

Pursuant to Article 36, paragraph 2 of the Law on Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 59/2000, 12/2003, 55/2005, 37/2006, 155/2007, 19/2008, 82/2008, 10/2010, 51/2011, 15/2013 and 139/2014), related to Article 10 and Article 11 of the Framework Agreement between the Republic of Macedonia represented by the Government of the Republic of Macedonia and the European Commission on the arrangements for implementation of Union financial assistance to the Republic of Macedonia under the Instrument for Pre-accession Assistance (IPA II) (Official Gazette of the Republic of Macedonia, No.99/2015) and Article 6 of the Sectoral Agreement between the Republic of Macedonia represented by the Government of the Republic of Macedonia and the European Commission on setting out the provisions for the management and implementation of union financial assistance to (IPA II beneficiary) under the Instrument for Pre-accession Assistance in the policy area 'Agriculture and Rural Development' (IPARD) ("Official Gazette" no. \_\_) the Government of the Republic of Macedonia, at its session held on \_\_\_\_\_, adopted the following

## **DECREE**

### **on determining mutual relations between the bodies and the structures of the system for indirect management under the Instrument for Pre-Accession Assistance (IPA II) (hereinafter: IPA II)**

#### **Article 1**

##### **Subject to Decree**

This Decree shall regulate the mutual relations between the bodies and the structures of the system for indirect management under the Instrument for Pre-Accession Assistance (IPA II) (hereinafter: IPA II).

#### **Article 2**

##### **Definitions**

Certain terms used in this Decree shall have the following meaning:

"Method of indirect management of the IPA II" is a method of management whereby the European Commission entrusts budget implementation tasks of certain programmes or actions to the Republic of Macedonia, while retaining overall final responsibility for the general budget implementation.

"System for indirect management of the IPA II" is a system established in the Republic of Macedonia for the implementation of programs under IPA II with the method of indirect management.

"Policy areas" represent the main areas of cooperation or actions financed under IPA II assistance: reforms in preparation for Union membership and related institution and capacity building; socio-economic and regional development; Employment, social policy, education, promotion of gender equality

and human resource development; Agriculture and Rural Development and regional and territorial cooperation.

"Programme" means an action program approved by the European Commission on the proposal of the Republic of Macedonia, which may be annual or multi-annual, individual, or special support measures provided for in Articles 2 and 3 of the Regulation (EU) No 236/2014.

"Framework Agreement" shall be the Agreement between the Republic of Macedonia represented by the Government of the Republic of Macedonia and the European Commission on the on the arrangements for implementation of Union financial assistance to the Republic of Macedonia under the Instrument for Pre-accession Assistance (IPA II) (Official Gazette of the Republic of Macedonia, No.99/2015).

"Sectoral Agreement" shall be the agreement concluded between the Republic of Macedonia represented by the Government of the Republic of Macedonia and the European Commission on setting out the provisions for the management and implementation of union financial assistance to (IPA II beneficiary) under the Instrument for Pre-accession Assistance in the policy area 'Agriculture and Rural Development' (IPARD) ("Official Gazette" no. \_\_)

" Internal Manual of Procedures" shall means a set of rules and procedures that defines the procedures and methods of work of the respective unit, in order to fulfill the functions and tasks defined in the relevant laws and bylaws.

"Surveillance (supervision)" is a managerial responsibility which assists the entities in achieving the goals, developing, review and approval of work, a clear separation of duties and responsibilities assigned to the appropriate structures, systems review of performance of the work to the required level and approval of the execution of works in important areas, thus ensuring execution of the planned works.

The term operating structures established in the Framework Agreement for the purposes of this Decree shall be defined as:

"Operating structures" applies to all operating structures established separately by program within the Priority areas of IPA II operated under the system for indirect management of the IPA II.

"Operating structure for IPA II" refers to the operating structure established separately by program within the priority areas of IPA II operated under the system of indirect management of IPA II, except for the operating structure for Rural Development Programme within the Priority area Agriculture and Rural Development Policy of IPA II.

