

# STATE AUDIT LAW

(Official Gazette of RM, no. 66/10, 145/10, 12/14, 43/14, 154/15, 192/15, 27/16)

## I. GENERAL CONDITIONS

### Article 1

This Law sets forth conditions and manner of conducting state audit, as well as organization and competences of the State Audit Office.

### Article 2

Terms used in this Law shall have the following meaning:

1. **Revenue** - taxes and other mandatory payments stipulated by law, inflows from property (interest, dividend, lease, etc.), fees for provided goods or services, gifts, donations, subsidies and transfers;
2. **Public revenue and other inflows** - funds collected and charged on various grounds for financing public expenditure;
3. **Public expenditure and other outflows** - all payments, outflows and liabilities incurred to perform the function or the main activity of the auditee;
4. **Core Budget** - annual plan of revenue and other inflows and appropriations for financing basic competences of budget users;
5. **Budget users** - first-line users in the field of legislative, executive and judicial authorities, the Funds, municipal budgets' users and users established by law that are entrusted with the exercise of public power;
6. **Spending units** – second-line users, financed through the appropriate budget user;
7. **Economy** - realization of any function or activity at the lowest possible cost;
8. **Efficiency** - lowest possible level of expenses in relation to the actual effects;
9. **Effectiveness** - highest possible level of realization of programme effects;
10. **Lawful use of funds** - use of funds available to the auditee in accordance with laws, bylaws and internal acts;
11. **Earmarked use of funds** - use of funds in line with the purpose defined in the budget, i.e. the financial plan of the auditee.
12. **Compliance/regularity audit** - procedure for determining and assessing compliance of auditee operation with laws, bylaws and internal acts;
13. **Performance audit** - assessment of economy, efficiency and effectiveness of operations and use of funds in a defined area of activities or programmes;
14. **Financial audit** - examination of accuracy and completeness of accounting records and

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financial statements;

15. **Risk** - possibility or probability of occurrence of an event that would adversely affect the achievement of objectives;
16. **Materiality** - assessment of the existence of an occurrence/information and the probability that omission or misstatement thereof could affect the perception of the user of financial statements or the performance audit report; and
17. **Recommendations** - proposals for taking measures and activities to improve management and operation of the auditee.

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## II. STATE AUDIT OFFICE

### Article 3

- (1) State Audit Office shall perform state audit duties.
- (2) State Audit Office shall be a state authority of the Republic of Macedonia.
- (3) State Audit Office shall have the capacity of a legal entity.
- (4) State Audit Office shall be independent in its operation.
- (5) State Audit Office seat shall be in Skopje.

### Article 4

- (1) State Audit Office shall be headed by Auditor General.
- (2) Auditor General shall have a Deputy.
- (3) Auditor General and Deputy Auditor General shall be elected and dismissed by the Parliament of the Republic of Macedonia.
- (4) The mandate of Auditor General and Deputy Auditor General shall be nine years without right for re-election.
- (5) Auditor General and Deputy Auditor General shall take an oath before the Parliament of the Republic of Macedonia.

### Article 5

Auditor General and Deputy Auditor General shall be elected by means of a public announcement published in at least three daily newspapers issued on the entire territory of the Republic of Macedonia, one of the newspapers being issued in the language spoken by at least 20% of the citizens who speak official language other than Macedonian.

Auditor General and Deputy Auditor General shall meet the following requirements:

- 1) be a citizen of the Republic of Macedonia;
- 2) hold a university degree in the field of economics or legal sciences;
- 3) have at least seven years of experience in the field of economics or law;
- 4) possess one of the following internationally recognized certificates for active knowledge of the English language, not older than five years:
  - TOEFEL iBT, at least 74 points;
  - IELTS, at least 6 points;
  - ILEC (Cambridge English: Legal), at least B2 level;
  - FCE (Cambridge English: First) – passed exam;

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- BULATS, at least 60 points.
  - 5) have passed psychological test and integrity test;
  - 6) not hold any other public office or occupation, not be a member of bodies of a political party, managing board, supervisory board or any other body of another legal entity; and
  - 7) not be imposed a misdemeanor sanction i.e. not be prohibited from performing occupation, activity or duty.

#### **Article 6**

The mandate of Auditor General and Deputy Auditor General shall cease:

- 1) with the expiration of the mandate;
- 2) at their own request;
- 3) upon meeting retirement conditions;
- 4) in case of death; and
- 5) in case of dismissal.

#### **Article 7**

Auditor General and Deputy Auditor General shall be dismissed when:

- 1) they cease to meet the requirements of Article 5 of this Law; and
- 2) are unable to perform their duty longer than six months due to illness or other justified reasons.

#### **Article 8**

- (1) Auditor General shall present and represent the State Audit Office, provide legal and efficient performance of duties and tasks, manage and organize the operation of the State Audit Office.
- (2) Auditor General shall represent the State Audit Office before international organizations of Supreme Audit Institutions.

