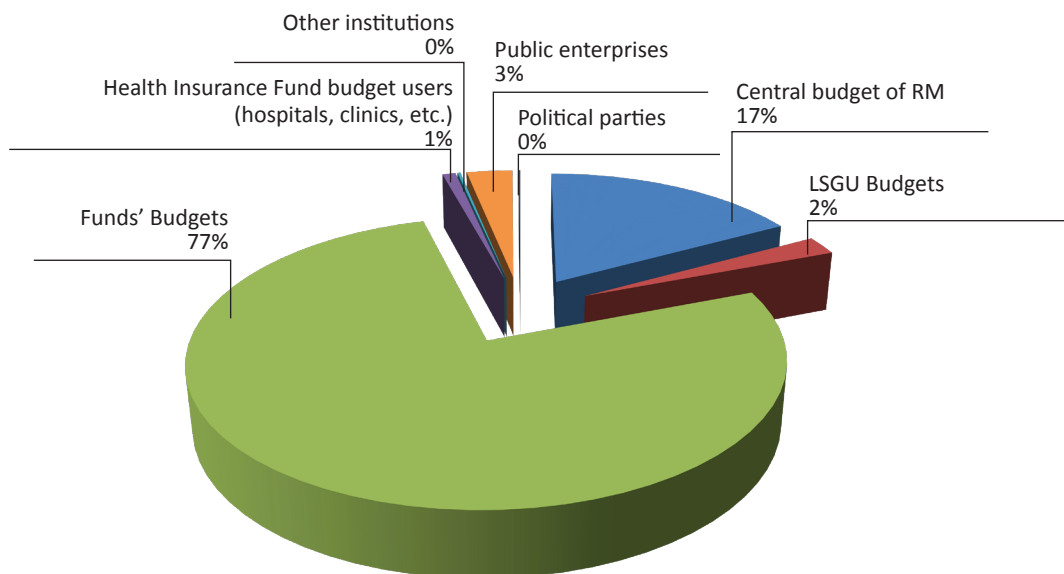


The structure of audited public revenue in 2016 presented in the annual accounts for 2015 is as follows: Central Budget revenue 63%, revenue of the budgets of local self-government units (LSGUs) 1%, budgets of the Funds 34% and revenue of public enterprises 2% of the total audited revenue.

AUDITED PUBLIC EXPENDITURE

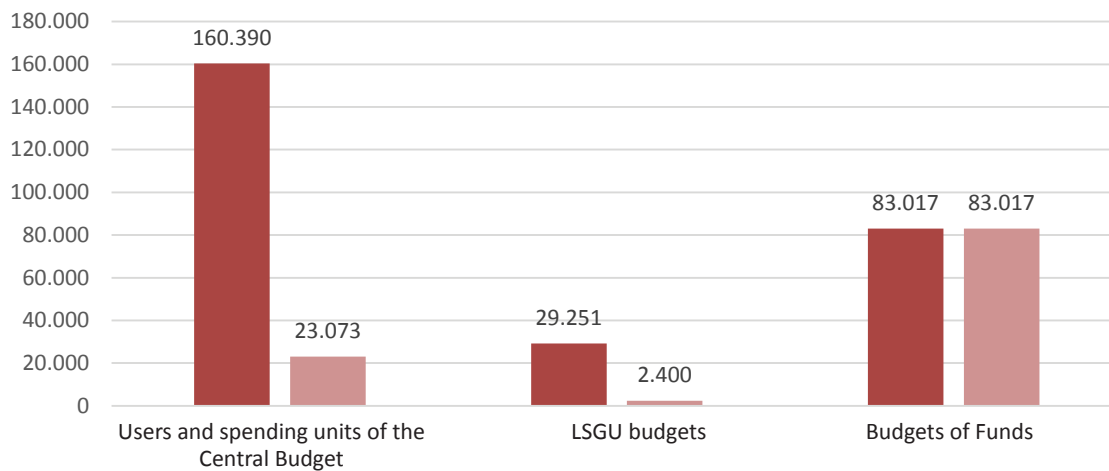
The structure of audited public expenditure in 2016 presented in the annual accounts for 2015 is as follows: Central Budget users account for 17%, LSGU budgets' users account for 2%, users of the Health Insurance Fund of Macedonia (hospitals, clinics, etc.) account for 1%, Budgets of the funds account for 77% and public enterprises account for 3% of the audited expenditure.

Audited public expenditure (in million MKD)				
Audited public expenditure in:	2016		2015	
	Expenditure	%	Expenditure	%
Central budget of RM	18.461	17	7.954	58
LSGU Budgets	2.400	2	4.425	33
Funds' Budgets	83.017	77	0	0
Health Insurance Fund budget users (hospitals, clinics, etc.)	951	1	709	5
Political parties	217	0	316	2
Public enterprises	3.306	3	0	0
Other institutions	138	0	289	2
Total	108.490	100	13.693	100



Regarding the scope of audited expenditure per budget type, the expenditure of the budgets of the Funds was audited completely (100%), 8% of the expenditure of LSGU budgets and 14% of the expenditure of the users and the spending units of the Central Budget.

Audited public expenditure per budget type						
	Executed budget for 2015	Audited	%	Executed budget for 2014	Audited	%
Users and spending units of the Central Budget	160.390	23.073	14	132.261	9.268	7
LSGU budgets	29.251	2.400	8	27.732	4.425	16
Budgets of Funds	83.017	83.017	100	78.762	0	0
Total	272.658	108.490	40	238.755	13.693	6



AUDIT FINDINGS

With the implementation of SAO Annual Work Programme for 2016 authorized state auditors and state auditors issued audit reports that contain 795 findings as follows:

- 25 findings in the audit report on the Core Budget;
- 632 findings in the regularity audit reports (financial together with compliance audit);
- 127 findings in the performance audit reports;
- 11 findings in the performance audit reports on PIFC system.

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

1. Compliance Audit on the Core Budget			
Type of finding		Number	%
1	Core Budget preparation	4	16
2	Core Budget adaption	10	40
3	Core Budget execution	11	44
Total		25	100

2. Regularity Audit (financial and compliance audit)			
Type of finding		Number	%
1	Compliance with laws and regulations	177	39
2	Financial statements	172	38
3	Internal control system	38	8
4	Lawful use of funds	21	5
5	Public procurement	44	10
Total		452	100
6	Emphasys of matter	78	
7	Other issues	102	

3. Performance Audit - PIFC			
Type of finding		Number	%
1	Legal framework and strategic documents	1	9
2	Financial management and control	6	55
3	Internal audit	1	9
4	Inventory	1	9
5	Public procurement	1	9
6	Internal control system for procurement and payments	1	9
Total		11	100

4. Performance Audit			
Findings		Number	%
1	Consistent with the audit topic	127	100
Total		127	100

SUMMARY OF FINDINGS IN FINAL AUDIT REPORTS			
Type of finding		Number	%
1	Compliance Audit on the Core Budget of the Republic of Macedonia	25	4
2	Regularity Audit (financial and compliance audit)	452	73
3	Performance Audit	127	21
4	Performance Audit - PIFC	11	2
Total I		615	100
5.	Emphasys of matter	78	43
6.	Other issues	102	57
Total II		180	100
Total I + II		795	

PUBLIC PROCUREMENT

Within the execution of planned audits in 2016, 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 45 findings in relation to the following irregularities:

Public Procurement Findings			
P. бп.	Type of sub-findings	Number	%
1.	Lack of or improper procedures / control system for implementation of PP Law by the PP Commission	1	1,69
2.	Not implemented procedures for PP / PP realized before signing PP contract / PP realized with old contract from previous years	2	3,39
3.	Weaknesses in the planning phase (type of PP, section of proper procedure, planned qualities, dynamics, planned funds, submitting PP plan to the PP Bureau, changes to the plan, etc.)	7	11,86
4.	Weaknesses in the phase of decision making on PP	6	10,17
5.	Tender documentation does not include elements prescribed by PP Law	5	8,47
6.	Not Established criteria for awarding PP contracts	1	1,69
7.	Noncompliance of criteria for awarding PP contracts with PP Law	5	8,47
8.	Weaknesses in the phase of announcing public procurements and notifying PP Bureau	1	1,69
9.	Weaknesses in bid evaluation phase, scoringm ranking and proposing most favorable bidder)	5	8,47
10.	Weaknesses in the phase of decision making on the most favorable bidder	3	5,08

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 legally prescribed one, etc.)	2	3,39
12.	Weaknesses in the phase of realization of signed contracts (warranties, prices, qualities, payment terms and other conditions different than the ones defined in the contract)	7	11,86
13.	Realization of PP contracts above the contracted amount (surprising contracted amount/planned financial assets)	1	1,69
14.	Lack of procedures in place for monitoring overall realization of contracts, both from quantitative and qualitative aspect	3	5,08
15.	Dividing public procurements / bypassing procedures prescribed by PP Law	2	3,39
16.	Lack of annexes of contracts or signing annexes to contracts which are not in line with legal regulations	1	1,69
17.	Weaknesses of technical nature in the preparation of documents / files on conducted PP (unorganized and incomplete records / files, not signed / incompletely signed minutes / reports / overviews, mathematical errors, etc.)	1	1,69
18.	Not signed statements of absence of conflict of interest by PP Commission and the responsible person	3	5,08
19.	Not reporting to PP Bureau on signed PP contracts in line with the form and deadlines prescribed by PP Law	1	1,69
20.	No consent for PP has been sought from the PP Council in line with the provision of the PP Law	2	3,39
Total		59	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.

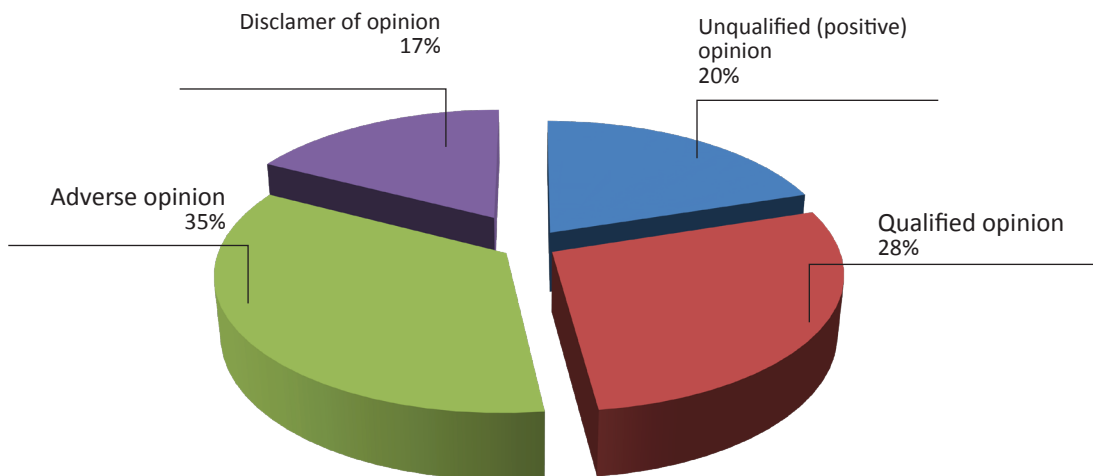
In relation to financial statements for 2015 auditors expressed unqualified opinion in 15 reports (20%), qualified opinion in 21 reports (28%), adverse opinion in 26 reports (35%), and disclaimer of opinion in 13 reports (17%).

Regarding compliance with laws and regulations auditors expressed unqualified opinion in 14 reports (18%), qualified opinion in 37 reports (49%), adverse opinion in 20 reports (26%), and disclaimer of opinion in 5 reports (7%).

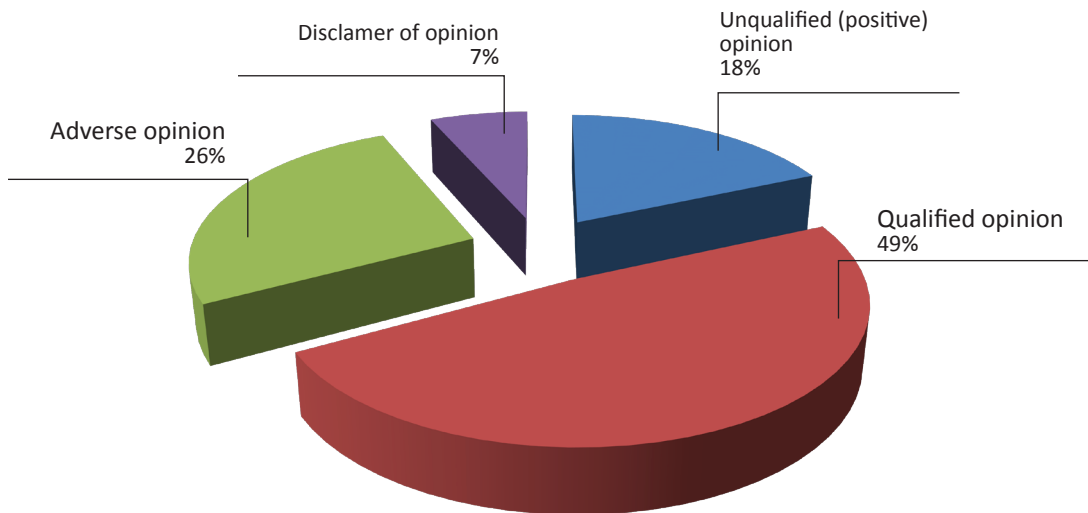
Below is an overview of expressed opinion on financial statements and compliance with laws and regulations in 2015 presented in audit reports of 2016.