" IPARD II Operating Structure " refers to the operating structure established for the Rural Development Programme within the Priority area Agriculture and Rural Development Policy of IPA II operated under the system for indirect management of the IPA II.

**Article 3**  
**Authorities and structures of the indirect management of IPA II**

(1) For the purposes of management, control, supervision, monitoring, evaluation, reporting and internal audit of IPA assistance II, the following authorities under the system for indirect management of the IPA II were established:

- National IPA Coordinator (hereinafter NIPAC);
- National Authorising Officer (hereafter NAO);
- Operating structures.

(2) The NAO shall establish a management structure composed of a National Fund Unit and NAO Support Unit.

(3) For the purposes of audit of IPA II assistance, an Audit Authority for IPA is established, pursuant to the Law for audit of the Instrument for Pre-Accession Assistance (IPA).

(4) The management and control system of IPA II assistance is composed of NIPAC, NAO, Management structure and operating structures.

(5) The Internal control system of IPA II assistance is composed of the management structure and the operating structures.

**Article 4**  
**National IPA Co-ordinator (NIPAC)**

1) NIPAC is a body within the system for indirect management of the IPA II assistance, appointed by the Government of the Republic of Macedonia.

2) NIPAC executes the functions and responsibilities laid down in the Framework Agreement.

3) NIPAC within its functions, uses the capacities of the Secretariat for European Affairs.

4) Sector for coordination of EU funds and other foreign assistance in the Secretariat for European Affairs of the Government of the Republic of Macedonia performs the function of the NIPAC Secretariat. The NIPAC Secretariat is managed by the State Advisor for EU funds and other foreign assistance.

5) NIPAC Secretariat prepares an Internal Manual of Procedures of NIPAC in relation to the performance of the functions of strategic planning, coordination of programming, monitoring of the implementation, evaluation and reporting of IPA II assistance.

6) The Internal Manual of Procedures of the NIPAC referred to a paragraph 5 of this Article and subsequent amendments, shall enter into force upon approval by the NIPAC and consent by NAO.

7) The mutual relations between the NIPAC, NAO and the operating structures are formally regulated by signing of mutual agreements.

8) NIPAC is responsible to inform NAO on any change of the established system of internal control within the NIPAC Secretariat.

9) NIPAC submits an Annual Management Declaration and Summary Report, on the functioning of the management and control system over its responsibilities and obligations to the NAO, by 15<sup>th</sup> January each year. The Summary Report shall include the summary of the reports on the internal audits, audit authority and other relevant control bodies, analysis of the nature and extent of errors and weaknesses identified in systems, corrective action taken or planned as well as follow-up given findings and recommendations, providing a sound basis for the management declaration.

10) NIPAC is responsible for coordination of measures for ensuring higher absorption of the available IPA funds and thus achieving the objectives set by Programs under IPA II.

11) In case of absence of work, the NIPAC functions may be performed temporarily by the Deputy of the NIPAC after prior authorization by the Deputy Prime Minister of the Republic of Macedonia in charge of European Affairs, while NIPAC retains final responsibility.

## **Article 5**

### **National Authorising Officer (NAO)**

(1) NAO is a body within the system for indirect management of the IPA II, appointed by the Government of the Republic of Macedonia.

(2) NAO shall perform the functions and responsibilities determined in the Framework Agreement and the Sectoral Agreement.

(3) NAO within its functions, uses the capacities of the IPA Funds Management Department of IPA within the Ministry of Finance.

(4) NAO shall submit Annual Management Declaration per Programme of IPA II regarding the overall responsibility for the financial management and legality and regularity of the transactions, as well as responsibility for the functioning of the management and internal control system to the European Commission no later than February 15<sup>th</sup> each year.

(5) NAO within one month after the entry into force of the respective Financing Agreement shall submit to the Commission a Procurement Plan/Financial Forecasts for the programme or action implemented under the Financing Agreement.