#### **Article 9**

Auditor General shall have the following competences:

- 1) propose the budget of the State Audit Office;
- 2) adopt the Annual Work Programme of the State Audit Office;
- 3) set out criteria for the scope, the auditees and the subject matter of state audit;
- 4) prescribe the manner of conducting state audit;

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- 5) prescribe the form and contents of the identification document form, and the manner of issuance and revocation of the same;
  - 6) adopt the programme for taking Authorized State Auditor exam;
  - 7) determine the amount of costs for taking the Authorized State Auditor exam in line with real costs for conducting Authorized State Auditor exam, as well as the amount of costs for issuing Authorized State Auditor Certificate;
  - 8) prescribe the manner for taking Authorized State Auditor exam;
  - 9) prescribe the form and contents of Authorized State Auditor Certificate;
  - 10) adopt bylaws for implementation of this law and to publish the bylaws in the "Official Gazette of the Republic of Macedonia";
  - 11) adopt act on organization and operation of the State Audit Office, as well as act on systematization of work positions in the State Audit Office;
  - 12) decide on the rights and obligations of employees in the State Audit Office in accordance with law;
  - 13) adopt an act on the manner of conducting disciplinary procedures for employees in the State Audit Office that do not have status of administrative servants;
  - 14) set up committees and other working bodies in the State Audit Office;
  - 15) communicate with the media to inform the public about the work of the State Audit Office and the results of conducted audits, and
  - 16) perform other duties as stipulated by this law.

#### **Article 10**

- (1) In case of absence, Auditor General shall be replaced by Deputy Auditor General.
- (2) The Deputy referred to in paragraph (1) of this Article shall replace Auditor General in case of absence due to business trip, annual leave or sick leave for work tasks entrusted by Auditor General, excluding work tasks that are under exclusive jurisdiction of Auditor General in accordance with law.

#### **Article 11**

Auditor General and Deputy Auditor General shall not be held criminally liable or shall not be detained for stated views, opinions and recommendations regarding the audits.

#### **Article 12**

- (1) Funds for the operation of the State Audit Office shall be provided from the Budget of the Republic of Macedonia.
- (2) Funds for the operation of the State Audit Office shall be set by the Parliament of the

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Republic of Macedonia upon proposal of the State Audit Office.

- (3) The State Audit Office budget shall be prepared within the frames of defined annual limits in line with the adopted fiscal strategy and shall be an integral part of the Budget of the Republic of Macedonia.
- (4) The Parliament of the Republic of Macedonia shall vote separately on the Section in the Budget of the Republic of Macedonia allocated for the State Audit Office.

### **Article 13**

- (1) The salary of Auditor General and Deputy Auditor General shall be determined in line with provisions for salaries of appointed and elected persons.

## **II-a. STATE AUDIT OFFICE EMPLOYEES**

### **Article 13-a<sup>1</sup>**

- (1) State Audit Office employees shall have status of administrative servants or administrative-logistical support personnel.
- (2) The administrative servants referred to in paragraph (1) of this Article shall be:
  - authorized state auditors and state auditors performing state audit, or
  - civil servants performing administrative-logistical support tasks for exercising competences of the State Audit Office determined by this Law.
- (3) For issues related to employment of employees referred to in paragraph (2) line 1 of this Article, which are not regulated with this Law and the collective agreement, the provisions of the Law on administrative servants and the general regulations on employment shall apply.
- (4) For issues related to employment of employees referred to in paragraph (2) line 2 of this Article, the provisions of the Law on administrative servants shall apply.
- (5) Administrative-logistical support personnel are employees of the State Audit Office who perform maintenance, transportation and other support and logistical tasks, and for these employees the general regulations for employment shall apply.

### **Article 13-b<sup>2</sup>**

- (1) The following levels and titles of job positions shall apply for authorized state auditors and state auditors:

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<sup>1</sup> Shall be applied from the day of implementation of the Law on administrative servants (Official Gazette of RM, no. 27/14, 13.02.2015)

<sup>2</sup> Shall be applied from the day of implementation of the Law on administrative servants (Official Gazette of RM, no. 27/14, 13.02.2015)

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1) category B authorized state auditors:

- Level B1 Advisor to the Auditor General
- Level B2 Assistant to the Auditor General
- Level B3 Head of Audit, and
- Level B4 Deputy Head of Audit

2) category C state auditors:

- Level C1 Principal Auditor
- Level C2 Senior Auditor
- Level C3 Auditor, and
- Level C4 Junior Auditor.

(2) The exam for acquiring the title of authorized state auditor shall be the only professional exam regarded as a special requirement for acquiring job positions from category B.

#### **Article 13-c<sup>3</sup>**

(1) The salaries of authorized state auditors and state auditors shall be determined in line with the following coefficients:

- Level B1, coefficient 3,40;
- Level B2, coefficient 3,30;
- Level B3, coefficient 3,10;
- Level B4, coefficient 3,00;
- Level C1, coefficient 2,90;
- Level C2, coefficient 2,70;
- Level C3, coefficient 2,50; and
- Level C4, coefficient 2,00.

(2) The salary base shall be determined by Auditor General within the frames of the State Audit Office budget.

(3) Administrative servants that do not perform state audit shall receive salaries in line with the Law on administrative servants.

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<sup>3</sup> Shall be applied from the day of implementation of the Law on administrative servants (Official Gazette of RM, no. 27/14, 13.02.2015)

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### III. PROCEDURE FOR ACQUIRING TITLE OF AUTHORIZED STATE AUDITOR

#### Article 14

For acquiring the title of Authorized State Auditor, the candidate shall meet the following requirements:

- 1) be a citizen of the Republic of Macedonia;
- 2) has completed 4-year higher education VII/1 or university studies in line with Bologna declaration and acquired 240 credits according to the European credit transfer system (ECTS) in the field of economics, law, information technology or other appropriate education for conducting audit<sup>4</sup>;
- 3) has passed the exam for authorized state auditor or holds a certificate for authorized state auditor, and
- 4) shall declare adherence to the INTOSAI Code of Ethics.

