

Annual audit work plans per IPA Component for 2014

Annual audit work plans (AAWP) for 2014 cover the period from 1 October 2013 until 30 September 2014 and for the audit work to be carried out with regards to the Programmes of respective IPA Component has been elaborated and adopted in compliance with the requirements set in Article 29 of the Commission Regulation (EC) 718/2007¹, Annex A Section 7 of the Framework Agreement², and Article 25 of the Law on Audit of Instrument for Pre-Accession Assistance (IPA)³.

The Audit Authority as stated in Article 29 of the Commission Regulation (EC) 718/2007, i.e. in Annex A of the Framework Agreement and the Law on Audit of IPA, under the responsibility of its head, complies with the following requirements:

- the Audit Authority's audit work is performed in accordance with international generally accepted auditing standards,
- the Audit Authority is operationally and functionally independent of all the actors in the IPA management and control system,
- during the course of each year, the Audit Authority establishes and fulfils an Annual audit work plan, to be submitted to the NAO and to the Commission by 30 September,
- the audit work includes audits of an appropriate sample of operations or transactions, and examination of procedures,
- the Audit Authority prepares annual audit activity report (AAAR) and annual audit opinion (AAO, for each of the IPA Components I, III, IV and V, and submits them to the EC, CAO and NAO by 31 December each year,
- the Audit Authority issues an opinion on each final statement of expenditure upon closure of programme or part of the programme which is submitted to the EC, CAO and NAO.

The Audit Authority complies with further specific requirements that are set out in the Financial agreements and Sectoral agreements.

Pursuant to Article 23 of the Law on Audit of IPA, and with the purpose to perform independently and objectively the audit activities, the auditors of the Audit Authority

¹ Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA), as amended.

² Framework Agreement between the Government of the Republic of Macedonia and the Commission of the European Communities on the rules for cooperation concerning EC-financial assistance to the Republic of Macedonia in the framework of the implementation of the assistance under the instrument for pre-accession assistance (IPA) on 30.10.2007.

³ Law on Audit of IPA (Official Gazette No. 66/13.05.2010)

have full access to all information and documents related to projects and programmes which are fully or partially financed from IPA funds.

Objective of the annual audit work plan

The AAWP is a planning document for communicating the audit work planned per respective IPA component in accordance with internationally accepted audit standards and applicable legislation, for enabling the Audit Authority to issue the annual audit activity report and annual audit opinion per IPA component, in compliance with the provisions of the Regulation (EC) 718/2007 and the Framework Agreement.

In order to assure the execution of the above responsibilities and in accordance with Article 29 of the Regulation (EC) 718/2007 and Annex A Section 7(c) of the Framework Agreement, these AAWPs are prepared in compliance with the following requirements:

- Annual plans encompass audits aiming at verifying:
 - the effective functioning of the management and control;
 - the reliability of accounting information provided to the Commission.
- The audit work shall include audits of an appropriate sample of operations or transactions and examination of procedures.

Overall approach for elaboration of AAWP

In order to determine the audit activities to be carried out during the audit period with regards to the respective programme per IPA component, the following has been taken into consideration:

- Specific characteristics of the Programme and the respective audit tasks for auditing this programme,
- Status of implementation of the operations under the IPARD Programme, including information about the significant changes occurred in the management and control systems since the last annual audit activity report and/or expected to occur during the audit period, as well as forecasted dynamics for contracting, payments and declaration of expenditure to the Commission,
- Results of the annual risk assessment,
- Reporting objectives (both in regard to separate audits and conclusions given in the AAAR and AAO);
- Internationally accepted auditing standards, further guidance from the Commission and the IPA Audit Manual.

Conclusions deriving from the above planning activities are presented in **attached Annexes**.

Monitoring and updating of AAWP

Implementation of the AAWP is subject to monitoring by the General IPA Auditor and the respective Assistant General IPA Auditor responsible for the audit activities under the Programme. The annual plan will be updated at any time needed (due to significant changes in the management and control systems, applicable legislation and regulation framework etc).

In cases, where there are valid reasons to modify the planned audit activities described in AAWP, they shall be properly documented and communicated in the respective AAAR in compliance with the requirements of Section 4 of Annex C to the Framework Agreement.