Overview of audit opinion on financial statements and compliance with laws and regulations				
2016 Annual Work Programme				
Audit opinion	Financial statements		Compliance with laws and regulations	
	Number	%	Number	%
	2016	2016	2016	2016
Unqualified (positive) opinion	15	20	14	18
Qualified opinion	21	28	37	49
Adverse opinion	26	35	20	26
Disclaimer of opinion	13	17	5	7
Total	75	100	76	100

Structure of audit on financial statements



Structure of audit on opinion on compliance with laws and regulations



MEASURES TAKEN UPON RECOMMENDATIONS IN AUDIT REPORTS

In addition to 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.

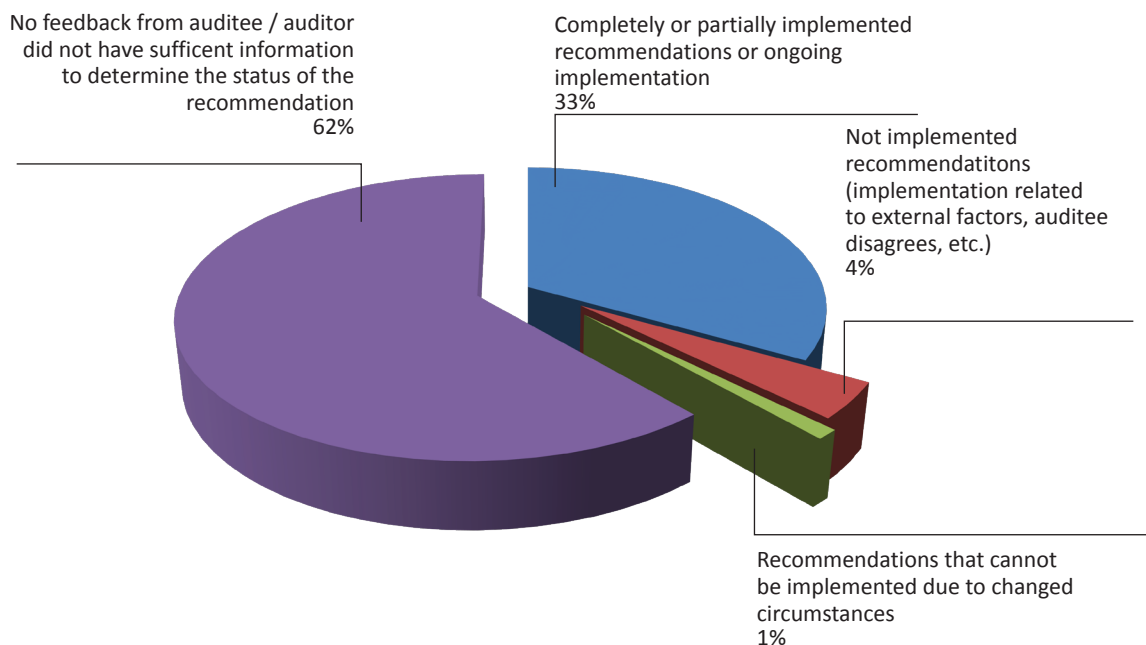
In line with the State Audit Law, auditee's legal representative is obligated to notify the SAO, as well as the competent body for supervision and control, on the measures taken upon findings and recommendations in the audit report within 90 days of the receipt of the final report.

SAO follows the implementation of recommendations as part of the regular audits, separate follow up audits, reviews of implementation of recommendations, as well as through the information provided by the auditees.

Upon completion of the audits from 2016 Annual Work Programme, the State Audit Office has given 673 audit recommendations. By the time of the preparation of the Annual Report for 2016, the deadline for feedback from auditees for 312 recommendations has not expired. Out of 361 recommendations for which the feedback deadline has expired, 120 have been completely or partially implemented or the implementation is ongoing; 15 recommendations have not been implemented (related to other competent bodies/external factors or discrepancies); the auditees have not provided feedback or have not commented on 222 recommendations; and 4 audit recommendations cannot be implemented due to changed circumstances.

The following table presents the status categories of measures taken upon recommendations for 2016.

DESCRIPTION		2016 Annual Work Programme	
		Number	%
1	Completely or partially implemented recommendations or ongoing implementation	120	33
2	Not implemented recommendatitons (implementation related to external factors, auditee disagrees, etc.)	15	4
3	Recommendations that cannot be implemented due to changed circumstances	4	1
4	No feedback from auditee / auditor did not have sufficent information to determine the status of the recommendation	222	62
Number of recommendations for which 90 days' feedback deadline has expired		361	100
5.	Number of recommendations for which 90 days' feedback deadline has not expired	312	
TOTAL NUMBER OF RECOMMENDATIONS		673	





AUDIT ACTIVITIES

MAIN ASPECTS OF ASCERTAINED SITUATION FOLLOWING THE AUDIT ON THE CORE BUDGET IN 2016



Public finance management is one of the top priorities of the country which provides financial security and sustainability of public finances. Having in mind the economic, social and political importance of the State Budget, planning is essential for the professional management and aims at maintaining macroeconomic stability and stable national economic development.

The Law on Budgets stipulates the deadlines for key activities in the strategic planning

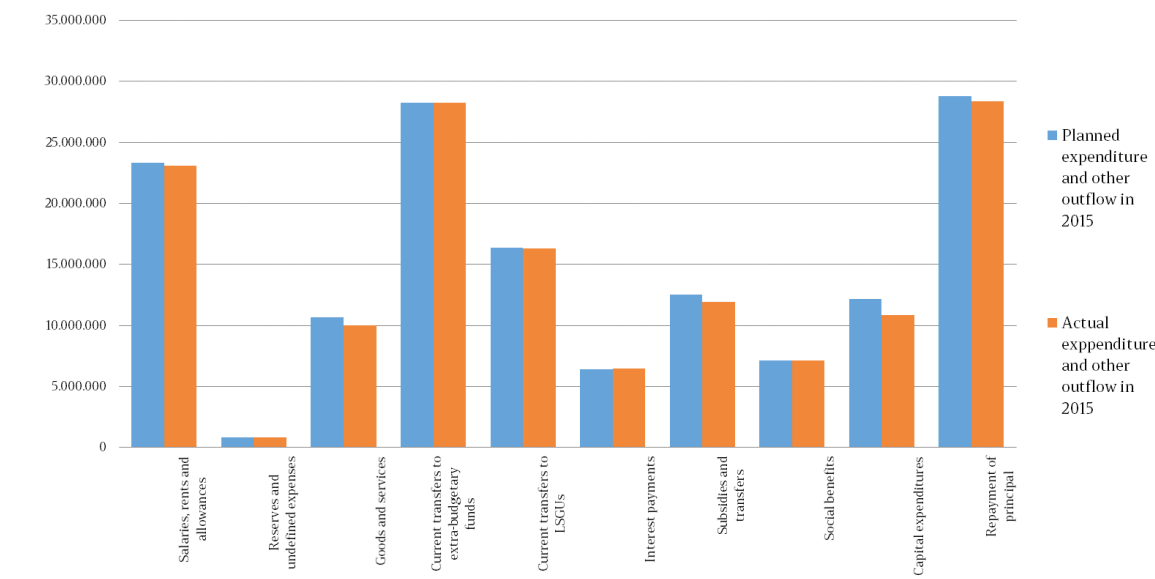
process and preparation of the Budget of the Republic of Macedonia.

With the audit we concluded that preparation and adoption of planning documents in 2014 regarding planning and adoption of 2015 Budget, in certain steps, deviates from the prescribed deadlines. Keeping to prescribed deadlines in drafting and adopting strategic priorities and fiscal strategy provides quality and realistic planning and adoption of financial plans of budget users, as well as of the State Budget as a whole. In order to strengthen the process of preparation of strategic documents for State Budget planning, in May 2015 the Ministry of Finance has adopted procedure for preparation of draft fiscal strategy of the Republic of Macedonia.

Judicial budget is a separate section in the Budget of the Republic of Macedonia, marked as „Judicial Authority“. The amount of funds necessary for the operation of spending units from this Budget section, in line with the provisions of the Law on Judicial Council, is set in the amount of at least 0.8% of the gross domestic product, with certain dynamics starting from 2012 until 2015, and in accordance with the criteria set up by the Judicial Budget Council.

With data analysis on the approved funds for the judicial authority for the period 2012-2015, and considering the prescribed amount for approval, we ascertained that the established dynamics for funds approval within the judiciary budget did not reach the law-stipulated level of 0.8% of the GDP, which creates risk of incomplete acquiring of stable, long-term, balanced and adequate financing of the judicial authority.

Planned and actual expenditure of the Core Budget
of the Republic of Macedonia in 2015

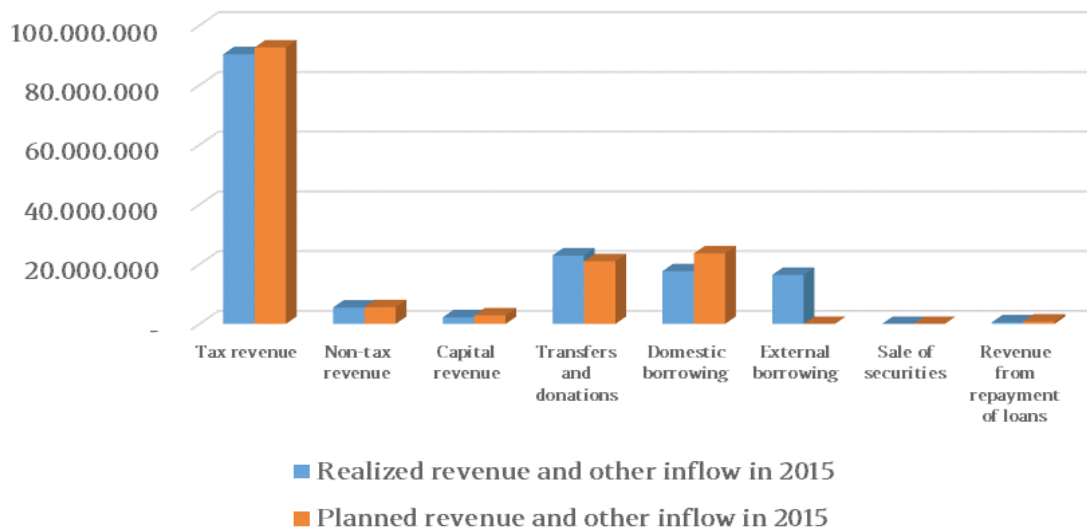


Government programs and sub-programs reflect its strategic priorities and they represent a set of objectives and initiatives that central government budget users include in their budgets. The funds for financing government programs are provided by the Core Budget (73.52%), donations (14.27%) and loans (12.06%). In 2015, government programs were projected in the amount of 21.667.617.000,00 MKD, i.e. 14.80% of the total Core Budget. In 2015 the realization of these programs was 97.49%. Compared to the planned government programs for the previous year, the funds have increased by 5.60%, i.e. in 2014 they amounted to 20.517.671.000,00 MKD.

Through development sub-programs, the state is financing capital projects and they represent the development component of the State Budget. In 2015 development sub-programs are projected in the amount of 21.606.757.000,00 MKD in the Central Budget. The funds for these programs are provided from the Core Budget, loans, donations and self-financing activities. In the Core Budget, development sub-programs are projected in the amount of 3.633.247.000,00 MKD i.e. 34% of the total development sub-programs. The realization of these sub-programs was 86.90% i.e. 3.157.237.000, 00 MKD.

The total revenue and other inflows in 2015 amount to 155.688.656.000,00 MKD, which is 9.252.170.000,00 MKD more than the planned revenue and other inflow for 2015.

Planned and realized revenue and other inflow in the Core Budget of the Republic of Macedonia in 2015



Public Revenue Office plays important role in securing tax revenue in the State Budget, thus ensuring realization of the state functions. In 2015, tax revenue participated with 58% in the total realized revenue in the Budget of the Republic of Macedonia.

The Public Revenue Office implemented EU funded project - National Program for IPA Component I TAIB 2009, resulting with a „Study of the IT system of the Public Revenue Office“ in September 2014. The study envisages setting up integrated information system for the purpose of creating modern tax administration, enabling better collection and analysis of information, proactive management of the workload and resources, standardization of the treatment of taxpayers, and creation of a single dossier for each taxpayer for all types of taxes. The Public Revenue Office sent a letter to the Government with an action plan for procurement of IT equipment for 2015 and 2016, as well as Information on the need for procurement and implementation of a new fully integrated IT system.

The audit noted that it is necessary to continue with the initiated activities for modernization of the IT system of the Public Revenue Office. It would provide real time access for taxpayers' insight into the liabilities and claims based on all taxes and other public duties, as well as possibility for communication with other relevant institutions and their systems in the Republic of Macedonia for determining and collecting taxes and other public duties under jurisdiction of the Public Revenue Office.

Within 2015 Budget, capital revenues are planned in the amount of 2.875.000.000,00 MKD, and realized in the amount of 2.251.352.000,00 MKD, i.e. 78.31%. The realization, recording and control

over the implementation of the largest part of capital revenues in the Core Budget is carried out by the state administration bodies, within their competences determined by law. Capital revenues are revenue of the Core Budget and the local self-government units in a ratio determined by law.