#### Article 15

- (1) The candidate taking authorized state auditor exam shall have at least five years of work experience in accounting or finance or three years work experience in auditing or financial control.
- (2) In relation to the requirements for taking authorized state auditor exam, the time spent in professional practice at the State Audit Office or in other audit firms shall be considered as time spent working in these institutions<sup>5</sup>.

#### Article 16<sup>6</sup>

- (1) The professional exam for obtaining title of authorized state auditor (hereinafter: professional exam) shall be taken by persons who meet the requirements of Article 14 of this Law.
- (2) The professional exam shall consist of two parts as follows:
  - 1) First part (theoretical part) for examining theoretical knowledge of candidates, and
  - 2) Second part (practical example) for examining ability to apply laws in practice.
- (3) The first part of the professional exam shall be taken in electronic form, by answering computer test questions.
- (4) The first part of the professional exam shall be taken on the following subjects:
  - 1) audit methodology;
  - 2) application of international accounting standards;

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<sup>4</sup> Shall be applied one year after the entry into force of this Law (30 January 2015)

<sup>5</sup> Shall be applied one year after the entry into force of this Law (30 January 2015)

<sup>6</sup> Shall be applied one year after the entry into force of this Law (30 January 2015)



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- 3) basics of information systems and technology;
  - 4) code of ethics of state auditors; and
  - 5) constitutional regulation of the Republic of Macedonia and regulations (state audit, state administration organization, administrative officials, payment of salaries, labor relations, public procurement, obligatory relations, tax system, accounting for budgets and budget users and public enterprises).
- (5) The second part of the professional exam shall consist of:
- 1) practical example,
  - 2) questions to be answered by the candidate based on the analysis of the practical example, and/or
  - 3) tasks to be solved by the candidate based on the analysis of the practical example.
- (6) The State Audit Office shall determine and publish on the web site detailed contents of each subject referred to in the first part of the professional exam in accordance with paragraph (4) of this Article.
- (7) Auditor General shall prescribe which subjects from the first part of the professional exam shall be taken in the second part in accordance with paragraph (5) of this Article.

#### **Article 17<sup>7</sup>**

- (1) The professional exam shall be taken in accordance with a program consisting of the curriculum, the regulations and the literature.
- (2) The program for taking the professional exam on the subjects referred to in Article 16 of this Law shall be adopted by the Auditor General.

#### **Article 17-a<sup>8</sup>**

- (1) Training on curriculum subjects shall be done by educators engaged by the State Audit Office. An educator shall be a person that has university degree and work experience of ten years in the relevant area. Recognized national and international experts in the relevant area may also partake in the trainings.
- (2) Database of questions and/or tasks for the professional exam shall be prepared by the educators referred to in paragraph (1) of this Article.
- (3) Questions for the professional exam shall be verified by a Commission for conducting the professional exam (hereinafter: the Commission), composed of:
  - 1) two persons authorized by the Minister of Finance, and

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<sup>7</sup> Shall be applied one year after the entry into force of this Law (30 January 2015)

<sup>8</sup> Articles 17-a, 17-b, 17-c, 17-d, 17-e, 17-f, 17-g, 17-h, 17-i, 17-j, 17-k, 17-l, 17-m, 17-n, 17-o, 17-p, 17-q, 17-r, 17-s, 17-t, 17-u, 17-v, and 17-w shall be applied one year after the entry into force of this Law (30 January 2015)

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- 2) three persons authorized by the Auditor General.
  - (4) The manner of setting up and functioning of the Commission referred to in paragraph (3) of this Article shall be prescribed in greater detail by the Auditor General.
  - (5) The Commission referred to in paragraph (3) of this Article shall also review and update database of questions referred to in Article 17-o paragraph (6) of this Law at least twice a year.
  - (6) In the course of the review, the Commission shall in particular take into account amendments to the regulations contained in the questions, number of candidates that answered the questions, number of correct answers, as well as other criteria that may improve the database quality.
  - (7) Based on the database review, the Commission shall decide to amend or completely remove and replace 30% of the questions with new ones from the database.
  - (8) The educators and members of the Commission referred to in paragraphs (1) and (3) of this Article shall have the right to a financial compensation determined by the Auditor General.
  - (9) The amount of financial compensation referred to in paragraph (8) of this Article shall be determined on the basis of number of questions prepared and complexity of subject matter.
  - (10) The annual amount of financial compensation referred to in paragraph (8) of this Article shall not exceed the amount of two average salaries in the Republic of Macedonia in the previous year, as published by the State Statistical Office.

#### **Article 17-b**

- (1) Professional and administrative work in relation to the professional exam shall be carried out by the State Audit Office; Auditor General shall appoint responsible person for determining whether the candidate meets the requirements for taking the exam, while the exam shall be technically carried out by a legal entity elected by the Commission and registered in the Central Register of the Republic of Macedonia.
- (2) The responsible person referred to in paragraph (1) of this Article shall receive financial compensation for each conducted exam session in the amount of one third of the average net salary in the Republic of Macedonia, as set out in a decision adopted by the State Audit Office.

