



TWINNING NEWS

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ALL Twinning activities have been SUCCESSFULLY COMPLETED



- 145 missions conducted
- 43 activities implemented
- 40 experts included

Introduction

The overall objective of the Twinning Project was to improve the efficiency and impact of the external audit in the Republic of North Macedonia.

Specific objective was to improve the external audit through further harmonization of legal framework and development of methodological tools as well as through strengthening the capacities of the State Audit Office to perform efficiently external audit in the country. The project aimed to enhance the parliamentary scrutiny over public funds and to improve the co-operation between SAO and Parliament.

The project was implemented in a close cooperation between MS countries in the Consortium. Each Consortium partner brought into the project their **strongest expertise and knowledge as well as best EU practices.**

The overall responsibility for project coordination was on the Project Leaders (PLs): MS PLs from **State Audit Office of the Republic of Croatia** and **Bulgarian National Audit Office** and BC PL from **State Audit Office of the Republic of North Macedonia**, supported by the Resident Twinning Advisor (RTA) from State Audit Office of the Republic of Croatia.

In addition, experts from **the Croatian Parliament and the State Electoral Commission of the Republic of Croatia** have been working on some specific areas as well as the experienced experts from the **Estonian National Audit Office and Spanish Court of Audit.**

The implementation of the activities within the project was carried out through **4 components** and by **40 experts** included in this project. There were **145 missions** conducted and **43 activities** implemented.

Even though the Twinning project started in the beginning of 2021 (with the first mission being implemented at the end of April 2021) and faced some difficult times (due to the pandemic of Covid-19), the implementation of **the project was successfully brought to an end and the main objectives of this Twinning project were achieved.**

BASIC TWINNING PROJECT INFORMATION

Lead Member State Partner (MS): State Audit Office of the Republic of Croatia

Junior Member State Partner: National Audit Office of the Republic of Bulgaria



EU funded budget: 1.500.000,00 EUR

Execution period: 24 months (until 31 January 2022)

Implementation period: 21 months (until 31 October 2022)

Beneficiary country: Republic of North Macedonia

Beneficiary institutions: State Audit Office and the Assembly of the Republic of North Macedonia

Beginning of the project: February 2021 Action Plan elaborated covering a performance appraisal and monitoring system of its implementation

Component 1: Enhanced legal framework relevant to external audit and improved SAO strategic and annual planning

Within the Component 1. **8 activities** were successfully completed.

The following indicative sub-results were achieved:

Improved legal framework for external audit based on international standards and EU best practices;

Improved SAO strategic and annual planning in order to ensure that SAO would be able to further prioritize its work and maintain an adequate audit coverage over the long term;

Developed ethical standards in SAO.



Component 1. results:

Assessment report of the legal framework of external audit with proposals on achieving SAO's enhancing financial and operational independence prepared constitutional independence, based on which the new draft of State Audit Law and SAO Constitutional Amendments was prepared.

Assessment report of laws with regards to auditing of financing of political parties and election campaigns, public procurement and the new organic budget law (OBL) linked to the legal framework for external audit, with proposals for their harmonization and improvement was prepared.

New SAO development strategy for the next five-year period in line with SAO priorities and resources with action plan elaborated covering a performance appraisal and monitoring system of its implementation was developed.

New structure and scope of SAO Annual Programme in line with the new SAO strategic documents was developed.

New Code of Ethics for SAO employees was developed and system for monitoring of its implementation introduced.

Within **Component 2. Improved administrative capacities and external audit processes** the following indicative sub-results were achieved:

Improved SAO capacities to ensure enhanced legal, strategic and audit methodology framework;

Improved co-ordination and co-operation with key bodies in the system of external audit;

Improved audit processes in line with international standards and EU best practices;

Improved audit capacities of auditors especially in performance audit;

Improved follow up of audit recommendations by auditees and the Parliament.



Component 2. results:

Analysis report was developed with proposals on improvement of the organizational structure and human resources capacity of SAO;

Analysis report was elaborated with recommendations on improvement of the interaction of the SAO with the relevant stakeholders (Parliament, Government, Ministry of Finance, internal audit units, Public Prosecutor Office, State Commission on Prevention of Corruption, law enforcement bodies);

Methodology acts were developed for improved performance audit, recommendations for improving the follow-up of audit recommendations, audit of EU funds and fraud and irregularities detection,

New structure and content of audit reports were introduced in line with ISSAI's, creating easy to read audit reports that will contain improved presentation of audit results and recommendations;

Guidelines on improved audit quality control and quality assurance processes were developed based on the recommendations of the previous IPA 2013 twinning project;

Improved audit processes were elaborated based on newly developed or improved methodology acts;

Improved audit capacities of auditors through 15 pilot audits;

Enhanced practical knowledge of auditors through 7 study trips and 11 groups of internships.

Component 2.

Improved administrative capacities and external audit processes

12 activities were completed

7 Study trips

11 groups of Internships

15 Pilot Audits and number of educational activities related to activities in other components were conducted

Component 3. Improved legislative scrutiny function of the Parliament based on processing and discussion of SAO audit reports

Within Component 3.

10 activities were completed.