In 2015, on the basis of domestic borrowing, an inflow of funds in the amount of 17.653.725.000,00 MKD was recorded from issued short-term government bills and long-term government bonds. On the basis of external borrowing, inflows are recorded on the Core Budget account in the amount of 16.426.739.000,00 MKD from issued government securities on the international capital market - Eurobond of the Republic of Macedonia.

With an insight into the information system, analysis of data obtained and other comparative analyzes, we ascertained that the Treasury account functions through electronic database for inflow transactions for transfer of funds, and another database with requests for transfer of funds to the accounts of the Budget users. We also noted that the problem regarding keeping accounting records in two separate applications has been resolved, and starting from 01 January 2015 the accounting records are kept in one application, which makes it possible to have an integrated closing sheet for all balance positions.

In order to facilitate the procedure for planning, adopting and managing budgets, the competent persons in the Ministry of Finance continuously take measures to encourage budget users' reporting on liabilities to be done in electronic form; this would enable full use of data through the module for recording liabilities taken.

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.

PARLIAMENT OF THE REPUBLIC OF MACEDONIA



The Parliament (Assembly) of the Republic of Macedonia is the representative body of the citizens and the holder of legislative power, which consists of 123 members of parliament (MPs) elected in general, direct and free elections by a secret ballot.

We conducted audit on the financial statements for 2015, together with compliance audit. We identified certain shortcomings and gave the following recommendations:

- » **In the financial affairs** department we identified the need to strengthen controls in the process of recording liabilities and payments in line with the prescribed procedures. In the process of public procurement, the procedures in place do not foresee activities and controls for monitoring realization of signed contracts. Therefore, it is necessary to prescribe and implement such procedures.
- » **In relation to the financial statements, we identified weaknesses in the inventory of fixed assets**, receivables and liabilities for 2015, unregistered land at disposal of the Assembly, as well as weaknesses in the valuation of the library materials.
- » Concerning implementation of public procurements related to the project for extension, adaptation and strengthening the building of the Assembly in the period 2010-2015, we ascertained that public procurement procedures were announced as indivisible and annexes were signed on the main contracts, whereas it was necessary to have separate public procurements to ensure competition, equal treatment and non-discrimination of economic operators, transparency, rational and efficient use of funds.

In the audit report, in the paragraph Other issues, we further emphasize the need for re-examining the manner of reimbursement of MPs expenses for using personal vehicles for official purposes, which are paid to the MPs as fees for attendance at sessions and working bodies; we have already disclosed this shortcoming in audit reports from previous years.

Pursuant to the Law on the Assembly of the Republic of Macedonia and the Rules of Procedure of the Assembly, the function President of the Assembly and his/her deputies and the function Secretary General and his/her deputies, for many years continuously, are performed by persons selected with decisions from 2007 and 2012, although the composition of the Parliament in the period 2008 – 2015, due to the elections, was changed three times. The audit points out that due

to lack of legal basis for determining the mandate of the function Secretary General and his/her deputies, these elected or appointed persons can perform the function infinitely.

Within the program Contacts with the citizens, in the period 2013-2014 the Assembly provided offices for direct contact of MPs and citizens on the territory of the Republic of Macedonia. These offices resulted from the project of NDI, USAID, IPD and ZELS aimed at direct communication with elected representatives for exchange of information and suggestions in order to increase citizens' participation in the work of Assembly. The audit points to the need of making analysis regarding further financing of this program because, in accordance with the Law on the Assembly, local self-government units i.e. municipalities are obliged to offer equal assistance to MPs by providing premises and conditions for contact with citizens of the electoral district.

JUDICIARY



In the judicial system of the Republic of Macedonia, judicial authority is performed by primary courts, appellate courts, the Administrative Court, the Higher Administrative Court and the Supreme Court, as independent state bodies.

The judicial authority, by implementing its main objectives and functions, represents the highest guarantee for impartial application of the law, regardless of the position and status of

the parties, protection, respect and promotion of human rights and freedoms, ensuring equality and non-discrimination on all grounds, as well as providing legal security based on the rule of law.

In order to ensure and guarantee the independence and autonomy of the judicial authority, Judicial Council of the Republic of Macedonia has been established as an independent and autonomous judicial body.

Primary courts are established for one or more municipalities as courts of first instance, and may have basic and extended jurisdiction. Primary courts with extended jurisdiction on the territory of the Republic of Macedonia are located in Skopje, Bitola, Prilep, Ohrid, Struga, Gostivar, Tetovo, Kumanovo, Kocani, Veles, Strumica and Stip.

The funds for operation of the judicial authority are provided by the Judicial budget, as a separate section of the Budget of the Republic of Macedonia. The Judicial Council and the Academy for training of judges and public prosecutors, which contribute to the execution of the judicial function in the country, are also financed by the Judicial budget.

Within SAO Annual Program for 2016, we audited the financial statements of the Primary Court Ohrid and Primary Court Strumica, for the core budget accounts and the deposit accounts. We identified certain shortcomings and gave recommendations in relation to:

- » conducting inventory of assets and sources of assets in accordance with the legislation,
- » determining and recording value of land and premises of primary courts in the competent institution and recording in business books thereof,
- » payment of coefficient of additional engagement of judges as presidents of judicial councils,
- » setting up accounting records of uncollected claims based on court lump sum,
- » opening separate accounts, in national and foreign currency, for payment of financial assets based on guarantees,
- » awarding public procurement contracts.

We have disclosed shortcomings of importance for the operation of the courts, and we have noted the need of setting up communication between the primary courts, the Ministry of Finance and the Public Revenue Office regarding exchange of data on inflows from collected fines, as well as for data on claims based on fines as future inflows of the Budget of the Republic of Macedonia. We also recommend, in cooperation with the Judicial Budget Council, to initiate setting up records on outstanding claims based on fines in the business books of the primary courts.

STATE INSPECTORATES

The Law on Inspection Supervision adopted in 2010 has set up the basic principles of inspection supervision, organization and coordination of inspection services, rights and duties of inspectors, procedure for performing inspection activity, as well as other issues related to inspection supervision. Inspection services are organized as bodies within the ministries - inspectorates or as organizational units within other state administration bodies and units of local self-government and the City of Skopje.

With the amendments and harmonization of laws in the field of education, labor, healthcare, transport, construction and urbanism, agriculture, etc. in 2014, the inspectorates became legal entities with their own budget account as first line budget users and they independently, in line with the laws, decide on the rights and obligations of the activity they perform.

Inspection supervision is performed for the purpose of achieving and protecting the public interest, as well as the interest of natural and legal persons when it is in agreement with the public interest.

In line with SAO 2016 Annual Work Program, we conducted audit on the financial statements for 2015, together with compliance audit of the State Education Inspectorate and the State Inspectorate for Construction and Urban Planning.

With the performed audits, we found that the inspectorates need to strengthen the system of internal controls that encompasses the policies and procedures in place for dealing with risks and achieving the objectives. We recommended adopting and implementing written procedures for key processes, as well as division of competencies in the performance of activities.

In order to obtain assurance that the activities for inventory of assets and sources thereof were performed fully, timely and with the required quality, we applied audit techniques and we noted that there are weaknesses in the inventory process. In order to overcome identified weaknesses, we gave recommendations and by acting upon these recommendations, the inspectorates would provide conditions for conducting the inventory in accordance with the legislation, i.e. set up accounting records of all fixed assets of the inspectorates, harmonize the accounting with the actual value, as well as prepare report on the performed inventory, approved by the Head of the inspectorate.

Systemic weaknesses in state inspectorates

1. In accordance with the provisions of the laws in the field of education, labor, healthcare, transport, construction and urbanism, agriculture, etc., the inspectorates have the status of legal entities with their own budget account as first line budget users, while in the Law on organization and operation of state administration bodies the inspectorates are defined as bodies within the ministries with capacity of a legal entity. Therefore, the audit recommended harmonization of above mentioned laws as legal acts for regulation of organization, competencies and operation of state administration bodies on one hand, and set up and operation of inspectorates on the other.

2. Incompatibility of the Law on education inspection, the Law on construction and the Law on spatial and urban planning with the Law on administrative officers, in relation to determined ECTS credits for the level of professional qualifications of inspectors, as expert administrative officers of category C.
3. It is necessary to regulate the mandate of the position of acting director and director of the State Inspectorate for Construction and Urban Planning.

The Council for Inspection Supervision is obliged to regulate the work posts, as well as the amount of salary supplement for special conditions at work for inspectors who put their life and health at risk during work. Until the date of reporting on the audit, the Council for Inspection Supervision has not enacted the envisaged acts, therefore it has been impossible for the inspectors to exercise the right to salary supplement for special working conditions.

MINISTRY OF INFORMATION SOCIETY AND ADMINISTRATION

The Ministry of Information Society and Administration of the Republic of Macedonia is the competent institution for development of the information society and creation and coordination of policies and activities resulting from the administration reforms.

The priorities and objectives of the Ministry are sustainable development of the information society, development of modern administration and development of e-government.



The activities for implementing administration reforms and development of information society are of crucial importance for the citizens and companies and represent one of the components for the country's development.

The State Audit Office conducted audit on the financial statements of the Ministry of Information

Society and Administration for 2015, together with compliance audit on the core budget accounts, the funds for the project „Government IT Network“ and the donation budget – Project SERRA-EI. The audit identified shortcomings and made the following recommendations to the Ministry:

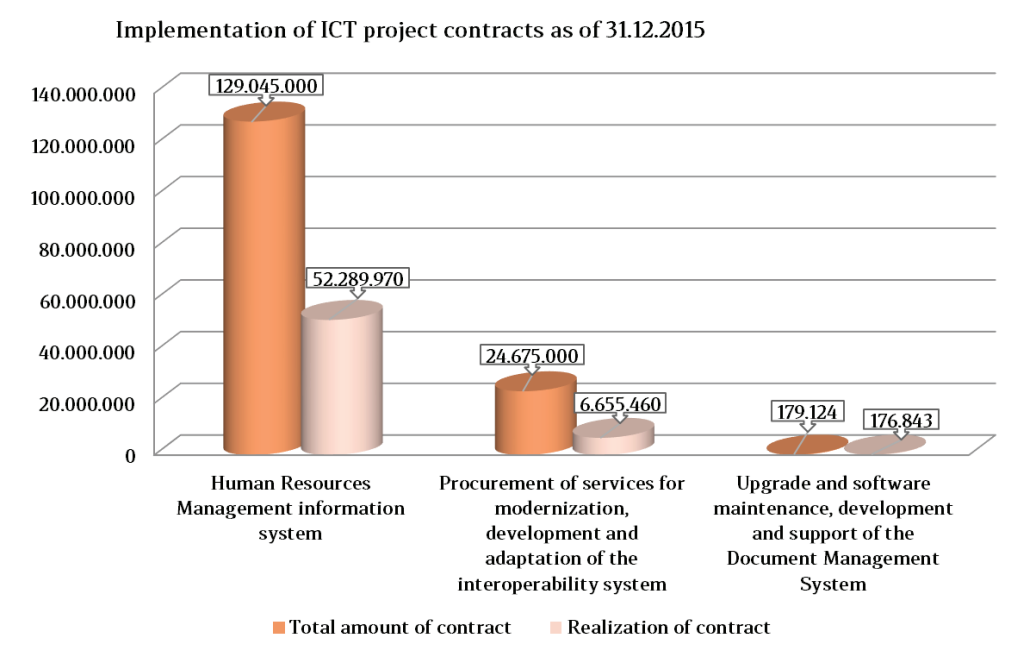
- » to continue with initiated activities for completion of planned internal audits;
- » to record liabilities at the time of occurrence, not at the moment of payment of the same;
- » to perform inventory of assets and sources thereof at the end of the year within the deadline and as prescribed by the relevant legislation;
- » to continue with activities for obtaining property deeds, determining the value of real estate used by the Ministry and to record the property in the accounting records.

For the purpose of strengthening capacities of public administration and development of information and communication technologies in the Republic of Macedonia, the Ministry continuously implements projects financed under the Subprogram - development and implementation of information and communication technologies, from the development section of the State Budget as follows:

- » *Information system for human resources management* - integrated information system for human resources management in the public sector,
- » *Interoperability system* - with this system the communication between state administration bodies is done electronically through a single environment for electronic exchange of documents and data, i.e. electronic data interchange between state institutions is enabled,
- » *Document Management System* - the setting up and using information systems in budget users for data processing in electronic form and electronic signature.

For the abovementioned projects, in the paragraph Emphasis of Matter, the audit disclosed shortcomings in the extent of utilization of the Human Resources Management System, the Interoperability System and the Document Management System; it was also noted that it is necessary to continue with initiated activities for full implementation of these systems in state bodies, as well as to undertake timely activities for continuous maintenance thereof.

The degree of realization of contracts for individual projects is shown in the following graph.



Full implementation of projects in the area of e-governance would enable development of electronic communications network for connecting all public institutions, as well as monitoring, initiating and introducing international standards in state administration bodies, security aspects and infrastructure development, creating and keeping human resources records, etc. aimed at improving the operation of the institutions.