(6) NAO shall be responsible immediately to inform the European Commission of any significant change in terms of the management and control system of IPA II.

(7) The mutual relations between NAO, NIPAC and the operating structures are formally regulated by signing a mutual agreements.

(8) In case of absence of work, the NAO functions may be performed temporarily by the Deputy of NAO, while NAO retains final responsibility.

(9) The Deputy NAO shall be authorized the Head of the subject based on the prior proposal by the NAO.

## **Article 6**

### **Fulfillment of the requirements for effective internal control system**

(1) The bodies and structures within the system for indirect management of the IPA II, according to Article 3 of this Decree should ensure an effective system of internal controls in the following areas:

- a. Control environment
- b. Risk Management
- c. Control activities
- d. Information and communication
- e. Monitoring activities.

(2) NAO, upon entrusting budget implementation tasks by the EC is utterly responsible to monitor of continued fulfillment by the management structure and operating structures of the requirements referred to in paragraph 1 of this Article.

(3) To this purpose NAO shall ensure supervision over the work of the management structure and the operating structures. In case of detection of weaknesses in the internal control system, NAO shall inform the Head of the management structure and the Heads of the operating structures and issues recommendations for undertaking appropriate corrective measures.

(4) In case of failure to satisfy the recommended measures, the Head of the management structure and Heads of operating structures, NAO informs the Head of the subject where these structures are established . If despite all, the recommended measures remain unfulfilled, the NAO shall inform the Government of the Republic of Macedonia and shall give recommendations to overcome the weaknesses.

(5) In case of not respecting or failure to satisfy the requirements referred to in paragraph 1 of this Article, the NAO shall inform the Commission without delay and submit a copy to the NIPAC and shall be responsible to take any appropriate safeguard measures regarding the payments made or contracts signed.

(6) During the execution of these functions, NAO may conduct checks / verification visits within the operating structures, as well as on the spot checks of the implementation of activities of the contract.

(7) In case the requirements referred to in paragraph 1 of this Article are no longer fulfilled, the European Commission may suspend or terminate part of the respective Financing Agreement.

(8) In order to overcome the situation referred to in paragraph 7 of this Article, the NAO in coordination with the bodies and structures within the system for indirect management of the IPA II, adopts an Action Plan with corrective measures in accordance with the guidelines from the European Commission and monitors its fulfilment by the management structure and operating structures.

(9) The management structure and operating structures are obligated to fulfill the measures foreseen with the Action Plan in accordance with the deadlines and shall inform NAO.

**Article 7**  
**Management Structure**

- (1) The IPA funds Management Department within the Ministry of Finance performs the function of the management structure.
- (2) The management structure shall carry out the functions and responsibilities determined in the Framework Agreement and the Sectoral Agreement and is responsible to NAO.
- (3) The management structure is composed of National Fund Unit and NAO Support Unit within the Ministry of Finance. The tasks and duties of the National Fund Unit and NAO Support Unit shall be adequately segregated.
- (4) The National Fund Unit within the management structure supports the NAO in accomplishing his / her duties in relation to the management of accounts and financial operations of the IPA II listed in Clause 2 (3) of Annex A of the Framework Agreement and perform tasks of the financial management of IPA II assistance, under the responsibility of the NAO. The National Fund Unit is particularly responsible for performing the tasks specified in Clause 3 (3) of Annex A of the Framework Agreement.
- (5) The NAO Support Unit within the management structure assists NAO in carrying out the tasks specified in Clause 2 (4) and (5) of Annex A of the Framework Agreement.
- (6) The Head of the Management Structure organizes and coordinates the units referred to in paragraph 2 of this Article and is responsible for timely, leagl and proper execution of tasks prior to their approval by the NAO.
- (7) The management structure prepares Internal Manual of Procedures regarding the execution of the tasks related to the management of accounts and financial operations and effective functioning of the internal control systems for the implementation of IPA II.
- (8) The Internal Manual of Procedures referred to in paragraph 5 of this Article and the subsequent amendments to it shall enter into force upon the approval by NAO and the Head of the entity.

