

Pursuant to Article 68 of the Budget System Law ("Official Gazette of the Republic of Serbia", No. 54/09, 73/10, 101/10, 101/11, 93/12, 62/13, 63/13 – correction and 108/13), Article 42, Paragraph 1 of the Law on Government ("Official Gazette of the Republic of Serbia", No. 55/05, 71/05 – correction, 101/07, 65/08 and 16/11, 68/12 – Decision of the Constitutional Court and 72/12), and in connection with Articles 6, 8. and Item 7 of the Annex A of the Framework Agreement between the Government of the Republic of Serbia and the Commission of the European Communities on the Rules for Co-Operation concerning EC-Financial Assistance to the Republic of Serbia in the Framework of the Implementation of the Assistance under the Instrument for Pre-Accession Assistance (IPA) ("Official Gazette of the Republic of Serbia – International Agreements", number 124/07),

the Government issues the following

DECREE
ON APPOINTING THE AUDIT AUTHORITY FOR AUDITING THE
MANAGEMENT SYSTEM FOR PRE-ACCESSION ASSISTANCE
PROGRAMMES OF THE EUROPEAN UNION UNDER THE INSTRUMENT
FOR PRE-ACCESSION ASSISTANCE (IPA)

Introductory provisions

Article 1

This decree shall define the Audit Authority Office of EU Funds as the Audit Authority in accordance with Item 7 of the Annex A of the Framework Agreement between the Government of the Republic of Serbia and the Commission of the European Communities on the Rules for Co-Operation concerning EC-Financial Assistance to the Republic of Serbia in the Framework of the Implementation of the Assistance under the Instrument for Pre-Accession Assistance (IPA) (hereinafter: the Audit Authority).

Definitions

Article 2

Specific terms used in this Regulation shall have the following meaning:

- 1) **Instrument for Pre-Accession Assistance (IPA)**: refers to the EU financial instrument supporting the EU enlargement strategy with the purpose of providing assistance to candidate and potential candidate countries in the accession process to the EU;
- 2) **Competent Accrediting Officer (CAO)**: Minister responsible for financial affairs, who issues, monitors, suspends or withdraws the accreditation of the national authorizing officer and the national fund, on which he shall notify the European Commission;
- 3) **National Authorising Officer (NAO)**: appointed person or civil servant in the position responsible for the financial management of the European Union pre-accession assistance funds in the Republic of Serbia and for the effective functioning of the management and control system;

- 4) **Contracting Authority:** accredited authority in the management system of the European Union pre-accession assistance programmes, responsible for implementation of public procurement procedures, contracting, payments, accounting, monitoring the implementation of contracts and financial reporting in connection with procurement of services, goods, works and grants financed from the European Union pre-accession assistance programmes;
- 5) **Annual National Programme:** a set of approved sector programmes and/or projects funded from the established budget for one programme year under the Instrument for Pre-Accession Assistance (IPA), which is implemented based on the respective signed Financing Agreement between the Government of the Republic of Serbia and the European Commission;
- 6) **Sector programme:** a programme document at the sector level, which defines the priorities, objectives, measures and operations for their implementation in accordance with the adopted sectoral strategy;
- 7) **Cross-Border/Transnational Cooperation Programme:** a document that lays down the priorities, objectives and methods of financing activities from a defined budget, and their implementation, which is produced by the Operating Structure for Cross-border and Transnational Cooperation Programmes in the countries participating in the programme. The Programme is implemented in accordance with the Financial Agreement signed by the Government of the Republic of Serbia and the European Commission;
- 8) **Project:** refers to a set of activities contributing to the achievement of a clearly established objective, within a defined time frame and budget, which is implemented through a contract which is concluded between the Contracting Authority and the Contractor;
- 9) **Beneficiary:** the Government of the Republic of Serbia on behalf of the Republic of Serbia;
- 10) **Final Beneficiary:** refers to a state administration authority responsible for the proposal and implementation of sector supports/measures and/or projects. The Final Beneficiary can at the same time be an End Recipient;
- 11) **End Recipient:** refers to a state administration authority, local self-government, or other organisation, which in accordance with the provisions of an End Recipient Agreement participates in the implementation of a contract through which sector supports/measures and/or projects are implemented, and to which the ownership of the goods/outputs provided on the basis of the same contract is transferred, irrespective of whether it is a service, supply or works contract;
- 12) **Contractor:** refers to a service provider (including Twinning Partner), supplier of goods, works contractor or Grant beneficiary who concludes a contract with the Contracting Authority;
- 13) **Grant beneficiary:** a legal entity, state body or organisation responsible for proposing and implementing projects funded under the European Union pre-accession assistance programme.