COMPLIANCE AUDIT ON THE METHOD AND PROCEDURES FOR AWARDING PUBLIC PROCUREMENT CONTRACTS IN THE MINISTRY OF INTERNAL AFFAIRS

The Ministry of Internal Affairs, as a state administration body, performs tasks related to the state and public security system of the Republic of Macedonia within its competences.

In order to obtain assurance on compliance of the use of funds by the Ministry of Interior for 2015 with the Law on Public Procurement, the State Audit Office conducted audit on the method and procedures for awarding public procurement contracts implemented in 2015, in relation to: competition among economic operators, equal treatment and non-discrimination of economic operators, transparency and rational and efficient use of funds, and implementation of awarded public procurement contracts.

For the purpose of accurate and complete insight into recorded liabilities towards suppliers that are subject to the Law on Public Procurement, we have analyzed total recorded liabilities towards suppliers in the country and abroad amounting to 3.079.278.000,00 MKD. The selected sample of total liabilities did not include liabilities recorded on the account of donations, account of self-financing activities, liabilities towards contracting authorities with exclusive right and other liabilities that are not subject to public procurement. As a result of the analysis, the total liabilities towards suppliers in the country and abroad subject to the Law on Public Procurement amount to 2.478.608.000,00 MKD, i.e.80% of the total liabilities of the Ministry of Interior.

The audit covered 96 contracts i.e. 82% that were realized in the reporting period, in the total amount of 2.043.003.000,00 MKD.

With the audit we identified shortcomings that need to be addressed in the upcoming period in relation to:

- » electronic signing of notifications for selection of most favorable bid and annulment of the procedure by the Public Procurement Committee,
- » defining necessary quantities for procurement of goods in the technical specification of the tender documentation,
- » passing decision for selection of most favorable bid within deadlines that are not longer than the deadlines foreseen for submission of bids,
- » when concluding framework agreements, it is necessary to determine maximum quantities for each item in the tender documentation,
- » monitoring realization of signed contracts in relation to quantity and value,
- » keeping to the provisions of signed contracts,
- » determining duration of signed contracts,
- » use of exclusive rights as a reason for conducting public procurement procedures with negotiations without publication of a call for bids,
- » compliance with the provisions of PP Law when preparing tender documentation.

The audit highlights the *existence of systemic weakness in the Law on Public Procurement* in relation to the implementation of procedures through the Electronic System for Public Procurement - the contracting authority is required to keep a dossier with all documents for at least five years from the date of enforcement of the public procurement contract.

In practice, there is a different treatment of electronic documents from conducted public procurement procedures due to the Rulebook on the manner of using electronic public procurement system. The Rulebook states that the electronic archive of the Electronic System for Public Procurement in the Public Procurement Bureau stores the electronic documents in the original form in which they are created, sent, received and archived, and consequently contracting authorities do not store electronic documents in the dossier for conducted procedures.

The competent authorities need to take measures for further specification of the above Rulebook regarding the manner of keeping electronic documents from conducted public procurement procedures.

POLITICAL PARTIES



Political parties are non-profit organizations which acquire funds for their operation and activities under conditions determined by law. The sources of funding and the manner of spending funds for realization of their political platforms, as well as the financing of their daily work on the whole, must be legal and publicly disclosed to the competent authorities, the citizens and the general public.

Political parties have the right to ownership of office space, equipment, office material, means of transport and other movable property required for achieving objectives and performing activities, which are determined by the statute of the political party and by law. Political parties are financed from public and private sources; public financing is provided by the State Budget, while private sources include: membership fees, donations, legacies, sale of promotional and advertising material, and own revenues in line with the law.

The State Audit Office, as a competent body for auditing regular operations of political parties, conducted audit on the regular accounts of the largest political parties in the country through the system of financial reporting and in accordance with the procedures and methodology for performing state audit. The audit identified certain shortcomings that need to be addressed by the competent bodies of certain political parties with regard to:

- » publishing financial statements on the party's website;
- » performing regular, complete and timely inventory of assets and liabilities, and harmonization of the accounting with the actual value,
- » timely, chronological and updated presentation of transactions in business books,
- » setting up internal controls for handling cash,
- » arranging mutual rights and obligations with the providers of business premises.

In the paragraph Other issues, the audit disclosed the following:

- » competent authorities to adopt more specific guidelines for recognition of revenues and expenditures in accordance with the accounting principle of modified occurrence of business changes i.e. transactions, as well as with regard to their recording;
- » the Rulebook on the chart of accounts and balance sheets of non-profit organizations and the Rulebook on the contents of individual accounts in the chart of accounts of non-profit organizations, prescribe accounts and positions that do not require outflow of funds, i.e. they are accounting positions and their recognition is based on accrual principle of accounting. It is necessary the competent ministry to take activities for amending and supplementing aforementioned bylaws, thus ensuring consistent compliance with the accounting principle of modified occurrence of business changes, i.e. transactions;
- » competent authorities to undertake activities for regulating sources of financing in the legislation and in the prescribed form - Annual Financial Report for the political parties;
- » to adopt more specific guidelines for regulating method of payment and registration of membership fee as one of the sources for financing political parties, so to ensure uniformity in the accounting recording thereof, as well as verification of the legally defined limit for each member,
- » to harmonize the Guidelines on allocation of funds from the State Budget for annual financing of political parties with the Law on Financing of Political Parties, for more precise regulation of the method of financing political parties from the Budget of the Republic of Macedonia.

SECRETARIAT FOR EUROPEAN AFFAIRS

The State Audit Office conducted financial and compliance audit on the core budget accounts and the donation budget account-the Kingdom of Norway of the Secretariat for European Affairs.

The Secretariat for European Affairs (SEA) is an authority established by the Government for carrying out activities related to European issues and ensuring coordination of state administration bodies and other bodies and institutions, as well as for performing other professional activities in this field. The organization, competences and operation of SEA are regulated by the Law on the Government of the Republic of Macedonia.

With the conducted audit we noted shortcomings and gave the following recommendations:

- » to improve the internal control system in the payment process by updating and applying written procedures in cash and non-cash payments, in order to strengthen and develop the financial management and control of the Secretariat,
- » to perform inventory in accordance with the legislation, so to harmonize the accounting value of assets and their sources with the actual value as of 31 December.

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



Health care and healthcare activity absorb a comprehensive system of social and individual measures, activities and procedures aimed primarily at preserving and improving the health of the citizens.

Healthcare measures, activities and procedures have an effect on the protection and promotion of health, prevention, early detection and suppression of diseases, injuries and other health disorders caused by the impact of the working and living environment, timely and effective treatment and health care, and rehabilitation. Healthcare activity is performed as a public service.

The healthcare activity is performed on primary, secondary and tertiary level of health care.

Public healthcare institutions are legal entities that carry out healthcare activity within the network of healthcare institutions.

With the Annual Program of the State Audit Office for 2016, audit was planned and conducted in the following public healthcare institutions (PHI):

- » PHI University Clinic of Clinical Biochemistry;
- » PHI University Clinic of Dermatology;
- » PHI University Clinic of Nephrology;
- » PHI University Clinic of Pulmonology and Allergology;
- » PHI University Clinic of Traumatology, Orthopedic Diseases, Anesthesia, Resuscitation and Intensive Care and Emergency Center;
- » PHI Institute for Rehabilitation of Hearing, Speech and Voice;
- » PHI Health Center Tetovo, and
- » PHI Special Hospital for Gynecology and Obstetrics „Mother Teresa“ Skopje.

We carried out financial together with compliance audit on the aforementioned public healthcare institutions, and audit on the financial management and control system and internal audit¹. We identified certain shortcomings and gave recommendations thereof.

¹ PHI Special Hospital for Gynecology and Obstetrics “Mother Teresa” Skopje

The activities taken by competent authorities and persons responsible for managing the public healthcare institutions during the audit as well as the upcoming implementation of audit recommendations should contribute to overcoming identified shortcomings in relation to: arrangement and implementation of internal control system, establishment of internal audit, harmonization of statutory provisions and obtaining appropriate consent from the competent ministry, harmonization of acts on organization and systematization, regular updates for members of management boards, appointment of PHI directors and signing managerial contracts, recruitment of graduated pharmacist for the needs of hospital pharmacies, complete record of medicines and medical materials, inventory of assets and liabilities, awarding public procurement contracts and monitoring realization of awarded public procurement contracts.

LOCAL SELF-GOVERNMENT

In 2016, the State Audit Office, in line with the work program, carried out financial together with compliance audit on three local self-government units - the municipalities of Aerodrom, Prilep and Strumica.

What is specific for all audited municipalities is that despite the adopted budget rebalance, there is significant deviation between planned and realized revenue. Deviation in realized revenue is mostly due to the smaller amount of realized revenue based on the fee for arranging construction ground.

All three municipalities did not fulfill the legal requirement for submission of an annual report for using funds from the fee for legalization of illegally constructed buildings to the state administrative body responsible for the execution of the works in the area of spatial planning (Ministry of transport and communications).

The Municipality of Aerodrom does not generate revenue on the basis of a communal parking fee; in the Municipality of Strumica, the communal parking fee is not transferred to the municipal budget in the amount charged by the public enterprise. Municipalities of Prilep and Strumica do not generate revenue on the basis of a communal fee for displaying advertisements and announcements in public places, although they have leased public space for posting advertisements and announcements.

In all three municipalities we identified weaknesses in the inventory of assets and their sources in the part of inventory of liabilities and investments in progress.

The Municipality of Prilep lacks programs with clearly defined criteria for transfer of funds to associations and foundations, as well as for payment of social benefits. At the same time, the municipality has not adopted programs for numerous organized cultural events and activities, as well as for constructed capital investments in the field of culture.

Systemic weaknesses in local self-government

In this annual report we would like to highlight the systemic weaknesses that are relevant to the local self-government units (LSGUs) with reference to the Law on property taxes, the Law on communal taxes and the Law on firefighting. These systemic weaknesses have financial implications on LSGUs operation and need to be addressed by the competent authorities.

Pursuant to Article 39, paragraphs 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 estate register with the register of the Agency for Real Estate Cadaster of the Republic of Macedonia, and no later than 31 December each year to submit the register data to the Central Registry of the Republic of Macedonia and to the Public Revenue Office - General Directorate.

Data from real estate registers of the City of Skopje and the municipalities in the country are not harmonized with data of the Geodetic-Cadaster Information System (GCIS) of the Agency for Real Estate Cadaster, due to the incompatible basis for recording data in registers; namely, in the City of Skopje and in the municipalities taxpayers are registered by their unique master citizen number and other personal data, while in GCIS they are registered by cadastral municipality and cadastral parcel. Harmonization of data is a legal obligation of LSGUs which affects the completeness of data in LSGUs, and has financial implications on the completeness of 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), is to 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 does not adhere to the contractual obligations under Article 6 of the Memorandum for submitting the above data and reports. The effects of such practice are reflected on the completeness and accuracy of realized revenue on this basis; the municipalities record this revenue in the accounting books as an inflow without specific information on the same. In order to ensure completeness and transparency in the collection of municipalities' own revenues, the audit recommends to the legislator to supplement the legal solution in order to overcome the unresolved weaknesses.

Pursuant to Article 49 of the Law on firefighting, territorial firefighting units (TFFUs) of the City of Skopje and the municipalities in the Republic of Macedonia have a possibility to realize additional revenue from collected fines for violations involving 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 country 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, municipalities have no information on the amount of funds that are paid on this basis, nor have legal possibility to verify the accuracy and reliability of funds paid. The imprecise legal solution for other types of revenue for financing TFFUs results in failure to collect revenue on this basis.

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

PUBLIC ENTERPRISES

PUBLIC ENTERPRISE FOR MANAGING AND PROTECTION OF MULTIPURPOSE AREA „JASEN“ SKOPJE



Priority activity of the public enterprise for managing and protection of the multi-purpose area „Jasen“-Skopje is protection of nature, implementation of economic activities and promotion and utilization of natural wealth in the multi-purpose area Jasen. The operation of this public enterprise should provide realistic assumptions for permanent protection of this area by undertaking measures in the field of ecology, and in particular in the field of forestry and hunting.

Having in mind that Jasen area belongs to the category of special nature areas due to the authenticity of fauna and flora, it is of exceptional importance for the Republic of Macedonia.

With the audit on the financial statements for 2015 together with compliance audit, we identified shortcomings, including the following more important ones:

- » It is necessary to establish internal control system and adopt written procedures for key operational processes of the enterprise,
- » In the act on founding the public enterprise it is necessary to indicate the amount of initial funds, adopted by the founder of the enterprise,
- » The statute of the public enterprise adopted in 2006 is not harmonized with the amendments and supplements to the legislation,
- » The Managing Board to adopt internal acts for regulating the protection, safeguarding and maintenance of the multipurpose area,
- » Annual investment programs for 2014 and 2015 lack data on the amount of funds needed for their realization,
- » To set up accounting records that will provide clear presentation of revenue and expenditure from individual activities, and the public enterprise to prepare and adopt accounting policies for providing consistency, continuity and legality in the presentation of all accounting and financial events,
- » To make a complete inventory and to harmonize assets and liabilities in business books with the actual value as of 31 December 2015,

- » Management of state hunting grounds, as well as forest management should be carried out completely in keeping with the legislation and signed contracts, while stocking should be done in accordance with the fishing plan and the annual plan,
- » An act has not been adopted for evaluation of allocated funds for simple reproduction of forests, their proper recording has not been carried out, while the funds for extended reproduction have not been paid in the Budget of the Republic of Macedonia,
- » To adhere to the legal provisions in full when carrying out public procurement procedures.