#### **Article 17-c**

- (1) The training and the professional exam shall be carried out in line with a need ascertained by the State Audit Office, but no less than once a year.
  - (2) The State Audit Office shall inform interested candidates about the time and place of the training and the professional exam with an advertisement in daily newspapers and on its website.
  - (3) If no more than five candidates apply, the State Audit Office may decide not to conduct
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the training and the exam.

**Article 17-d**

- (1) The procedure for conducting exams on the subjects referred to in Article 16, paragraph (4) of this Law shall be prescribed in greater detail by the Auditor General.

**Article 17-e**

- (1) The professional exam shall be taken after the completion of training for each subject separately.

**Article 17-f**

- (1) The candidate shall submit a request for taking the professional exam to the State Audit Office.
- (2) Together with the request, the candidate shall submit evidence for fulfilling requirements for taking the professional exam prescribed by this Law.

**Article 17-g**

- (1) The State Audit Office shall determine with a decision whether the candidate fulfills the requirements for taking the professional exam.
- (2) An administrative dispute before a competent court may be initiated against the decision for rejecting the request for taking the professional exam within 30 days from the receipt of the decision.

**Article 17-h**

- (1) The candidate shall be allowed to take the professional exam in the first subsequent term from the date of the approved request.
- (2) The candidate shall apply for participation in the professional exam by e-mail within five days from the receipt of the notification referred to in paragraph (1) of this Article.

**Article 17-i**

- (1) The professional exam shall be taken in a specially equipped examination room with IT equipment, internet connection and equipment for recording the exam.
- (2) Applicants granted the request for taking the exam and the public shall be informed of the date and time of the exam through the State Audit Office website and the Public Broadcasting Service at least eight days prior to the examination.
- (3) The professional exam shall be recorded and broadcasted live on the State Audit Office website, and if for certain technical reasons the recording is interrupted, the complete recording of the exam shall be posted on the State Audit Office website.

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- (4) The legal entity that conducts the exam shall fulfill the requirements for the premises and for the technical and IT equipment in the premises for taking the exam, which shall be prescribed in more detail by the Auditor General.
  - (5) Two authorized representatives from the State Audit Office, the members of the Commission referred to in Article 17-a paragraph (3) of this Law, one representative from the Ministry of Finance, one representative from the Government of the Republic of Macedonia proposed by the Office of the President of the Government of the Republic of Macedonia and one IT person proposed by the Ministry of Information Society and Administration shall be present in the examination premises during the exam.
  - (6) The representatives referred to in paragraph (5) of this Article shall receive financial compensation for each conducted exam session in the amount of one third of the average net salary in the Republic of Macedonia, as set out in a decision adopted by the State Audit Office.
  - (7) The authorized legal entity that conducts the exam shall block the radio frequency band in the examination room during the exam sessions.
  - (8) The Agency for Electronic Communications (hereinafter: AEC) shall monitor the radio frequency band blocking in the examination room in order to prevent any kind of electronic communication with the outside.
  - (9) In the examination room AEC shall install measuring equipment which provides electronic records of performed measuring for a period of 30 days; these records are stored in AEC central control system.
  - (10) AEC shall set up a three-member commission that prepares report based on the electronic records stored in AEC central control system and submits the report to the State Audit Office within 15 days after the conclusion of the exam session.

#### **Article 17-j**

- (1) Before the start of the exam, authorized representative from the State Audit Office shall determine candidate's identity by checking his/her identity card or passport.
  - (2) While taking the first part of the professional exam the candidate shall not be allowed to use laws, laws with comments and explanations, mobile phone, portable computer devices and other technical and information tools and the like.
  - (3) During the second part of the professional exam the candidate shall be allowed to use only laws (without comments and explanations), which are saved on the computer used by the candidate during the exam, as well as a calculator and a pen.
  - (4) While taking the first and the second part of the professional exam the candidate shall not be allowed to contact other candidates or persons except for the IT person referred to in Article 17-i paragraph (5) of this Law, in case there is a technical problem with the computer.
  - (5) If the technical problem with the computer is fixed within five minutes, the exam shall
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continue; if not, the exam shall be terminated for that candidate only and held again within maximum three days from the day of termination of the exam.

- (6) If there is technical problem with more than five computers and if the problem is not fixed within five minutes, the exam shall be terminated for all candidates and held again within maximum three days from the day of termination of the exam.
- (7) If the candidate during the first and second part of the exam acts contrary to paragraphs (2), (3) and (4) of this Article, the candidate shall not be allowed to continue with the exam during that exam session and shall be prevented from passing the professional exam for a period of three years; the State Audit Office shall issue decision thereof and administrative dispute can be initiated against this decision before competent court within 30 days from the day of receipt of the decision.
- (8) In the cases referred to in paragraph (7) of this Article, the candidate shall be deemed not to have passed the exam and this shall be recorded in the minutes of the exam.
- (9) The persons referred to in Article 17-i paragraph (5) of this Law shall not keep close to the candidate for more than five seconds during the exam, except in case of a technical problem when they shall not keep close to the candidate for more than five minutes.