ANNEXES – Annual Audit Work Plan October 2013 – September 2014

IPA Component for Transition Assistance and Institution Building – IPA Component I

| No | Indicative period | Legally determined final dates | Audit type / phase | Audit objectives / activities planned | Auditee |
|----|--------------------------|--------------------------------|-----------------------------|--|--|
| 1. | October 2013 | | Follow up | Follow-up of recommendations from system audit in 2013 | 1.NAO/NF 2.CFCD 3.SNIPAC 4. LMs/BI: MoI; MoJ; MoEPP; MAFWE; CA; SEA; MoC; MoE; GS; SSO; CPC; MISA and MoH |
| 2. | November – December 2013 | 31 December | Reporting | Drafting and communicating of Annual Audit Activity report (AAAR) for 2013, Annual Audit Opinion on the management and control systems for 2013 | |
| 3. | December 2013 -May 2014 | | Audit of operations mission | Verifying the expenditures declared to the Commission | Accredited structure for IPA CI and other beneficiaries |
| 4. | May-September 2014 | | System audit mission | Effective functioning of the key controls in the risky processes per administrative structure for IPA CI and compliance with the Accreditation criteria per processes: | |
| | | | | Assurance | 1.NAO |
| | | | | Financial management, Accounting and Internal audit | 2.NF, MoF |
| | | | | Financial management, Accounting process and Monitoring | 3.CFCD |
| | | | | Monitoring and Internal audit | 4. SNIPAC |
| | | | | Implementation, Monitoring of contracts, Assurance and Internal Audit | 5.LM/BI (MoF; AfV and AEC) |
| 5. | September, 2014 | 30 September | Planning | Annual planning of audits for the next reference period 2014/2015 | |

**CBC Programme Bulgaria - Macedonia CCI No: 2007CB16IPO007 under IPA
Component II**

| No. | Indicative period | Legally determined final dates | Audit type / phase | Audit objectives / activities planned | Auditee |
|-----|---------------------|--------------------------------|------------------------------------|---|--|
| 1 | October 2013 | 15 October ⁴ 2013 | Follow up of previous system audit | Follow up of the given recommendations under the previous system audit | NA- Ministry of Local Self-Government |
| 2 | February- June 2014 | June 2014 | Audit of operations | 4 projects falling under the sample extracted from the entire population of certified expenditures in 2013 by applying statistical sampling by responsible AA | |
| 3 | September 2014 | November 2014 | Follow up | Commencement of follow up of the given recommendations from the open findings from previous audits | NA - Ministry of Local Self-Government |

⁴ E-mail communication by the Ministry of Finance Executive Agency for audit of EU funds No 09-285/1 of 5 September 2013.

Operational Programme Regional Development under IPA Component III

| No. | Indicative period | Legally determined final dates | Audit type / phase | Audit objectives / activities planned | Auditee |
|-----|--------------------------|--------------------------------|-----------------------------|---|---|
| 1. | October 2013 | | Follow up | Follow-up of recommendations from system audit in 2013 | 1. NAO/NF |
| | | | | | 2. CFCD |
| | | | | | 3. LM-MoEPP |
| | | | | | 4. LM-MoTC |
| | | | | | 5. Separate Body-PESR |
| 2. | November – December 2013 | 31 December | Reporting | Drafting and communicating of Annual Audit Activity Report (AAAR) and Annual Audit Opinion on the management and control system for 2013 | |
| 3. | December 2013 - May 2014 | | Audit of operations mission | Verifying the expenditures declared to the EC | Accredited Structure for IPA C3 (NF,CFCD, LM) |
| 4. | May - September 2014 | | System audit mission | Effective functioning of the key controls in the risky processes per administrative structure for IPA C 3 and compliance with the Accreditation criteria per processes: | |
| | | | | Assurance | 1.NAO |
| | | | | Financial Management and Accounting and Internal Audit | 2.NF, MoF |
| | | | | Monitoring, Financial Management and Accounting Process | 3.CFCD |
| | | | | HR Management, Implementation and Monitoring of Contracts | 4.MoEPP |
| | | | | Monitoring of Contracts, Assurance (incl. SoA) and Internal Audit | 5.MoTC |
| | | | | Monitoring of Contracts, Assurance (incl. SoA) and Internal Audit | 6.PESR |
| 5. | September 2014 | 30 September | Planning | Annual planning of audits for the next reference period 2014/2015 | |