The audit gave recommendations for overcoming identified shortcomings over the following period.

In the paragraph Emphasis of Matter, the audit disclosed the following:

- » Having in mind the legal competences of the enterprise for managing state-owned forests, we emphasize the need to provide and strengthen human and technical resources, in order to ensure unimpeded execution of competences,
- » the supervisory board should review the annual accounts and the report on the operation of the public enterprise and to issue opinion thereof, as basis for adoption by the Managing Board.

PUBLIC ENTERPRISE FOR STATE ROADS

Public Enterprise for State Roads is the legal successor of the Agency for State Roads. Its assets consist of the same business premises and equipment that were used by the Agency, according to the inventory of fixed assets of 31 December 2012, as well as of the funds recorded in the book value of the Agency within the Treasury Account; these funds were transferred to the account of the public enterprise on the day it was opened.

With the conducted regularity audit for 2015, we identified shortcomings and gave recommendations in relation to the following:

- » to set up a system of internal controls for monitoring and realization of obligations under long-term loans and credits from international financial institutions,
- » to introduce foreign currency accounting,
- » to adopt an act on accounting policies,
- » to implement complete inventory of assets, claims and liabilities,
- » to complete the legalization procedure for determining the legal status of state roads and to register the roads in the public register of the Agency for Real Estate Cadaster,
- » to estimate the fair value of property and equipment, as well as of the remaining useful life of assets,

- » to make corrective entries in the accumulated depreciation and the calculated depreciation for 2015 by applying depreciation rates adopted by an act,
- » to complete the entire documentation required for activation of routes and facilities in progress, for timely accounting activation of appropriate means,
- » to make corrective entries on borrowing expenditures for loans that are active or in the phase of withdrawal, and
- » to determine the reason for non-compliance of deferred income recognition with present value of funds received in the form of state support.

PUBLIC ENTERPRISES AT LOCAL LEVEL

In accordance with 2016 Annual Work Program, we conducted regularity audit on two public enterprises at local level: PE "Streets and Roads" of the City of Skopje and PE "Parkinzi" of the Municipality of Centar.

We found that both audited entities have not registered the principal in the trade register. Both enterprises have not established market value of the assets and liabilities, so the principal has only book value, i.e. capital estimation has not been done. The estimated value of capital is particularly important when setting up public private partnership, borrowing and determining credit rating.

For PE „Parkinzi“ of the Municipality of Centar we point out the identified shortcomings in relation to the incomplete inventory of intangible and tangible assets (fixed assets) and unspecified sources thereof, and the age structure of claims and liabilities as of 31 December 2015.

For PE "Streets and Roads" we point out that competent authorities need to take measures and activities for setting up proper accounting records of suspicious and contested claims and to perform quality inventory in accordance with the legislation, so to determine the actual value and to provide supporting information for writing-off some of the claims.

COMPANY FOR CONSTRUCTION, MANAGING AND LEASING MULTIPURPOSE HALL „BORIS TRAJKOVSKI“



The company for construction, managing and leasing multipurpose hall „Boris Trajkovski“ was established as a limited liability company by the Republic of Macedonia through the Government; the Government owns the company and it is registered in the Central Register of the Republic of Macedonia, in line with the Law on Trade Companies.

The company is managed by a person appointed by the Government, whose rights, obligations and responsibilities are listed in Articles 17 and 18 of

the Statement of founding. Based on the provisions of these two articles, which regulate only general responsibilities of the manager, all acts (rulebooks, decisions and other acts) related to the organization and operation of the company are adopted by one person – the manager. Supervisory board of five members elected by the Government supervises company’s operations.

The Company has acquired and disposed of a large real estate in the past period, which is leased and managed by one person - the manager. In addition, the sports center “Boris Trajkovski” is used for organizing and performing numerous sports and other activities, which contributes to the large scope and complexity of operations of the entity. Therefore, we point out that it is necessary to reorganize this Company into another form of trade company (joint stock company owned by the state), which will provide different organization, management and control of the company, as well as supervision of the work in line with the legislation.

HIGHER EDUCATION

In the course of 2016, we conducted audit on the financial statements for 2015 together with compliance audit on the Faculty of Civil Engineering and the Faculty of Philosophy at Ss. Cyril and Methodius University in Skopje, and the University for Information Science and Technology „St. Paul The Apostle“ in Ohrid.

With the performed audit, we identified shortcomings related to the system of internal controls, the accounting and supporting records, liabilities, claims and inventory, and we gave appropriate recommendations to the competent persons and authorities.

Furthermore, we found shortcomings due to weaknesses in the legal solution for higher education, as well as not implemented legal provisions from other competent bodies, which more or less influence the work of the audited entities.

All these conditions were highlighted in the final audit reports and we hope that they will be of interest to the competent authorities to improve the situation in the higher education. Along the same lines we highlight the following:

Pursuant to the provisions of the Law on Higher Education, the Parliament of the Republic of Macedonia, upon Government proposal, is obliged to adopt a Program for higher education activity, which determines the funds for financing public universities and studies of public interest provided from the State Budget and other sources, in line with the law. The Program is adopted for a period of four years and implemented with annual programs which are adopted together with the annual financial calculation of the university. Given the fact that this Program has not been adopted, there are no conditions for determining objectives, directions of development, sources and amount of funds for financing state needs, and above all, development of the activity of public higher education institutions.

The Law on Higher Education stipulates formation of a Council as an independent body within the Ministry of Education and Science, which has not yet been established. Article 83, paragraph 1, lines 1 to 11 of the Law on Higher Education define Council's competences, which mainly consist of giving opinion on proposed acts or undertaking specific activities.

With regard to the financing activities of higher education institutions and taking into account the competences of the Council, in particular the responsibilities related to the financing of higher education institutions, allocation of funds, setting up criteria for the amount of co-financing and participation and other student fees, the audit pointed out that the absence of a Council results in different ways of operation of higher education institutions through currently adopted acts and decisions.

Pursuant to Article 133 paragraph 1 of the Law on Higher Education, the persons in scientific and schooling profession are employed and exercise rights and obligations from employment in accordance with the Law on Higher Education and the collective agreement between the trade union of higher education institutions in the Republic of Macedonia and the Government of

the Republic of Macedonia. Since there is no collective agreement and no legal provisions that regulate salaries and allowances of the abovementioned staff, the universities adopt Rulebook on determining salaries and other allowances for their employees.

Exercising the right to salary and salary allowances based on an internal act of universities results in different methods of calculation and payment of salaries within public universities and their constituent units.

MINISTRY OF EDUCATION AND SCIENCE

The legal competences of the Ministry of Education and Science are to create and implement policies in the field of upbringing and education of all types and levels. In addition, its competences also relate to adult education, organization, financing, development and promotion of education, upbringing and science, upbringing and education of children with special educational needs and children of workers on temporary work abroad, as well as verification of the profession, profiles in education, student standard, technological development, information and technical culture, information system and other education related activities.

Having in mind the importance of education and science for the county's development, and for the purpose of effective accomplishment of activities arising from the competences of the Ministry, we conducted regularity audit for 2015, and identified the following state of affairs:

- » with assessment of the internal control system for the process of salaries, we identified inconsistencies in the operation of control mechanisms in place;
- » concerning realization of the Program for equipping laboratories of public higher education institutions and public scientific institutions, we identified inconsistencies in the procedures for giving movable items, delivery, handover and installation of laboratory and scientific and research equipment by the Ministry;
- » incorrectly recorded tangible assets, capital expenditure for ongoing investment ventures and obligations towards suppliers;
- » the claims from employees based on advance payments for business trips are for the most part outdated;
- » lack of records on the situation and movement of funds of Ministry's payment cards; the inventory of funds and sources of funds for 2015 is not completely and properly implemented;
- » certain inconsistencies have been identified in the procurement, use and disposal of immovable and movable items in state ownership; there are no records on received and published books / textbooks from the Project for translation of 500 professional, scientific books and textbooks, and no contracts have been signed for their handover to the institutions where they have been transferred;

- » lack of complete and reliable documentation for some expenditures recorded; not keeping to all provisions of the Law on Public Procurement in the procurement of goods and services.

The audit gave appropriate recommendations to the Ministry to undertake measures and activities for overcoming identified shortcomings.

MINISTRY OF TRANSPORT AND COMMUNICATIONS

Ministry of Transport and Communications is a state administration body that carries out activities in several areas under its jurisdiction such as: road, rail and air traffic, inland navigation, telecommunications, postal services, etc.

Due to the significance of the areas within its competence, the work of the Ministry was subject to audit within SAO 2016 Annual Work Program.

With the audit on the financial statements and compliance audit for 2015 we identified certain weaknesses in the work of the Ministry and gave appropriate recommendations.

We identified insufficient activities taken for setting up and implementation of internal control system in the process of monitoring overtime work.

When paying suppliers for services rendered, the Ministry did not abide by the agreed payment dynamics, whereby certain suppliers were paid larger amount than the agreed one for the first year.

The payment of subsidies for railway passenger transport is done based on documents submitted by Macedonian Railways – Transport, without taking into account the costs covered by Macedonian Railways - Transport to subsidize the remaining projected costs which are included in the price of the transport ticket.

Liabilities are not recorded in accounting books at the time of the provision of service, but at the time of payment thereof, which results in unrealistic presentation of financial obligations towards suppliers.

In the procedure for awarding public procurement contract for upgrade and reconstruction of the administrative building of the Ministry of Transport and Communications, the audit found significant increase of the estimated value of funds necessary for the reconstruction and upgrade.

PERFORMANCE AUDIT

In line with 2016 Annual Work Programme, SAO conducted 6 performance audits covering 72 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. PROTECTION OF STREET CHILDREN

Child protection is organized activity based on the rights of children, the rights and obligations of parents for family planning, and of the country and local self-government units for conducting humane population policy by providing certain rights, means and forms for protection of children. Ensuring child protection originates from the principles of protection of the right to life and development of the child, protection of the best interest of the child, provision of minimum standard for every child under equal conditions, exclusion of any form of discrimination, respect for child's right to liberty and security of person, child's opinion and free expression, association and education, conditions for healthy life and exercise of other social rights and freedoms of the child, guaranteed by the Convention on the Rights of the Child², the Constitution of the Republic of Macedonia and the legislation.

Child protection is an activity of public interest. Aside from the parents, the family, the guardians and the foster family, protection of the child and its rights is provided by the institutions for children, the educational, social, health and cultural institutions and individuals, the state institutions and institutions of the local self-government units. Organizations and other natural persons and legal entities whose activities are related to providing support and assistance to children are also included.

In order to obtain necessary information and data whether measures / activities undertaken by the competent institutions provide efficient prevention and reduction of street children and provide conditions for social inclusion of the children at risk, as well as their inclusion in the education and healthcare system, we conducted performance audit on the topic: Efficiency of measures and activities taken by the competent institutions for protection of street children.

Audit activities were focused on the following areas:

- » Legal framework, strategic documents and implementation thereof;
- » Activities aimed at preventing and protecting street children;
- » Institutional setup and capacities (financial, technical and human resources);

² The UN General Assembly adopted the Convention with the resolution 44/25 on 20 November 1989 and it came into force on 2 September 1990. In 1993 the Convention was ratified by the Republic of Macedonia.

- » Communication and information; and
- » Supervision.

The effects of measures and activities undertaken or to be undertaken in the upcoming period, including acting upon audit recommendations, concern provision of social prevention and protection of street children. For this purpose, it is necessary to take timely measures by the institutions involved in the social protection system in order to reduce the number of children on the street; to take measures for social, educational and health inclusion of street children; to raise awareness and conscience of parents or guardians of the risk category – street children and to introduce them to the consequences for the children due to lack of care on their part; to provide education and counseling for parents on how to treat their child and provide the best opportunities for it; to provide protection of children's rights in accordance with the Convention on the Rights of the Child; to increase public awareness and conscience regarding care for street children and their rights; to improve the institutional setup; and to raise and develop future generations that will grow up into normal and healthy individuals and contribute to the society.

2. EFFICIENCY OF POLICIES AND INSTRUMENTS IN THE PUBLIC PROCUREMENT SYSTEM AND PROCEDURE FOR GRANTING CONSENT FOR PUBLICATION OF PUBLIC PROCUREMENT NOTICE



Public procurement is a set of activities performed by contracting authorities for acquiring goods, receiving or rendering services. Public procurement system in the Republic of Macedonia as defined in the Law on Public Procurement and other bylaws, is developed and implemented to ensure competition among economic operators, equal treatment and non-discrimination, transparency and integrity in the process of awarding public procurement contracts, and rational and efficient use of public funds in the procedures for awarding public procurement contracts.

The main bodies involved in the public procurement system are the Public Procurement Bureau, the State Commission for Public Procurement Complaints and the Public Procurement Council. The contracting authorities and economic operators are active participants in this system.