#### **Article 17-k**

- (1) If the candidate has justified reasons not to attend the training/professional exam (sickness, maternity leave, education abroad, etc.), the training and the exam shall be postponed for a fixed time of no longer than six months.
- (2) Decision for continuation of the professional exam shall be made by the Auditor General upon candidate's request. The request shall be submitted within eight days after termination of the reasons for postponement of the professional exam, but no later than six months.
- (3) If the candidate fails to submit a request for extension of the professional exam within the deadline specified in paragraph 2 of this Article, the candidate shall be deemed not to have passed the professional exam.
- (4) The candidate may initiate administrative dispute against the decision of the Auditor General referred to in paragraph (2) of this Article within 30 days from the day of receipt of the decision.
- (5) In the case referred to in paragraph (2) of this Article, the candidate shall not take the part of the exam that he/she has already passed.

#### **Article 17-l**

- (1) The professional exam shall start with taking the first part.
- (2) The second part shall be taken within at least 15 days after successful completion of the first part.

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- (3) The method of scoring for the first and second part of the exam shall be prescribed in more detail by the Auditor General.

#### **Article 17-m**

- (1) The first part of the exam shall be taken on each of the subjects referred to in Article 16 paragraph (4) of this Law with five multiple-choice options, one of which is correct, two are similar and two are incorrect.
- (2) The candidate must pass all exams from the first part in, at most, three consecutive sessions.
- (3) If the candidate does not pass the first part of the exam in accordance with paragraph (2) of this Article, the candidate shall be deemed not to have passed the exam.

#### **Article 17-n**

- (1) The number of questions and/or tasks and the manner of taking the second part of the professional exam shall be prescribed in more detail by the Auditor General.
- (2) The candidate must pass the second part in two consecutive sessions after completing the theoretical part.
- (3) If the candidate does not pass the second part of the professional exam in accordance with paragraph (2) of this Article, the candidate shall be deemed not to have passed the exam.

#### **Article 17-o**

- (1) The first part of the professional exam shall be done by answering computer test questions.
- (2) Test questions shall be scored according to difficulty with points specified in the test.
- (3) The second part of the professional exam shall be carried out by examining practical example from the subject field and answering questions and/or solving tasks based on the practical example in a computer test. The tasks from the second part of the professional exam shall be written in a paper test.
- (4) The scoring method for questions from the second part of the exam shall be prescribed in more detail by the Auditor General.
- (5) The questions contained in the tests for the first part of the professional exam and the answers thereof, the practical example and the questions arising from the practical example and the answers thereof, as well as the tasks and their solutions, if in electronic form, shall be kept in the electronic system for the professional exam.
- (6) The electronic system referred to in paragraph (5) of this Article shall contain publicly accessible database of at least 500 questions concerning the subjects of the first part of the exam referred to in Article 16 paragraph (4) of this Law, and 50% of these questions

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shall be from professional literature; and also publicly accessible database of at least 50 practical examples, questions and tasks concerning the second part of the professional exam.

- (7) The electronic system shall contain reference to the regulations and literature with the answers to the questions from the first part of the professional exam, as well as the regulations for the second part of the professional exam.
- (8) Results of the first part of the professional exam for authorized state auditor shall be available to the candidates on the computers they have used immediately after the completion of the exam.
- (9) Results of the second part of the professional exam shall be available to the candidates within five days from the day of the exam.
- (10) Candidates that fail to pass the second part of the professional exam, as well as candidates that deem their answers not adequately scored, may look into their own exam and send written remarks to the State Audit Office within three days.
- (11) Written remarks shall be reviewed by the Commission referred to in Article 17-a paragraph (3) of this Law within seven days from the day of receipt thereof; the Commission may correct the number of exam points if an error has occurred during scoring.
- (12) Following the deadline for reviewing remarks, the State Audit Office shall publish an official list of candidates that have passed the exam on its website.
- (13) The State Audit Office shall set up the electronic system for the professional exam for authorized state auditor.

#### **Article 17-p**

- (1) On the day of the exam, the State Audit Office representative shall provide the candidate with an access code, i.e. a password for access to the electronic system referred to in Article 17-o of this Law.
- (2) Upon approval of the access, the candidate shall receive computer test for the professional exam, whose content is randomly determined by the electronic system referred to in Article 17-o paragraph (5) of this Law, from databases referred to in Article 17-o paragraph (6) of this Law.
- (3) The first and second part of the professional exam shall contain instructions, for which the State Audit Office representative shall provide clarification before the start of the exam.
- (4) The electronic system for the professional exam does not permit identical contents of the computer test for the first part of the exam and the practical example, questions and / or tasks for the second part of the exam for more than one candidate in one session.

#### **Article 17-q**

- (1) In the event of failure to implement the first or second part of the professional exam due

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to technical incapability of the electronic system referred to in Article 17-o of this Law, the exam shall be stopped.

- (2) If the problems referred to in paragraph (1) of this Article are removed within 60 minutes of the interruption of the exam, the same shall continue immediately.
- (3) If the problems referred to in paragraph (1) of this Article are not removed within the time limit referred to in paragraph (2) of this Article, the exam shall be rescheduled for another term.

#### **Article 17-r**

- (1) The total duration of the computer test from the first part of the exam shall be 120 minutes for each of the subjects referred to in Article 16 paragraph (4) of this Law.
- (2) The candidate that provides at least 70% correct answers to the questions from the computer test shall be deemed to have passed the exam.

#### **Article 17-s**

- (1) The total duration for answering the questions and/or solving the tasks from the practical example shall be 120 minutes for each of the subjects referred to in Article 16 paragraph (4) of this Law.
- (2) The candidate that achieves at least 70% of the total number of positive points shall be deemed to have passed the exam.