**Article 8**  
**Operating structures**

- (1) The operating structures are composed of an institution or group of institutions that carry out the functions and assume the responsibilities set out in the Framework Agreement and the Sectoral Agreement.
- (2) The Operating structure of IPA II is composed of:
  - Central Financing and Contracting Department within the Ministry of Finance as a Contracting Authority and

- IPA structure within the IPA II beneficiary institutions for which is decided to be part of the operating structure for the IPA II.

(3) Operating structure for IPA II is responsible for preparation, implementation, information and visibility, monitoring and reporting and evaluation of the program according to the principles of sound financial management.

(4) The segregation of roles and duties between the structures that comprises the operating structure for IPA II and their mutual relations are determined by the Operating Agreements.

(5) Operating structure for IPARD II is composed of:

- Managing Authority responsible for the effective implementation of the IPARD II program regarding the preparation and implementation of programs, including selection of measures and their publicity, coordination, evaluation, monitoring and reporting of the program;

- Agency for Financial Support of agriculture and rural development (hereinafter referred to as the IPARD Agency) within IPA with functions of a similar nature as a paying agency in the Member States is in charge of publicity, selection of projects as well as authorisation, control and accounting of commitments and payments and the execution of payments.

(6) The operating structure shall be established for the implementation of a separate program from IPA II assistance.

## **Article 9**

### **Head of**

#### **the operating structure for IPA II**

(1) The Head of the operating structure for IPA II is a body within the system for indirect management of IPA II who is appointed by the Government of the Republic of Macedonia and who manages the operating structure for the IPA II, from paragraph 2 of Article 8 of this Decree (hereinafter: Head of the operating structure for IPA II).

(2) The Head of the operating structure for IPA II for accomplishing its functions use the capacities of the Central Financing and Contracting Department within the Ministry of Finance.

(3) The Head of the operating structure for IPA II upon the entrustment budget implementation tasks by the European Commission is responsible for monitoring of the continued fulfillment of the requirements by the operating structure for the IPA II referred to in paragraph 1 of Article 6 of this Decree.

For this purpose, the Head of the operating structure for IPA II supervises the work of the operating structure for the IPA II.

(4) In performing these functions, the Head of the operating structure for IPA II can conduct on the spot check of the capacity of the institutions within the operating structure for IPA II and thus informs NAO.

- (5) If the Head of the operating structure for IPA II identify weaknesses in the management and control system, shall inform the responsible IPA coordinators and shall issue recommendations to undertake appropriate corrective measures.
- (6) In case the IPA coordinator do not fulfill the recommended measures, the Head of the operating structure for IPA II shall inform the Head of the entity and NAO without delay and shall be responsible to take appropriate safeguard measures regarding the executed payments and contracts signed.
- (7) The Head of the operating structure for IPA II shall submit to the NAO an Annual Management Declaration and Summary Report, for each IPA II program in terms of financial management and the legality and regularity of expenditure and functioning of the management and control system regarding its responsibilities and duties, by 15<sup>th</sup> January each year. Summary Report shall include summary of the reports on the internal audits, controls/verifications performed by the Head of the operating structure for IPA II, controls/verifications by management structure, audit authority and other relevant control bodies, analysis of the nature and extent of errors and weaknesses identified in systems, corrective action taken or planned as well as follow-up given findings and recommendations, providing a sound basis for the management declaration.
- (8) The Head of the operating structure for IPA II is responsible to inform NAO of any changes in the established internal control system within the operating structure for IPA II.
- (9) The Head of the operating structure for IPA II shall submit to NAO Procurement Plan / Financial Forecasts for the program or action that is implemented within the Financing Agreement, not later than 15 days after the entry into force of the relevant financing agreement.
- (10) The Head of operating structure for IPA II and the IPA coordinators are responsible for fulfilling the activities according to the deadlines specified in the procurement plan.
- (11) In carrying out its tasks, the Head of the operating structure for IPA II is responsible to NAO.
- (12) The Central Financing and Contracting Department prepares Internal Manual of Procedures describing in details the procedures for carrying out the functions set out in the Framework Agreement.
- (13) The Internal Manual of Procedures and subsequent amendments to it shall enter into force upon approval by the Head of the operating structure for IPA II, the Head of the entity and consent by NAO.
- (14) In case of absence from work of the Head of the operating structure for IPA II, its functions may be temporarily performed by the Deputy Head of the operating structure for IPA II while the Head of operating structure for IPA II retains the final responsibility.
- (15) The Deputy Head of the operating structure for IPA II shall be authorized by the Head of the entity on the prior proposal by the Head of the operating structure for the IPA II.