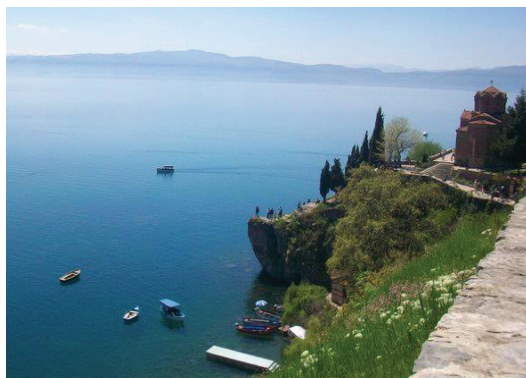
In order to obtain necessary information and data whether policies and instruments in the public procurement system ensure transparency, competition and equal treatment of economic operators and rational and efficient utilization of the funds in the procedures for awarding public procurement contracts, we conducted performance audit on the topic: „Efficiency of policies and instruments in the public procurement system and procedure for granting consent for publication of public procurement notice“.

Audit activities were focused on the following areas:

- » Legal framework, strategic documents, set up and communication of institutions and entities in the public procurement system;
- » Policies and instruments in the public procurement system (lowest price as sole criterion, compulsory disclosure of estimated value and use of electronic auction, market analysis and requesting consent for publication of notice); and
- » Procedure for granting consent for publication of public procurement notice.

The effects of measures and activities to be taken upon audit recommendations should ensure, inter alia, improvement of the solutions in the existing legislation for harmonization thereof with EU directives; drafting integral strategic document for national strategic objectives, priorities and policies in the public procurement system; bringing into question the mutual influence of instruments in the public procurement system (lowest price as sole criterion, compulsory disclosure of estimated value and use of electronic auction and submission of final price, negative references, market analysis and requesting consent for publication of notice); cancellation of mandatory use of the aforementioned instruments and introduction of optional use I line with the type and value threshold of the procedure; transparency, competition and equal treatment of economic operators; and rational and efficient utilization of funds in the procedures for awarding public procurement contracts.

3. EFFICIENCY OF MEASURES, POLICIES AND PROJECTS FOR PROTECTION OF LAKE OHRID



Lake Ohrid is the largest and most important natural lake in the Republic of Macedonia, and from biological point of view, the most important water ecosystem in Europe.

With its unique flora and fauna, Lake Ohrid is one of the largest biological reserves in Europe. It is one of the oldest lakes on our planet and its most spectacular quality is the impressive endemism.

In 1980 Lake Ohrid and the city of Ohrid were declared World Heritage Sites under UNESCO protection.

We conducted performance audit to answer the question whether competent institutions take measures, activities and projects for efficient protection of Lake Ohrid, as well as to assess:

- » legal regulations and strategic documents for protection of Lake Ohrid;
- » competences, financing, monitoring, supervision and control of Lake Ohrid by the competent institutions in the country;

- » status of wastewater, potential pollutants and water quality in Lake Ohrid; and
- » measures, policies and projects undertaken for efficient protection of Lake Ohrid.

The performance audit activities were aimed to help focus activities of competent institutions on meeting established postulates for efficient protection of Lake Ohrid.

With the audit we concluded the following:

- » it is necessary to update the national water strategy, as well as to adopt Water Management Basis of the Republic of Macedonia, as a basic document for planning and development of water management;
- » to elaborate and adopt River Basin Management Plan for the river Crn Drim and single International river basin management plan;
- » to appoint members of the National Water Council and to form Council for managing the area of Crn Drim river basin;
- » to prepare a study for reevaluation of natural values and to adopt an act for proclaiming Lake Ohrid as protected area;
- » to adopt local action plans for environment protection,
- » to adopt Management Plan for world natural and cultural heritage in Ohrid region; to prepare Report on the status of world natural and cultural heritage in Ohrid region; and to form Commission for managing world natural and cultural heritage in Ohrid region;
- » to implement promptly recommendations made by the UNESCO World Heritage Committee;
- » to review the Agreement signed between the Republic of Macedonia and the Republic of Albania for improving cross-border cooperation for protection of Lake Ohrid and to make full and detailed analysis of the implementation of the Law on Waters;
- » to adopt Water Management Programs and to improve human resources in the Water Department and Crn Drim River Basin Management Unit;
- » to involve Hydro Biological Institute - Ohrid in the protection of Lake Ohrid, as well as in monitoring waters in the Republic of Macedonia;
- » to conduct supervision and inspection supervision over Lake Ohrid protection by the competent institutions;
- » to issue permits for discharge of waste water in the recipient, to adopt program for draining, collecting and purifying urban wastewater and to set up a cadaster of pollutants;
- » to renovate, reconstruct and repair the collector system, and to connect all settlements in the collector system;
- » to provide funds for implementation of the project for improving the collector system of Lake Ohrid and to use EU funds more efficiently;
- » to determine EURO standard for importing vessels, to build Lake Ohrid Marina and to resolve the situation with already built structures along the coast of Lake Ohrid;
- » to protect Studencista Swamp, which is considered natural treasure of exceptional importance;

- » to obtain additional financial resources from competent institutions to improve the situation with the sewerage and the collector network; and
- » to continue and intensify activities for stocking Lake Ohrid with Ohrid trout, to set criteria for distribution of funds for stocking, to supervise the concession activity and to assess the fish fund of Lake Ohrid.

Based on the results of the performed audit we made recommendations to the competent institutions aimed at improving the efficiency of Lake Ohrid protection.

Recognizing the activities taken by the competent institutions for efficient protection of Lake Ohrid, protection against pollution and control of pollution, protection and improvement of coastal land and wetlands, we highlight the need of additional measures and activities for: adoption of basic planning documents for management and development of waters; adoption of bylaws related to protection of Lake Ohrid, which should result in appropriate and comprehensive policies and instruments for improving the status of Lake Ohrid; providing financial resources for its protection; better communication and coordination between competent institutions; as well as greater functionality of competent institutions in charge of supervision, monitoring and control of Lake Ohrid protection.

Implementation of the aforementioned activities will contribute to setting up an efficient system for protection of Lake Ohrid and preservation of its original state, as well as to remain a landmark for the Republic of Macedonia in Europe and beyond.

4. SPA AND CLIMATE RECREATION FOR PENSIONERS



We conducted performance audit entitled „Efficiency of the project for spa and climate recreation of pensioners“ to answer whether the project implementation enables efficient achievement of its objectives - care of the elderly and improvement of the standard and quality of life of this category of citizens, as well as to give recommendations for increasing the project efficiency.

The project „Use of spa and climate recreation services by pension beneficiaries“, as part of the Government program in the area of social policy, dignified life of pensioners and social partnership, aims to care for the elderly and improve the standard and quality of life of this category of citizens, as well as to improve their general health condition.

The project target group are users of old-age pension, and family and disability pension who have

exercised the right to pension in accordance with the Law on Pension and Disability Insurance. These pensioners are provided with free stay in a health spa, compensation of travel expenses and transportation from the place of residence to the spa.

The performance audit covered several entities responsible for the project implementation - Ministry of Labor and Social Policy, Pension and Disability Insurance Fund, concessionaires, legal entities that operate with Katlanovska Banja Doo in Katlanovo, Negorski Banji AD in Negorci village near Gevgelija, Debar Spa - CAPA AD in Debar, and Car Samuil AD in Bansko village near Strumica.

In order to improve the quality of life of the elderly in the Republic of Macedonia, the Ministry of Labor and Social Policy in June 2010 adopted National Strategy for the elderly 2010-2020. The strategy is a basic document for identifying priority areas and tasks for action.

For realization of the project, in the period 2010-2015 the spas received financial resources in the amount of 184.884.000,00 MKD from the State Budget through the Ministry of Labor and Social Policy.

The project encompasses social, health and recreational/tourist aspects for improving the lives of the elderly – the pensioners.

Social aspect of the project – Within the program activities for social protection and social security of the elderly, in the project implementation period 2010-2015, 32.960 pensioners used the possibility of free stay in health spas. Taking into account the project objectives, we concluded that the project results have been achieved in relation to care for the elderly and improving their standard and quality of life.

Recreational / tourist aspect – Project objectives include spa and climate recreation for pension beneficiaries, whilst developing spa and climate tourism. Consistent with the received answers from the spas and the performed analyses, we concluded that the project implementation has positive impact on the operation of spas and development of spa tourism:

- » the free stay in spas is organized when utilization of spa capacities is lower;
- » all spas were used for the free stay;
- » spas have achieved positive financial result;
- » development of spa tourism achieved by nights spent by pensioners and their partners through the project.

Health aspect - One of the main goals of the project is to improve the general health condition of pension beneficiaries, as one of the strategic objectives of the National Strategy, i.e. to develop and strengthen the healthcare system for the elderly through strengthening health spa capacities and recreational activities for the needs of the elderly.

The continuous project implementation in the period 2010-2015 has a positive impact on both the pensioners and the spas as providers of spa and climate recreation and treatment service. Audit recommendations point to the need to consider the possibility for project continuation, which

would contribute to: improving the standard and quality of life of pensioners and the elderly, and their social and economic status; it would strengthen social cohesion, encourage and maintain the independence of the elderly, prevent their marginalization and develop and strengthen the healthcare system.

5. EFFICIENCY OF MEASURES FOR SOLVING TRAFFIC JAM IN THE CITY OF SKOPJE



The traffic system in Skopje, like in other metropolises, is burdened with many problems that impair the quality of life in the city. The problems with bottlenecks, time loss, lack of parking space, air pollution, noise and reduced traffic safety are all part of the everyday life of citizens. Hence the need for urgent solution for the traffic problems in general, and in particular the problems

with the functioning of the public transport in Skopje.

In order to become acquainted with the situation concerning measures, policies and activities taken by competent institutions responsible for reduction of traffic jam in the City of Skopje we conducted performance audit on the topic „Efficiency of measures for solving traffic jam in the City of Skopje“.

Systemic approach by all stakeholders is required for successful implementation of all measures and activities for overcoming problems in the public urban transport and the traffic jam in the city of Skopje. All stakeholders need to carry out their activities and to act in accordance with their competencies, as follows:

- » to develop and adopt all necessary strategic documents that form the basis for strategic direction of an integrated transport policy for urban transport in the city of Skopje;
- » to improve coordination between institutions as well as between departments in the same institutions;
- » to strengthen supervision of each involved entity in accordance with the legal regulations;
- » to harmonize legislation and to improve legal solutions for the purpose of acting upon it; and
- » to strengthen human resources' capacities for unimpeded implementation of competences.

Given that significant number of measures and activities are in progress, with timely commencement of the steps by all stakeholders and involved entities, the conditions for building an effective system for improving the situation and the safety in traffic will be created.

6. EFFICIENCY OF ACTIVITIES AND MEASURES FOR DEVELOPMENT OF RAILWAY TRAFFIC AS DEFINED IN THE NATIONAL PROGRAM 2014-2016



The general conclusion about the railway network development in the Republic of Macedonia in the last 50 years is that it stagnates.

The railway transport in the country is characterized by considerable backwardness compared to the European railways in terms of the quality of the railway lines and also in terms of the density of the railway network.

The construction, reconstruction, repair and maintenance of permanent and new railway infrastructure is defined

in the National program for railway infrastructure, adopted for a period of three years by the Parliament upon Government proposal. The Program outlines the dynamics of realization, as well as the amount and sources of funding for construction, reconstruction, repair and maintenance of the railway infrastructure.

In order to improve the conditions in the railway infrastructure, the investment plans for the period 2014-2016 include investments in Corridors VIII, X and branch Xd as defined in the National Program 2014-2016.

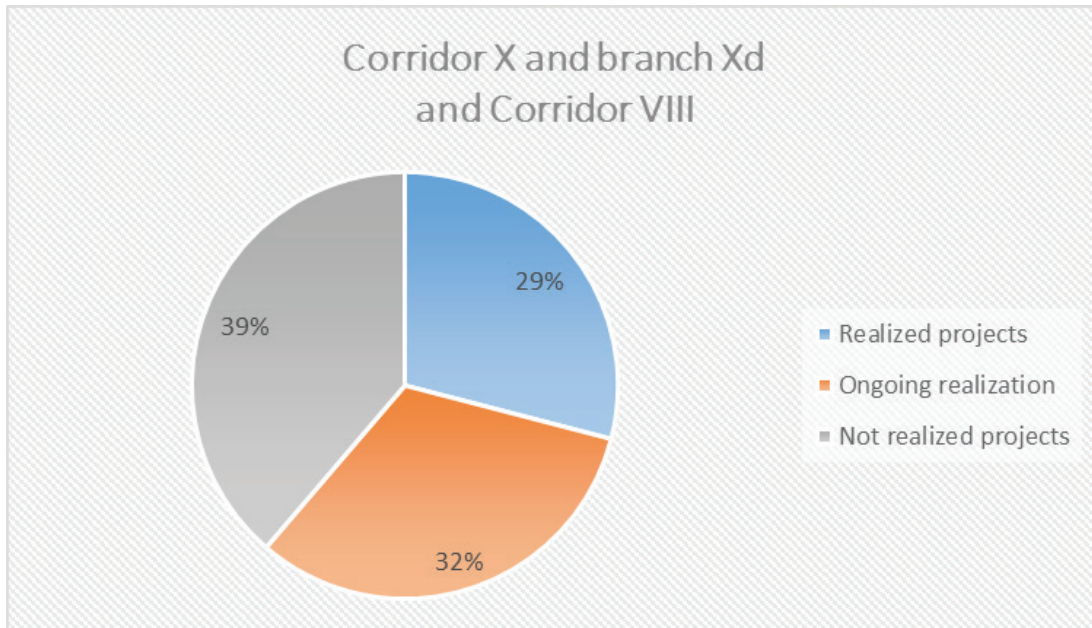
The realization of projects proposed with this National Program required financial resources in the amount of 19.886.169.000,00 MKD or 323.352.352,00 EUR (49% are allocated for construction and development of investment technical documentation for Corridor VIII, and 51% for the Corridors X and Xd, 51%) with the following financial construction:

- » 51% are provided from a loan from international financial institutions;
- » 31% are provided from IPA or WBIF instrument grants;
- » 17% are provided from the budget of the Ministry of Transport and Communications;
- » 1% is provided from own funds of PE Macedonian Railway Infrastructure Skopje.