#### **Article 17-t**

- (1) Candidates that have passed the professional exam shall be issued a certificate within 15 days from the day of completion of the professional exam.
- (2) The form and contents of the certificate referred to in paragraph (1) of this Article shall be prescribed by the Auditor General.

#### **Article 17-u**

At the request of candidates, the State Audit Office shall provide direct examination of their own test.

#### **Article 17-v**

- (1) Tests, questions and tasks shall be used and given to the candidates only during the professional exam.
- (2) The materials from conducted professional exams, in particular the paper versions of the tests and tasks for the exam, the specimens for checking accuracy of answers to the test and tasks, as well as the footage from conducted professional exams, shall be kept in the State Audit Office.



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- (3) Auditor General shall establish Commission for revision of conducted professional exams, which shall use the materials referred to in paragraph (2) of this Article. In addition to the other members, the Commission shall include two persons appointed by the Ministry of Finance.
  - (4) The Commission referred to in paragraph (3) of this Article shall meet after each conducted exam session, audit the implementation of the exam and check whether the exam was taken by candidates who meet the requirements in accordance with Articles 14 and 15 of this law; for its work the Commission shall submit report to the State Audit Office.
  - (5) The members of the Commission referred to in paragraph (3) of this Article shall be entitled to annual financial compensation in the amount of one average net salary in the Republic of Macedonia, as set out in a decision adopted by the State Audit Office.
  - (6) If the Commission identifies irregularities in the professional exam by individuals with reference to Article 17-j paragraph (5) of this Law, the Commission shall propose revocation of the certificate referred to in Article 17-t of this Law.
  - (7) Auditor General shall issue a decision for revocation of the certificate based on the proposal of the Commission within three days from the receipt of the proposal.
  - (8) Administrative dispute may be initiated against the decision referred to in paragraph (7) of this Article before a competent court within 30 days from the receipt of the decision.

#### **Article 17-w**

- (1) The candidate shall pay a fee for the training and for taking the professional exam.
- (2) The amount of the fee referred to in paragraph (1) of this Article shall be determined by the Auditor General based on the real costs of the training and the professional exam necessary for implementation of the first and second part of the professional exam, preparation of databases, implementation of the computer test, preparation of materials and invitations, and preparation of certificates.
- (3) The fee referred to in paragraph (1) of this Article shall be paid to the account of the State Audit Office.
- (4) If the fee is not paid to the appropriate account of the State Audit Office no later than 15 days prior to the day of the professional exam, the candidate shall not be allowed to take the exam.
- (5) If the candidate fails to take the professional exam within one year from the day of payment of the fee, the paid amount shall be returned in accordance with law.

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## IV. CONDUCTING STATE AUDIT

### Article 18

- (1) State audit shall be conducted in compliance with the auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI) and the rules of INTOSAI Code of Ethics published by the Minister of Finance in the "Official Gazette of the Republic of Macedonia".
- (2) The State Audit Office shall conduct regularity audit and performance audit.

### Article 19

State audit, in the context of this law, shall include:

- 1) examination of documents, papers and reports, accounting and financial procedures, electronic data and information systems and other records, as to ascertain whether financial statements truly and objectively present the financial position and the results of the financial operations in accordance with the accepted accounting principles and accounting standards;
- 2) examination and assessment of reports of conducted internal control and public internal financial control, examination and assessment of the financial management and control system;
- 3) examination of financial transactions that are public revenue and public expenditure, in relation to legal and earmarked use of funds;
- 4) assessment of the use of funds in relation to achieved economy, efficiency and effectiveness, and
- 5) assessment of measures taken by auditees concerning identified shortcomings and recommendations given in the final audit report.

### Article 20

- (1) Authorized state auditors and state auditors shall conduct state audit in compliance with Article 18 paragraph (1) of this Law.
- (2) Authorized state auditor shall be a professional holding certificate for authorized state auditor and meeting other requirement prescribed by this Law.
- (3) Authorized state auditor shall conduct the audit in a team comprised of state auditors. If a state auditor is prevented to do the job, a replacement shall be designated to the team.
- (4) State auditor shall be a professional employed in the State Audit Office that directly performs tasks stated in Article 19 of this Law, meets the requirements of Article 14 points 1, 2 and 4 of this Law, and performs audit tasks under supervision of an authorized state auditor.

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- (5) Authorized state auditor and state auditor shall hold identification card for proving their official role and are required to show the card when conducting audit.
  - (6) Authorized state auditor and state auditor shall not be members of a political party body, members of a management board, supervisory board or any other body in another entity.

#### **Article 21**

Authorized state auditor and state auditor shall not conduct an audit provided that:

- 1) they have been previously employed by or were legal representatives of the auditee, at least five years prior to the audit;
- 2) they have participated in the bookkeeping or prepared the annual report and the financial statements of the auditee, at least five years prior to the audit;
- 3) they are spouses with, are in non-marital cohabitation with, or blood kinship in straight line to the third degree of kinship with the owner or the legal representative of the auditee, and
- 4) they are founders, shareholders or partners in the auditee.