## **Article 10**

### **IPA Coordinator**



- (1) The Head of the entity shall appoint a person among the management staff of the IPA II beneficiary institution assistance to perform the function of the IPA coordinator, managing the IPA structure, defined in indent 2, and paragraph 2 of Article 8 of this Decree.
- (2) The Head of the beneficiary institution of IPA II assistance and IPA Coordinator within the operating structure for IPA II are responsible for proper and timely execution of the tasks defined in the Operating Agreement.
- (3) The IPA Coordinator for performed tasks defined in the Operating Agreement is responsible to the Head of the operating structure for IPA II.
- (4) The IPA coordinator shall submit an Annual Management Declaration and Summary Report of the functioning of the management and control system regarding its competencies and responsibilities to the Head of the operating structure for IPA II, no later than January 5<sup>th</sup> each year. Summary Report shall include summary of the reports on the internal audits, controls/verifications by management structure, audit authority and other relevant control bodies, analysis of the nature and extent of errors and weaknesses identified in systems, corrective action taken or planned as well as follow-up given findings and recommendations, providing a sound basis for the management declaration
- (5) The IPA Coordinator upon entrustment budget implementation tasks by the European Commission is responsible for monitoring of the continued fulfillment by the IPA II structure of the requirements referred to in paragraph 1 of Article 6 of this Decree.
- (6) The IPA Coordinator is responsible to inform the Head of the operating structure for IPA II for any change in the established internal control system within the operating structure for IPA II.
- (7) In case of identified weaknesses in the functioning of the IPA structure within its own beneficiary institution, he/she shall inform the Head of the entity and the Head of the operating structure for the IPA II and is responsible to take appropriate safeguard measures in terms of executed payments and contracts signed.
- (8) The Head of the entity and the IPA coordinator are responsible for timely overcoming of the identified weaknesses within IPA.
- (9) The IPA structure prepares Internal Manual of Procedures describing in details the procedures for performing its functions and responsibilities.
- (10) The Internal Manual of procedures and subsequent amendments of it enter into force after approval by the IPA coordinator, the Head of the beneficiary institution of the IPA II assistance, Head of the operating structure and consent by NAO.

## **Article 11**

### **Head of the Managing Authority with IPARD**

- (1) The Head of the Managing Authority is a body within the system for indirect management of the IPA II who is appointed by the Government of the Republic of Macedonia and who manages the Managing

Authority of the Rural Development Program within the priority policy area Agriculture and Rural Development under IPA II.

(2) The Head of Managing Authority uses the capacities of the Management of EU funds - IPARD Department within the Ministry of Agriculture, Forestry and Water Economy.

(3) The Head of the Managing Authority upon entrustment budget implementation tasks by the European Commission is responsible for monitoring of continued fulfillment of the requirements referred to in paragraph 1 of Article 6 of this Decree.

(4) The Head of the Managing Authority submits an Annual Management Declaration of the functioning of the management and control system regarding its responsibilities and obligations to the NAO, by 15<sup>th</sup> January each year.