We carried out performance audit on the topic “Efficiency of activities and measures for development of the railway transport in the Republic of Macedonia as defined in the National Program 2014-2016” and we gave recommendations for the key factors that influence the efficiency of these development activities.

With the audit we ascertained that the implementation of the National Program involves implementation of projects financed by several sources. From the projects envisaged in the

National Program and data from the competent institutions and bodies for project realization, we made analysis in relation to the sources of funding. From the analysis we concluded that the National Program contains 31 projects for Corridors X and Xd and Corridor VIII. During the period 2014-2016, 9 projects were completed, 10 projects are still ongoing and 12 projects were not implemented. Consequently, part of the National Program remains unrealized until the end of 2016, and thus the expected effects of the same remain for subsequent periods.





**INTERNATIONAL COOPERATION
AND TRANSPARENCY**

INTERNATIONAL COOPERATION

SAO international cooperation in 2016 continued with the same enthusiasm and dedication of employees with the aim of gaining new knowledge in the field of state audit. International cooperation was done on bilateral and multilateral level. Participation in cooperative audits on the topics of public procurement and tourism with SAIs from EU and the region has contributed to further development of the professionalism of SAO staff and the quality of performance audits, which was one of SAO priorities in the previous period.

Following the successful realization of 2015 parallel performance audit project in the field of energy efficiency, SAI of Sweden initiated new Project II for cooperative performance audit for the Network SAIs. After the adoption of the new Outline Work Plan 2016 and beyond by the Heads of the Network SAIs, the project commenced in February 2016. This time the participants collaborate on the topic of public procurement.

After successful completion of the cooperative audits in the field of tourism, the Heads of SAIs of Croatia, Macedonia and Hungary signed the Joint Audit Report in February 2016 in Budapest.

In June 2016 SAO participated in the preparatory meeting for performing cooperative audit on air quality (held in The Hague, the Netherlands) initiated by the Netherlands Court of Audit and EUROSAI Working Group on Environment. The audit activities will be conducted during 2017.

The benefits of cooperative audits are multiple, in particular for the opportunity for professional development of auditors through peer-to-peer activities, for flexible approach 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 INTOSAI³ and EUROSAI⁴. 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 2016.

Positive trend is evident in the participation of SAO employees at international events for professional development and training in the field of audit opinion, renewable energy, strengthening SAI integrity and capacity for fighting corruption, sustaining SAI independence, strengthening relations between SAIs and parliaments, building institutional and human capacities, audit of municipalities and environmental audit.

SAO is a veteran in the Network of SAIs of candidate countries and potential candidates for EU membership and the European Court of Auditors. This year we begin the second decade of our active participation and contribution to the accomplishment of Network's activities aimed at

³ International Organization of Supreme Audit Institutions – Macedonia SAO is INTOSAI member since 2001

⁴ European Organization of Supreme Audit Institutions – Macedonia SAO is EUROSAI member since 2002

preparing audit structures in the countries preparing to join the European family.

The candidate status of the Republic of Macedonia for accession to the European Union acquired at the end of 2005, provides for the State Audit Office to be an active observer and participate at the meetings of the Contact Committee, as well as to follow the latest developments and challenges the Heads of EU SAIs face when performing the audit function.

Activities within EUROSAI and INTOSAI

The State Audit Office is an active member in the EUROSAI Working Group on Environmental Audit since 2002 and IT Working Group since 2005.



In the period from 26-29 September 2016 the State Audit Office hosted the 14th Annual Meeting and Training Seminar of EUROSAI Working Group on Environmental Auditing. This year's meeting was held under the motto „Let's Audit Green“, created by SAO employees. The meeting addressed two main topics: market-based instruments for environmental protection and ISSAIs on environmental auditing. The training seminar dedicated to auditing sustainable development included a panel discussion where participating heads of SAIs from the region talked about the challenges and opportunities of conducting audits in the field of sustainable development and environmental audit.



Representatives of the State Audit Office participated in the meeting of EUROSAI IT Working Group held in June 2016 in Prague, Czech Republic, for defining new IT activities within the group.

For the fifth consecutive year SAO participates in the activities of EUROSAI Task Force on audit and ethics (chaired by the SAI of Portugal) for strengthening integrity and ethics in SAIs and the public administration.

During 2016 SAO actively contributed to the SAI capacity building, the application of professional standards and the exchange of knowledge between EUROSAI members and beyond, with its representatives in the Goal Teams 1, 2 and 3 for implementation of EUROSAI 2011-2017 Strategic plan.



SAO representatives also participated in the initial seminars on municipality audit (in Warsaw in November 2015 and in Vilnius in September 2016), as a prelude to setting up a new EUROSAI operative group that will deal with issues concerning audit of municipalities – local self-government.

In December 2016 SAO delegation participated at the XXII INCOSAI which took place in Abu Dhabi. The event was attended by INTOSAI members and the two main topics of discussion were – *How can INTOSAI contribute to the United Nations 2030 Agenda for Sustainable*

Development, including good governance and fight against corruption, and What can promote

INTOSAI's credibility to become a more prominent international organization.

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

At the regular annual meeting of SAI liaison officers (held in Riga in April 2016) the main focus was the implementation of activities of the Outline Work Plan 2016 and beyond.

Within the frames of the Parallel Performance Audit Project II in the field of public procurement, the participants realized 4 out of 6 planned workshops by the end of 2016. The first workshop (held in Podgorica) was organized for defining the area and the topic, the second workshop (in Pristina) was held to define the objectives and the criteria, the third workshop (in Stockholm) was organized for data collection and the final activities from the preliminary research, and the fourth workshop (in Tirana) was dedicated to the data collected and the preliminary audit findings. Technical and financial assistance for the project is provided by the SAI of Sweden in coordination with the Joint Working Group on Audit Activities (JWGAA) of the Contact Committee with participation of representatives of the European Court of Auditors.

The cooperation with the European Court of Auditors in Luxembourg is 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 and Albania. Until 2016, 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 during 2016. SAO is implementing this project with technical support of the Office of the Auditor General of Norway.

The activities focused on testing the software solution for each module separately and performing pilot audits using AMS. At the same time, series of trainings and workshops were organized for the employees to use the new IT infrastructure, which is the basis for the full realization of the AMS project. The system is officially set up and the audits in 2017 are carried out with the application of the AMS.

The fourth Annual Meeting of the project teams was held in October 2016 in Oslo. The teams summed up the results of the work done in the past year and discussed the activities that need to be finalized in 2017 for full implementation of AMS in the SAO. Both sides agreed to extend the project until December 2017.

In October 2016 SAO hosted high-level delegation from the SAI of Bulgaria for exchanging views on enhancing the cooperation between the two institutions.

SAO high-level delegations participated in the celebration of the 200th anniversary of the establishment of the Office of the Auditor General of Norway (Oslo, June 2016) and in two regional conferences: working meeting in Ljubljana on the topic of planning annual audit programs and the future cooperation between SAIs of Slovenia, Macedonia, Croatia, Serbia and Montenegro; and panel discussion in Pristina regarding challenges in building institutional and human capacities of SAIs.

Cooperation with SIGMA and the European Commission

The cooperation with SIGMA in 2016 was realized within the Network activities. Three activities within the Outline Work Plan 2016 and beyond were organized with SIGMA logistical and financial support: Workshop on audit opinion (held in Belgrade), Roundtable on SAI independence (held in Sarajevo) and Conference on relations between SAI and parliament (Ankara). This cooperation has positive effects on the process of building the State Audit Office as a competent external audit institution in accordance with EU criteria and international standards on state audit.



The State Audit Office has appointed its representative in the Audit Board of EUROCONTROL to perform this responsible task until 30 June 2017. This nomination is another recognition and legitimacy of the State Audit Office at the international scene.

Within the twinning project IPA TAIB 2010 Program of the European Union for further strengthening of organizational and institutional capacities of the Republic of Macedonia for the European integration process, SAO representatives participated in the training on methodology for

harmonization of laws and the promotion of the Manual on transposition of EU legislation into the national legislation of the Republic of Macedonia.

TRANSPARENCY

In the course of 2016, the State Audit Office was transparent in terms of the planned and implemented activities and the results of its operations through the publication of the final audit reports on the official website. In addition, SAO informed the public and other interested parties about the phased implementation of its projects, the workshops held as part of the permanent education of state auditors, the meetings of SAO representatives with delegations of other supreme audit institutions, participation of SAO representatives at meetings, congresses and other events related to the audit activity.

In 2016, SAO informed the public about the realization of the project „Implementation of electronic Audit Management System (AMS)“. It is a joint project of SAO and the Office of the Auditor General of Norway. The AMS was implemented with the start of SAO Annual Work Program for 2017.

With the implementation of this project SAO made a major step in improving the quality of the audit process and its electronic monitoring, aimed at more efficient, more effective and more economic spending of public funds. Conducting audit with the application of AMS will contribute to even greater transparency of SAO in terms of the results of its work.

The results of SAO operation incited the interest of the media and journalists who published information, journalistic articles and comments on the published final audit reports.

In terms of the transparency and in line with the Law on Free Access to Public Information, 23 requests from natural and legal entities and journalists were submitted to SAO in 2016, to which SAO responded within the legal deadlines.



PCM МАКЕДОНИЈА ДООЕЛ Скопје
 Даме Груев 8, 1000 Скопје, Р. Македонија
 Т+389 (0)2 3233 301
 Т+389 (0)2 3233 302
 Ф+389 (0)2 3216 186
www.rsm.mk

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 2016, 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 сметководството на буџетите и буџетските корисници и Правилникот за примена на Меѓународните сметководствени стандарди за јавниот сектор за 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 стандардите за ревизија кои што се во примена во Република Македонија. 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 објектеноста на финансиските извештаи. Избраните постапки зависат од расудувањето на ревизорот, вклучувајќи ја и

THE POWER OF BEING UNDERSTOOD
 AUDIT | TAX | CONSULTING

PCM МАКЕДОНИЈА ДООЕЛ Скопје е член на PCM мрежата и тргува како PCM. PCM е трговското име кое се користи од страна на члените на PCM мрежата. Сметачки
 на мрежата PCM е независно друштво кое работи согласно својата административна и сервисна мрежа. Мрежата PCM сепак не е посебно правно лице во македонската



PCM МАКЕДОНИЈА ДООЕЛ Скопје
 Даме Груев 8, 1000 Скопје, Р. Македонија
 Т+389 (0)2 3233 301
 Т+389 (0)2 3233 302
 Ф+389 (0)2 3216 186
www.rsm.mk

процедурата 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 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 Државниот завод за ревизија – Редовна сметка средства од буџетот на РМ заклучно со 31 декември 2016 година, како и неговите 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
 AUDIT | TAX | CONSULTING

PCM МАКЕДОНИЈА ДООЕЛ Скопје е член на PCM мрежата и тргува како PCM. PCM е трговското име кое се користи од страна на члените на PCM мрежата. Сметачки
 на мрежата PCM е независно друштво кое работи согласно својата административна и сервисна мрежа. Мрежата PCM сепак не е посебно правно лице во македонската

Државен завод за ревизија
Финансиски извештај за Сметката на основен буџет 637-19 за годината завршена на 31 декември, 2016

БИЛАНС НА ПРИХОДИ И РАСХОДИ

Опис на позицијата	Образложеније	во денари	
		Буџет 2016	Реализирано 2016
Приходи			92.979.759
Трансфери и донации	3.1.	95.237.000	89.404.941
Вкупно приходи		95.237.000	89.404.941
Расходи			94.237.000
Тековни расходи	3.2.		71.710.930
Плати, надомини и надоместоци	3.2.1.	73.562.000	73.625.052
Служи и услуги	3.2.2.	20.575.000	17.344.621
Разни трансфери	3.2.3.	100.000	88.746
Вкупно тековни расходи		94.237.000	89.444.297
Капитални расходи	3.3.		260.644
Капитални расходи		1.000.000	260.644
Вкупно капитални расходи		1.000.000	1.400.737
Отплата на главнина			
Вкупно расходи		95.237.000	89.404.941

Нето вишок на приходи - добивка по оданосување

Скопје, 28.02.2017


Главен државен ревизор
М-р Тања Таневска


Раководител на сектор за
финансиски прашања
Блата Николова



RSM МАКЕДОНИЈА ДООЕЛ Скопје
Даме Груев 8, 1000 Скопје, Р. Македонија
Т+389 (0)2 3233 301
Т+389 (0)2 3233 302
Ф+389 (0)2 3216 186
www.rsmmk.mk

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 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 2016 година.