**Operational Programme Human Resources Development 2007 – 2013 under IPA
Component IV**

| No | Indicative period | Legally determined final dates | Audit type / phase | Audit objectives / activities planned | Auditee |
|----|--------------------------|--------------------------------|-----------------------------|--|---------------|
| 1. | October 2013 | | Follow up | Follow-up of recommendations from system audit in 2013 | 1.NAO/NF |
| | | | | | 2.CFCD |
| | | | | | 3.LM-MoES |
| | | | | | 4.LM-MoLSP |
| 2. | November – December 2013 | 31 December | Reporting | Drafting and communicating of Annual Audit Activity Report (AAAR) for 2013, Annual Audit Opinion on the management and control system for 2013 | |
| 3. | December 2013 -May 2014 | | Audit of operations mission | Verifying the expenditures declared to the Commission | OS IPA K4, NF |
| 4. | June-July, 2014 | | Reporting | Drawing up and communicating of Audit of operation report to EC | |
| 5. | May-September 2014 | | System audit mission | Effective functioning of the key controls in the risky processes per administrative structure for IPA C IV and compliance with the Accreditation criteria per processes: | |
| | | | | Assurance | 1.NAO |
| | | | | Financial management and accounting, Internal audit | 2.NF, MoF |
| | | | | Monitoring, Financial Management and Accounting | 3.CFCD |
| | | | | Programming, Monitoring of contracts, Internal Audit | 4.MoES |
| | | | | HR Management, Programming, Implementation, Monitoring of contracts, Internal Audit | 5.MoLSP |
| 6. | September, 2014 | 30 September | Planning | Annual planning of audits for the next reference period 2014/2015 | |

Operational Programme Rural Development 2007 – 2013 under IPA Component V

| No | Indicative period | Audit type/ phase | Audit objectives / activities planned | Auditee |
|----|--------------------------|---|--|---------------------------------|
| 1. | October - November 2013 | Execution and Reporting for Additional Audit | <ul style="list-style-type: none"> - Continuing of Additional audit for accounts and statement of expenditure for 2012 and Evaluation of absorption plan - Drafting and communicating the Additional Report for accounts and statement of expenditure for 2012 | 1. NAO/NF 2. AGENCY 3. MA |
| 2. | November - December 2013 | Execution and Reporting from system audit missions and audit of operation mission | - Continuing of system audit missions of effectiveness of the MCS and audit of operation mission for 2013, | 1. NAO/NF 2. AGENCY 3. MA |
| 3. | December 2013 | Annual Reporting | - Drafting and communicating the AAO and AAR for effectiveness of management and control system for 2013 and AAA Report for 2013. | |
| 4. | January - April 2014 | Follow-up, Planning, Execution and Reporting for audit of operation mission and financial audit mission | <ul style="list-style-type: none"> - Follow up of the recommendations from the AAR of the Accounts and statement of expenditure for 2012 and AAR on effectiveness of the MCS for 2013, - Performing Financial audit missions and Audit of operation mission for financial year 2013. | 1. NAO/NF 2. AGENCY 3. MA |
| 5. | April 2014 | Annual Reporting | - Drafting and communicating the AAO and AAR on the Accounts and statement of expenditure for 2013 and AAO for Statement of Assurance issued by NAO for 2013. | |
| 6. | May-September 2014 | Execution and Reporting from system audit missions | - Performing System audit missions for 2014 | 1. NAO/NF 2. AGENCY 3. MA |
| 7. | July-September 2014 | Execution and Reporting for audit of operation mission | - Performing Audit of operation mission for 2014 | 1. AGENCY |
| 8. | September 2014 | Annual planning | Preparing and issuing the Annual Audit Work Plan for Component V for the next reference period 2014/2015 | |