#### **Article 22**

- (1) State audit shall be conducted on the Parliament of the Republic of Macedonia, the President of the Republic of Macedonia, the Budget of the Republic of Macedonia and the budgets of the municipalities, the Budget users, the Budget spending units, the public enterprises, trade companies where the state is dominant shareholder, agencies and other institutions established by law, other institutions financed by public funds, the National Bank of the Republic of Macedonia, political parties financed by Budget funds, beneficiaries of EU funds (excluding the system for implementation, management and control of the instrument for pre-accession assistance in the Republic of Macedonia) and beneficiaries of funds from other international institutions (hereinafter: auditee).
- (2) State audit shall be performed, if need be, on auditees not contained in paragraph (1) of this Article, which are in connection with the auditees, have economic, financial or other interest and use funds that are public expenditure.

#### **Article 23**

- (1) State audit shall be conducted every year on the Budget of the Republic of Macedonia and on the budgets of the Funds, whereas state audit on other auditees referred to in Article 22 of this Law shall be conducted in line with the Annual Work Programme of the State Audit Office.
- (2) For the purpose of informing the Parliament of the Republic of Macedonia, the State Audit Office shall submit its Annual Work Programme no later than December of the current year for the following year.

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#### **Article 24**

- (1) Prior to the start of the audit, the State Audit Office may oblige the auditee to provide all necessary information including documents, data or other information required for planning and conducting the audit.
- (2) The auditee shall meet the obligation referred to in paragraph (1) of this Article within 5 working days from the day of submission of the request.

#### **Article 25**

- (1) While conducting state audit, authorized state auditors and state auditors shall have free access to auditee's premises and property, shall have the right to review records, forms and other documentation, electronic data and information systems, as well as the right to demand explanation from auditee's representatives on all issues relevant to the audit procedure.
- (2) The legal representative of the auditee shall make available to authorized state auditors and state auditors all required documentation, papers, reports and other records and copies of the same, and shall provide other information necessary for conducting the state audit.
- (3) The auditee shall not limit the scope of examination or obstruct the application of specific audit procedures. In line with the auditing standards, the State Audit Office shall highlight such behavior in appropriate manner in the report, and shall immediately inform the competent supervising authority of the auditee.

#### **Article 26**

- (1) The legal representative of the auditee shall make available to authorized state auditors and state auditors the documents marked as classified information in a manner prescribed by law.
- (2) Authorized state auditors and state auditors shall handle classified information in accordance with provisions of the Law on classified information.
- (3) Authorized state auditors and state auditors shall not use information obtained in the course of the audit for acquisition of assets or other personal benefit or for the benefit of another entity.
- (4) Provisions from paragraph (2) and (3) of this Article shall also apply to external professionals engaged by the State Audit Office.

#### **Article 27**

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In the course of the audit the State Audit Office may engage professionals and experts in the field of audit.

**Article 28**

Authorized state auditors and state auditors shall not be held responsible for the opinion expressed in relation to the performance of official authorities.

**Article 29**

Pertaining to data and knowledge obtained by authorized state auditors and state auditors in the course of state audit which are of particular interest to the Republic of Macedonia and are marked as classified information, the authorized state auditor shall prepare separate audit report in accordance with the Law on classified information.

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## V. PROCEDURE FOR ADOPTION OF FINAL AUDIT REPORT

### Article 30

- (1) After completion of the audit, authorized state auditor shall prepare and submit draft audit report to the legal representative of the auditee and to the person accountable for the auditee in the audited period.
- (2) Within 30 days from the day of receipt of draft report, the persons referred to in paragraph (1) of this Article may submit comments to the State Audit Office.
- (3) After the expiration of the deadline from paragraph (2) of this Article, authorized state auditor shall prepare final audit report.
- (4) Reports referred to in paragraph (1) and (3) of this Article shall be signed by at least one authorized state auditor and two state auditors.

### Article 31

- (5) Auditor General shall submit reports referred to in Article 30 of this Law to the legal representative of the auditee, the person accountable for the auditee in the audited period and the authorities responsible for supervision and control of the operations of the auditee.
- (6) Auditor General shall publish final audit reports and the comments by the persons referred to in Article 30 paragraph (1) of this Law on the Internet (web) site of the State Audit Office.

### Article 32

The legal representative of the auditee shall inform the State Audit Office and the authority responsible for its supervision and control on the measures taken in relation to findings and recommendations in the audit reports within 90 days of the date of receipt of the final report.

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## VI. REPORTS

### Article 33

- (1) The State Audit Office shall prepare Annual Report on conducted audits and operation of the State Audit Office.
- (2) The State Audit Office shall submit the report from paragraph (1) of this Article for review to the Parliament of the Republic of Macedonia no later than 30 June of the current year for the previous year.
- (3) The Parliament of the Republic of Macedonia shall review the report from paragraph (1) of this Article and adopt conclusions upon it.
- (4) Final audit reports referred to in Article 30 paragraph (3) of this Law shall be submitted to the Parliament of the Republic of Macedonia.

### Article 34

Following the end of each fiscal year and prior to the adoption of the final account of the Budget of the Republic of Macedonia, the State Audit Office shall prepare and submit audit report on the Budget of the Republic of Macedonia to the Parliament of the Republic of Macedonia.

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## VII. COOPERATION

### Article 35

Should authorized state auditors in the course of the audit assess that the auditee has made violation or criminal act, they shall immediately inform the competent authorities.