Скопје, 01.06.2017

Овластен ревизор
Миле Ниневски



Друштво за ревизија
RSM МАКЕДОНИЈА Скопје


Друштво за ревизија RSM
МАКЕДОНИЈА ДООЕЛ Скопје

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM МАКЕДОНИЈА ДООЕЛ Скопје е член на RSM мрежата и група од RSM. RSM е трговското име кое се користи од страна на члените на RSM мрежата. Сите членови на мрежата RSM и називите на групата RSM се трговски бранови. Мрежата RSM самата не е посебно правно лице во никаква држава/град.

Државен завод за ревизија
Финансиски извештај за Сметката на основен буџет 637-19 за годината завршена на 31 декември 2016

БИЛАНС НА СОСТОЈБА

Активa	Опис на позицијата	Образложение		во денари
		2016	2015	
Тековни средства				
Позувања од вработените	4.1.	142.661	204.048	
Активни временски разграничувања	4.1.1.	6.586.392	7.204.680	
Земји	4.1.2.	956.551	1.786.732	
Вкупно тековни средства	4.1.3.	7.457.604	8.196.380	
Постојани средства				
Нематеријални средства	4.2.	52.875	101.357	
Материјални средства	4.2.1.	5.093.743	6.357.914	
Вкупно постојани средства	4.2.2.	5.146.618	6.459.271	
Вкупна актива		12.604.222	14.657.661	
Вонбилансна актива		77.829.200	77.829.200	
Пасивa				
Тековни обврски				
Краткорочни обврски спрема добавувачи	4.3.	588.446	1.025.393	
Краткорочни обврски за плати и други обврски спрема вработените	4.3.1.			
Пасивни временски разграничувања	4.3.2.	5.768.944	6.179.297	
Вкупно тековни обврски	4.3.3.	142.861	204.948	
Вкупно тековни обврски		6.501.053	7.409.638	
Извори на средства				
Извори на капитални средства	4.4.	6.103.169	7.248.023	
Резервизациона резерва				
Вкупно извори на деловни средства		6.103.169	7.248.023	
Вкупна пасивa		12.604.222	14.657.661	
Вонбилансна пасивa		77.829.200	77.829.200	

Скопје, 28.02.2017


Раководител на сектор за
финансиски прашања
Блага Николова


Главен државен ревизор
М-р Тања Таневска



- 7 -



RSM
RSM МАКЕДОНИЈА ДООЕЛ Скопје
Даме Груев 8, 1000 Скопје, Р. Македонија
Т+389 (0)2 3233 301
Т+389 (0)2 3233 302
Ф+389 (0)2 3216 186
www.rsm.mk

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 2016, 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 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 објективно презентирањето 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 стандардите за ревизија кои што се во примена во Република Македонија. 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

RSM МАКЕДОНИЈА ДООЕЛ Скопје е член на RSM мрежата и претставува RSM во правното лице со којшто се издаваат овие извештаи на RSM мрежата. Следен член на мрежата RSM е независно друштво кое работи согласно своите административни и обврски. Мрежата RSM самата не е постојано правно лице во нивната јурисдикција.



РСМ МАКЕДОНИЈА ДООЕЛ Скопје
 Даме Груев 8, 1000 Скопје, Р. Македонија
 Т: +389 (0)2 3233 301
 Ф: +389 (0)2 3233 302
 Ф: +389 (0)2 3216 166
 www.rsm.mk

Ревизијата вклучува извршување на постапки за прибавување 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 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 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 прибавено се достатни 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 – сметката на сопствени приходи наплатени од органи заклучно со 31 декември 2016 година, како и неговите 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
 AUDIT | TAX | CONSULTING

РСМ МАКЕДОНИЈА ДООЕЛ Скопје е член на РСМ, сметката и услугите на РСМ, и претставуваат мислење од страна на членката на РСМ (сметката). Сметка, член на РСМ и членката на РСМ не можат да се користат за да се докаже дека РСМ, сметката и услугите на РСМ, и претставуваат мислење од страна на членката на РСМ (сметката).



РСМ МАКЕДОНИЈА ДООЕЛ Скопје
 Даме Груев 8, 1000 Скопје, Р. Македонија
 Т: +389 (0)2 3233 301
 Ф: +389 (0)2 3233 302
 Ф: +389 (0)2 3216 166
 www.rsm.mk

Извештај за други правни и резултативни 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 2016 година.

Скопје, 01.06.2017

Овластен ревизор
 Миле Ниневски

Друштво за ревизија
 РСМ МАКЕДОНИЈА Скопје




THE POWER OF BEING UNDERSTOOD
 AUDIT | TAX | CONSULTING


РСМ МАКЕДОНИЈА ДООЕЛ Скопје е член на РСМ, сметката и услугите на РСМ, и претставуваат мислење од страна на членката на РСМ (сметката). Сметка, член на РСМ и членката на РСМ не можат да се користат за да се докаже дека РСМ, сметката и услугите на РСМ, и претставуваат мислење од страна на членката на РСМ (сметката).

Државен завод за ревизија
Финансиски извештај за Сметката на Буџетот на РМ 631-19 за годината завршена на 31. декември 2016

БИЛАНС НА СОСТОЈБА

Опис на позицијата	Образлож ење		во денари	
	2016	2015	2016	2015
Активa				
Тековни средства	4.1.			
Парични средства	4.1.1.		6.160.237	6.520.534
Поборувања од купувачите во земјата	4.1.2.		4.170.182	4.170.182
Поборувања од вработените	4.1.3.		30.102	50.102
Активни временски разграничувања	4.1.4.			
Вкупно тековни средства			10.380.521	10.740.818
Постојани средства	4.2.			
Нематеријални средства	4.2.1.		-	-
Материјални средства	4.2.2.		-	-
Вкупно постојани средства				
Вкупна актива			10.380.521	10.740.818
Вонбилансна евиденција - актива			2.686.027	2.686.027
Пасива				
Тековни обврски	4.3.			
Краткорочни обврски спрема доставувачи	4.3.1.		10.380.521	10.740.818
Пасивни временски разграничувања	4.3.2.		10.380.521	10.740.818
Вкупно тековни обврски				
Извори на средства	4.4.			
Извори на капитални средства			-	-
Вкупно извори на деловни средства				
Вкупна пасива			10.380.521	10.740.818
Вонбилансна евиденција - пасива			2.686.027	2.686.027

Скопје, 28.02.2017


Раководител на сектор за
финансиски прашања
Блага Николова


Главен државен ревизор
М-р Тања Таневска

- 7 -

Државен завод за ревизија
Финансиски извештај за Сметката на Буџетот на РМ 631-19 за годината завршена на 31. декември 2016

БИЛАНС НА ПРИХОДИ И РАСХОДИ

Опис на позицијата	Образло жение	во денари		
		Буџет 2016	Реализирано 2016	Реализирано 2015
Приходи		4.000.000		
Даночни приходи	3.1.		65.797	55.250
Неданочни приходи	3.2.	4.000.000	6.520.534	6.494.603
Трансфери и донации			6.586.331	6.549.853
Вкупно приходи				
Расходи				
Тековни расходи	3.3.	4.000.000		
Равни трансфери	3.3.1.		426.094	29.319
Вкупно тековни расходи		4.000.000	426.094	29.319
Капитални расходи	3.4.			
Капитални расходи				
Вкупно капитални расходи				
Вкупно расходи		4.000.000	426.094	29.319
Остварен вишок на приходи			6.160.237	6.520.534
Даночи, придонеси и други давачи од вишокот на приходи				
Нето вишок на приходи			6.160.237	6.520.534
Распоредување на вишокот на приходи				
Дел од нето вишокот на приходи за пренос во наредна година			6.160.237	6.520.534
Обврски за данок на добивка				
Вкупно распоред на вишок на приходи			6.160.237	6.520.534

Скопје, 28.02.2017


Раководител на сектор за
финансиски прашања
Блага Николова


Главен државен ревизор
М-р Тања Таневска

- 6 -



RSM МАКЕДОНИЈА ДООЕЛ Скопје
 Даме Груев 8, 1000 Скопје, Р. Македонија
 Т: +389 (0)2 3233 301
 Ф: +389 (0)2 3233 302
 Ф: +389 (0)2 3216 186
 www.rsm.mk

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 коишто го вклучуваат билансот на приходите и расходите за годината којашто завршува на 31 декември 2016, 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 стандардите за ревизија кои што се во примена во Република Македонија. 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 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

THE POWER OF BEING UNDERSTOOD
 AUDIT | TAX | CONSULTING

RSM МАКЕДОНИЈА ДООЕЛ Скопје е член на РСМ Македонија и група на РСМ, а претседателство има во одборот на одборите на РСМ Македонија. Сепак, член на одборите на РСМ Македонија не гарантираат ниту работно, ниту професионална одговорност. Може да се побарува правно лице во надлежна јурisdикција.



RSM МАКЕДОНИЈА ДООЕЛ Скопје
 Даме Груев 8, 1000 Скопје, Р. Македонија
 Т: +389 (0)2 3233 301
 Ф: +389 (0)2 3233 302
 Ф: +389 (0)2 3216 186
 www.rsm.mk

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 ефикасноста на интерната контрола на ентитетот. Ревизијата исто така вклучува и оценка на соодветноста на користените сметководствени политики и на разумноста на сметководствени 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 доstatни 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 2016 година, како и неговите 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
 AUDIT | TAX | CONSULTING

RSM МАКЕДОНИЈА ДООЕЛ Скопје е член на РСМ Македонија и група на РСМ, а претседателство има во одборот на одборите на РСМ Македонија. Сепак, член на одборите на РСМ Македонија не гарантираат ниту работно, ниту професионална одговорност. Може да се побарува правно лице во надлежна јурisdикција.

Државен завод за ревизија
Финансиски извештај за Проект МКК-12/0015 за годината завршена на 31. декември 2016

БИЛАНС НА ПРИХОДИ И РАСХОДИ

Опис на позицијата	во денари	
	Буџет 2016	Реализирано 2016
Приходи		
Трансфери и донации	12.460.000	15.384.980
Вкупно приходи	12.460.000	15.384.980
Расходи		
Тековни расходи	3.1.	12.460.000
Стоки и Услуги	3.2.1.	6.496.000
Вкупно тековни расходи	6.496.000	3.100.453
Капитални расходи	3.3.	5.964.000
Капитални расходи		5.964.000
Вкупно капитални расходи	5.964.000	2.436.200
Оплата на главнина		
Вкупно расходи	12.460.000	5.536.653
Нереализирани средства од буџетот		9.848.327
Деноси, придонеси и други давачки од вишокот на приходи - добивка пред оданочување		14.757.209

Нето вишок на приходи - добивка по оданочување 9.848.327 14.757.209

Скопје, 28.02.2017

Раководител на сектор за
финансиски прашања
Блага Николова

Главен државен ревизор
м-р Тања Таневска



RSM
RSM МАКЕДОНИЈА ДООЕЛ Скопје
Даме Груев 8, 1000 Скопје, Р. Македонија
Т+389 (0)2 3233 301
Т+389 (0)2 3233 302
Ф+389 (0)2 3216 186
www.rsm.mk

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 2016 година.

Скопје, 01.06.2017

Овластен ревизор
Миле Ниневски

Друштво за ревизија
RSM МАКЕДОНИЈА Скопје

(Signature)



THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM МАКЕДОНИЈА ДООЕЛ Скопје е член на RSM мрежата и група како RSM RSM е првото лице кое се користи од страна на членовите на RSM мрежата. Само член на мрежата RSM е независно друштво кое работи согласно своите доделени права и обврски. Мрежата RSM самата не е посебно правно лице во нејзина организација.

Државен завод за ревизија
 Финансиски извештај за Проект МАК-120015 за годината завршена на 31. декември 2016

БИЛАНС НА СОСТОЈБА

Активa	Опис на позицијата	Образло- жение	2016	2015
Тековни средства				
Жиро сметка	4.1		9,848,327	14,757,209
Префорувања од работодавците	4.1.1			5,066
Долгови врзани врз разграничувања	4.1.2		1,832,200	
Вкупно тековни средства	4.1.3		11,680,527	14,762,275
Постојани средства				
Некредитни средства	4.2		6,551,109	5,521,245
Материјални средства	4.2.1		2,173,561	2,999,920
Вкупно постојани средства	4.2.2		8,724,670	8,521,165
Вкупна актива			20,405,197	23,283,440
Вонбилансна актива				
Пасива				
Тековни обврски				
Краткорочни обврски спрема добавувачи	4.3		1,832,200	
Пасивни временски разграничувања	4.3.1		9,848,327	14,762,275
Вкупно тековни обврски	4.3.2		11,680,527	14,762,275
Долгорочни обврски				
Извори на средства				
Извори на капитални средства	4.4		8,724,670	8,521,165
Вкупно извори на деловни средства	4.4.1		8,724,670	8,521,165
Вкупна пасива			20,405,197	23,283,440
Вонбилансна пасива				

Скопје, 28.02.2017

Раководител на Сектор за
 финансиски прашања
 Блага Николова





STATE AUDIT OFFICE

Palace "Emmanuel Chuchkov"

St. Jordan Mijalkov

1000 Skopje, Republic of Macedonia

Tel: ++389 2 3211 262

Fax: ++ 389 2 3126 311

E-mail: dzr@dzr.gov.mk

www.dzr.gov.mk