Auditing standards and cooperation

Article 3

Audit is conducted in line with the internationally accepted auditing standards.

The Audit Authority is responsible for verifying the effective and sound functioning of the management and control system, aimed at lawful utilization of the funds under the European Union pre-accession assistance programme.

In auditing, the Audit Authority shall cooperate with relevant state authorities and institutions, the competent institutions of the European Union member countries and the candidate countries for the European Union membership.

The Audit Authority may perform joint audit with audit authorities of other countries, as well as with the European Commission and the European Court of Auditors.

Independence

Article 4

In its work and within its competencies, the Audit Authority is independent from other authorities of the management and control system and acts in line with the internationally accepted auditing standards.

Scope of work

Article 5

The Audit Authority shall perform the following activities:

1. developing and fulfilling the Annual Audit Plan, including conducting audits aimed at verifying the effective functioning of the management and control system of beneficiaries of the European Union Pre-Accession Assistance programmes, as well as the reliability of the accounting information submitted to the European Commission;
2. developing and submitting Audit Reports and the Audit Opinions with recommendations for improving the system for managing of the European Union Pre-Accession programmes to the National Authorising Officer, the Competent Accrediting Officer and the European Commission and monitoring their implementation.

The Annual Audit Plan is to be submitted to the National Authorising Officer (NAO) and the European Commission prior to the commencement of the year for which they are prepared.

Types of audits and procedure

Article 6

The Audit Authority shall perform:

1. Audits of the management and control system of the beneficiaries of the European Union pre-accession programme;
2. Audits of projects, sectoral and national Pre-Accession Assistance programmes and cross-border and transnational cooperation programmes;
3. Financial audits;
4. Audits of Information Systems.

The Audit Authority shall establish appropriate Manuals of Procedures which will further define and regulate their regular operational activities

Auditees

Article 7

Auditees are state authorities or bodies established in the system for managing EU Pre-Accession Assistance programmes who are responsible for programming, implementation, monitoring and evaluation of projects, sectoral programmes, annual national programmes and cross-border and transnational cooperation programmes which are financed from EU Pre-Accession Assistance funds, as well as contractors, grant beneficiaries, final beneficiaries, end recipients and third parties connected with contractors, grant beneficiaries, final beneficiaries and end recipients of the funds from EU Pre-Accession Assistance programmes.

Access to data

Article 8

Whilst conducting audits, the Audit Authority may request auditees to submit all information relevant to the audit, including documentation, data and other information necessary for planning and performing the audit.

Auditees shall provide the Audit Authority with free access to their employees, business premises and property, as well as to acts, business records, electronic data and information systems.

Auditees are obligated to provide copies of documents as well as to provide explanations for all issues relevant to the audit procedure at the request of the Audit Authority

Responsibilities of auditors and Head of the Audit Authority

Article 9

Auditors shall perform audit activities in accordance with the internationally accepted auditing standards.

In the event that in the course of an audit the auditor establishes there is a reasonable doubt that an illegal act was committed, he/she must inform the head of the Audit Authority about it immediately.

The Head of the Audit Authority shall inform the competent state authority for combating irregularities and fraud in managing the European Union funds, the Competent Accrediting Officer and, if needed, other competent state authorities about such an occurrence immediately.

Auditors shall sign the Statement on impartiality, confidentiality and independence of auditors.

Entry into force

Article 10

This Regulation shall enter into force on the eighth day from its publishing in "The Official Gazette of the Republic of Serbia".

05 Number: 110-10696/2013
In Belgrade, 18. 10. 2013

GOVERNMENT

PRIME MINISTER

Ivica Dacic