(5) The Head of the Managing Authority submits regular reports to NAO and NIPAC for implementation of the tasks and responsibilities of the Managing Authority.

(6) The Head of the Managing Authority is responsible to inform NAO of any change in the established internal control system in the Managing Authority.

(7) The Head of the Managing Authority prepares Internal Manual of Procedures describing in details the procedures for the execution of the functions set out in the Framework Agreement and the Sectoral Agreement.

(8) The mutual relations between the Head of the Managing Authority, NAO, NIPAC and IPARD Agency formally regulates by signing mutual agreements.

(9) The Internal Manual of Procedures and subsequent amendments of it shall enter into force upon approval by the Head the Managing Authority, Head of the entity and consent by NAO.

(10) In case the weaknesses in the functioning of the Managing Authority are identified, the Head of the Managing Authority shall inform the Head of the entity and NAO and shall issue recommendations to undertake appropriate corrective measures.

(11) Head of the entity and the Head of the Managing Authority are responsible for timely overcoming of the weaknesses identified in the Managing Authority.

## **Article 12**

### **Director of IPARD Agency**

(1) The Director of IPARD Agency is a body within the system for indirect management of IPA II who is appointed according to the Law for establishing the Agency for Financial Support of Agriculture and Rural Development.

(2) The Director of IPARD Agency upon entrustment budget implementation tasks by the European Commission is responsible for monitoring of continued fulfillment by the IPARD Agency of the requirements referred in paragraph 1 of Article 6.

- (3) In case of non-respecting or non-fulfillment of the requirements referred in paragraph 1 of Article 6, the Director of the IPARD Agency shall inform NAO without delay and shall undertake appropriate safeguard measures in respect of executed payments and contracts signed.
- (4) The Director of IPARD Agency shall submit an Annual Management Declaration and Summary Report, on the functioning of the management and control system regarding his/her responsibilities and obligations to the NAO, by 15th January each year. Summary Report shall include summary of the reports on the internal audits, controls/verifications by management structure, audit authority and other relevant control bodies, analysis of the nature and extent of errors and weaknesses identified in systems, corrective action taken or planned as well as follow-up given findings and recommendations, providing a sound basis for the management declaration.
- (5) The Director of IPARD Agency shall submit reports to NAO for the activities and operations of the IPARD Agency regarding the use of IPA funds.
- (6) The Director of IPARD Agency shall inform NAO on any change in the established internal control system in the IPARD Agency.
- (7) The IPARD Agency prepares Internal Manual of Procedures describing in details the procedures for the execution of the functions set out in the Framework Agreement and the Sectoral Agreement.
- (8) The Internal Manual of procedures and subsequent amendments of it shall enter into force upon approval by the Director of IPARD Agency and consent by NAO.
- (9) The mutual relations between the Director of IPARD Agency NAO, NIPAC and the Managing Authority shall be formally regulated by signing mutual agreements.
- (10) In case the weaknesses in the functioning of the IPARD Agency are identified, the Director of the IPARD Agency is responsible for timely overcoming of all weaknesses and undertaking appropriate safeguard measures regarding the executed payments and contracts signed.

### **Article 13**

#### **Technical bodies**

- (1) The technical bodies are bodies that are not part of the system for indirect management and control of IPA II and which within their responsibilities established by law or internal act contribute to fulfill the requirements for sound financial management of IPA II funds.
- (2) The cooperation and mutual relations between the bodies and structures of the system for indirect management of the IPA II set out in Article 3 of this Decree and the technical bodies are regulated by signing a Cooperation Agreements.

### **Article 14**

#### **Protection of financial interests of EU**

(1) The bodies and structures within the system for indirect management of the IPA II, according to Article 3 of this Decree, should provide an effective system for preventing, detecting and reporting of irregularities, as well as undertaking corrective measures within their competences.