### Article 36

Entities that keep administrative records, registers and databases, as well as holders of payment operations shall communicate information regarding auditees to the authorized state auditor in a manner prescribed by law.

### Article 37

The State Audit Office shall cooperate with the international organizations of supreme audit institutions and supreme audit institutions of other countries in the course of state audit.



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## VIII. AUDIT ON STATE AUDIT OFFICE OPERATION

### Article 38

- (1) Audit on the operation of the State Audit Office shall be conducted by an audit company holding permit to conduct audit in accordance with the Law on Audit.
- (2) The selection of an audit company shall be made by the Parliament of the Republic of Macedonia based on previously conducted procedure in line with the Law on Public Procurement.
- (3) The State Audit Office shall cover the fee for the conducted audit.
- (4) The audit company shall have access to the complete accounting records of the State Audit Office.
- (5) The audit report shall be submitted to the Parliament of the Republic of Macedonia and to the State Audit Office no later than 30 June of the current year.
- (6) The Parliament of the Republic of Macedonia shall review the report of the audit conducted by the audit company along with the report referred to in Article 33 paragraph (1) of this Law.

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## IX. VIOLATION PROVISIONS

### Article 39

- (1) Fine in the amount of 6,000 euro in denar counter-value shall be imposed on a legal entity – auditee provided that the auditee:
  - 1) does not make available to authorized state auditors and state auditors all necessary documentation, papers, reports and other information required for conducting the state audit (Article 25 paragraph (2)), and
  - 2) limits the scope of examination of the auditor or obstructs the application of specific audit procedures (Article 25 paragraph (3)).
- (2) Fine in the amount of 30% of the established fine for legal entities-auditees shall be imposed to the auditee for misdemeanors referred to in paragraph (1) of this Article, as well as to the person accountable for the legal entity – auditee.

### Article 39-a<sup>9</sup>

- (1) Fine in the amount of 5000 euro in denar counter-value shall be imposed on the authorized legal entity that technically conducts the exam referred to in Article 17-b of this Law, if the legal entity does not record the exam, does not broadcast the exam live on the web site of the State Audit Office, and does not post the footage of the entire exam on the web site of the State Audit Office in accordance with Article 17-i paragraph (3) of this Law.
- (2) Fine in the amount of 5000 euro in denar counter-value shall be imposed on the authorized legal entity that technically conducts the exam, if the legal entity does not terminate the exam in accordance with Article 17-j paragraphs 5 and 6 of this Law.
- (3) Fine in the amount of 10.000 euro in denar counter-value shall be imposed on the authorized legal entity that technically conducts the exam, if the legal entity does not block the radio frequency band in the examination room.
- (4) Fine in the amount of 500 to 1000 euro in denar counter-value shall be imposed on the authorized representative referred to in Article 17-i paragraph (5) of this Law, if the authorized representative acts contrary to Article 17-j paragraph (9) of this Law.
- (5) Fine in the amount of 2000 to 3000 euro in denar counter-value shall be imposed on the authorized representatives referred to in Article 17-i paragraph (5) of this Law if they allow candidates to act contrary to Article 17-j paragraphs (2), (3) and (4) of this Law.

### Article 39-b

Fine in the amount of 1000 to 1500 euro in denar counter-value shall be imposed on the Auditor General for not passing the decision within the prescribed deadline referred to in Article 17-v paragraph

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<sup>9</sup> Articles 39-a and 39-b shall be applied one year after the entry into force of this Law (30 January 2015)

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(7) of this Law.

**Article 39-c**

The responsible person referred to in Article 17-b paragraph (1) of this Law shall be imposed a fine in the amount of 2000 to 3000 euro in denar counter-value for allowing a candidate that does not meet the prescribed requirements of this Law to take the exam.

**Article 39-d**

Fine in the amount of 100 to 200 euro in denar counter-value shall be imposed on the candidate that violates Article 17-j paragraphs (2), (3) and (4) of this Law.

**Article 39-e**

Members of the Commission for revision referred to in Article 17-v paragraph (3) of this Law shall be imposed a fine in the amount of 2000 to 3000 euro in denar counter-value if they ascertain irregularities in the exam and do not report thereof to the State Audit Office.

**Article 40**

Fine in the amount of 500 to 1000 euro in denar counter-value shall be imposed to a natural person – authorized state auditor or state auditor for not conducting state audit in accordance with Article 20 paragraph (2) of this Law.

**Article 41**

For misdemeanors determined by this law, a misdemeanor procedure shall be conducted and misdemeanor sanctions shall be imposed by a competent court.

**Article 41-a**

The amount of the fine for legal entities shall be determined in line with the Law on misdemeanors.

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## X. TRANSITIONAL AND CLOSING PROVISIONS

### Article 42

- (1) Auditor General shall adopt regulations prescribed by this Law within three months of the date of entry into force of this Law.
- (2) Existing regulations shall apply until the adoption of regulations referred to in paragraph (1) of this Article.

### Article 43

Auditor General elected before the entry into force of this Law shall continue performing the function until the end of the term for which he/she was elected.

### Article 44

The Law on State Audit (“Official Gazette of the Republic of Macedonia” no. 65/97, 70/2001, 31/2003, 19/2004, 73/2004, 70/2006 and 133/2007) shall be repealed on the day of the entry into force of this Law.

### Article 45

This Law shall enter into force on the eight day of its publication in the “Official Gazette of the Republic of Macedonia”.