*Within Component 3. Improved legislative scrutiny function of the Parliament based on processing and discussion of SAO audit reports indicative **sub-results** were achieved:*

Improved legal framework and methodological framework of SAO and Parliament for submission and reviewing of the audit reports based on the recommendations of the previous IPA 2013 twinning project;

Improved cooperation between the Parliament and SAO for reviewing audit reports based on the recommendations of the previous IPA 2013 twinning project;

Strengthening capacity of Parliament for reviewing audit reports based on new legal and methodological framework.



Component 3. results:

Memorandum of Understanding was developed between Parliament and SAO for review of audit reports;

Assessment report was elaborated with proposals on legal framework of SAO and Parliament for submission and reviewing of the audit reports;

Action Plan was prepared on how to improve cooperation between the Parliament and SAO for reviewing audit reports, in line with the SAO and Parliament's strategic documents;

Analysis report was prepared with recommendations prepared on structural, organizational and procedural changes to be introduced in Parliament for reviewing of audit reports;

Written procedures of SAO were elaborated on developing and submitting audit reports and other documents to the Parliament;

Written procedures of the Parliament were prepared on the mechanism for reviewing audit reports

Manual "Role of the State Audit Office and the Parliament in strengthening the efficiency of public funds management" was prepared;

Proposal for changes of the internal rules of functioning of the Parliament was prepared;

Analysis report of the audit process of the Annual Account of the Budget of the Republic of North Macedonia was prepared with recommendations for improvement.

Component 4. Improved external and internal communication and IT and IT audit capacities

Within this component **13** activities were completed and the following indicative **sub-results** were achieved:

Improved reporting on SAO performance and audit results;

Improved flow of documents and information for internal and external communication;

Improved communication policies and procedures related to media and relevant stakeholders;

Enhanced capacity for IT and IT audit;

Enhanced SAO information security management system.

Component 4. results:

Amendments to the structure and content of SAO's Annual Report were prepared;

Abstracts from the audit reports were prepared containing information of relevance to parliament members, staff, media and public;

Rules for internal flow of paper and electronic documentation were developed;

Updated policies and procedures for publishing on SAO's web site, communication with the media and relevant stakeholders were developed;

Report with recommendations on how to facilitate access to SAO reports by all relevant stakeholders using appropriate communication tools was prepared;



Report on outcomes of ITSA and ITASA recommendations from the previous IPA 2013 twinning project was prepared;

IT Audit Manual was updated in accordance with GUID - 5100 - Guidance on Audit of Information Systems;

Advanced skills on CAAT's application in audits/IDEA software through trainings obtained;

Assessment report with recommendations for introduction, implementation, monitoring and maintenance of the SAO information security management system, according to ISO27001:2013 was prepared.

And...at the *END*...

...what the leaders of the Supreme Audit Institutions said about the Project?

The State Audit Office of the Republic of the North Macedonia

I express my gratitude to the taxpayers of the member states of the European Union who enabled us to finance the Twinning project "Improvement of external audit and parliamentary supervision", in the amount of 1,500,000 Euros.

The activities in the mentioned project ensure the preparation of a proposal for an Initiative for Amendments to the Constitution of the Republic of North Macedonia and the establishment of SAO as a constitutional category, as well as the strengthening of the legal framework in the direction of increasing financial and operational independence, professionalism, in accordance with the basic postulates and prerequisites of international standards of supreme audit institutions and good practices of EU member states.

The support from our twinning partners, the State Audit Office of the Republic of Croatia and Bulgarian National Audit Office, enabled us to determine, among other things, a new strategic document, i.e. determination of the goals of the State Audit Office in the next period, in the direction of realizing our added value to the public interest and protection of public resources, in order to improve benefits in the lives of citizens.

The intensification of cooperation with the Assembly of the Republic of North Macedonia is aimed at increasing the total impact of our audits in the fight against corruption and strengthening transparency and accountability in the use of public funds.

The implementation of the new methodological acts and the shared knowledge and skills will ensure high quality of the delivered results of the audit work and strengthen the effects of the implementation of the recommendations contained in the audit reports.

The implementation of the mentioned Twinning project is a confirmation of how SAIs can share lessons learned and acquired knowledge and skills in the direction of building human resources on an equal basis.

Mr. Maksim Acevski, Auditor General

Bulgarian National Audit Office

I would like to thank our highly motivated and experienced teams who've been working hard, learning from each other and creating together legal acts, audit methodologies, internal documents and performing real audit work during the past 2 years.

This twinning project is remarkable example how audit institutions from different countries working together achieve long-lasting and sustainable impact.

I am convinced that our colleagues from the State Audit Office of the Republic of North Macedonia shall continue with the reforms as they have the necessary capacity and clear vision to success.

Mr. Tzvetan Tzvetkov, President

The State Audit Office of the Republic of Croatia

In the last two years of intensive cooperation, many activities have been carried out that will surely contribute a lot to the work of the State Audit Office of the Republic of North Macedonia.

All experts in charge of implementing the activities of this Twinning project worked together with colleagues from the State Audit Office of the Republic of North Macedonia to bring the beneficiary country one step closer to joining the European Union.

Moreover, the high representatives of the Assembly of the Republic of North Macedonia participated in one important part of the project activities with the aim to assure the efficient cooperation with the State Audit Office. I am very grateful for their involvement as well as particularly happy that Croatian State Audit Office was also given sincere and valuable support from the Croatian Parliament to achieve important results within this Project.

Mr. Ivan Klešić, Auditor General



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