(2) NAO in cooperation with the Anti-Fraud Coordination Service (hereinafter AFCOS) establishes effective and proportionate anti-fraud measures taking into account the identified risks in the implementation of the IPA II assistance.

(3) For execution of the functions regarding the prevention, detection, reporting and conducting investigation of irregularities NAO shall cooperate with AFCOS within the Financial Police Office.

(4) NAO shall inform the European Commission on all cases of irregularities and suspected fraud which have been subject of a primary administrative or judicial finding, and keep the latter informed of the progress of administrative and legal proceedings in accordance with the Framework Agreement, at the same time constantly informing AFCOS.

(5) In case of error or irregularity with financial consequences caused by the contractor, the Head of operating structure for the IPA II and Director of the IPARD Agency are responsible to ensure recovery of funds by the contractor on the accounts of the National Fund.

(6) In case of error or irregularity with financial consequences caused by the beneficiary institution of the IPA II assistance, the IPA Coordinator and the Head of the beneficiary institution are responsible to ensure recovery of funds of its own budget.

(7) NAO has the final responsibility to ensure recovery of funds to the accounts of the EC according to the provisions of the Framework Agreement and the Sectoral Agreement.

## **Article 15**

### **Monitoring Committees**

(1) The IPA monitoring committee is a central body responsible for monitoring of the implementation of the whole IPA assistance pursuant to the Framework Agreement and the Sectoral Agreement.

(2) The committee under paragraph 1 of this Article is jointly chaired by the representatives of the European Commission and NIPAC, and the NIPAC Secretariat performs the function of Secretariat of the Committee and prepares and submits all materials that are adopted or reviewed at the Committee meetings in cooperation with Heads of operating structures.

(3) The NIPAC prepares its rules of procedures of the Committee under paragraph 1 of this Article, in agreement with the European Commission and NAO and they are subject to approval by the Committee.

(4) NIPAC shall establish Sectoral Monitoring Committees of the separate priority areas / programs pursuant to the Framework Agreement, within six months after the entry into force of the Financing Agreement for the particular priority area / program within the system for indirect management of the IPA II. The NIPAC Secretariat shall ensure continuity of the Sectoral Monitoring Committees for the certain priority areas / programs with the already established committees within the IPA I.

(5) NIPAC prepares rules of procedures for each of the committees under paragraph 4 of this Article, in cooperation with the European Commission and the appropriate operating structure and they are subject of approval by the Committee.

(6) NIPAC chairs the Committees under paragraph 4 of this Article and the NIPAC Secretariat performs the function of Secretariat of the Committee and prepares and submits all materials in cooperation with the Head of the operating structure for IPA II, which are adopted / reviewed at the Committee meetings. .

(7) The Minister of Agriculture, Forestry and Water Economy establishes Monitoring Committee for the IPARD Program in the Agriculture and Rural Development area, , and the Managing Authority performs the function of the Secretariat of the Committee and prepares and submits all materials adopted / reviewed at the Committee meetings.

(8) The Managing Authority prepares rules of procedures of the Committee as in paragraph 7 of this Article and they are subject of approval by the Committee.

(9) For the purposes of the functioning of the Committees, the management structure and the appropriate operating structure provides all necessary data and reports.

## **Article 16**

### **Supervision, control and audit**

(1) The system for management and control of IPA II shall be subject to supervision, control and audit by the European Commission, the European Anti-fraud Office (OLAF) and the European Court of Auditors.

(2) The System for management and control of IPA II shall be subject of audit by the Audit Authority.

(3) The internal control system of IPA II shall be subject of supervision by the NAO.

(4) NIPAC, NAO, the management structure and the operating structures as bodies within the management and control system of IPA II shall be responsible for acting and undertaking any corrective measures regarding the findings and recommendations as a result of performed control and audit by the institutions referred to in paragraph 1 and 2 of this Article.

(5) The management structure and the operating structures as authorities within the internal control system with IPA II are responsible for fulfillment of the recommendations given as a result of the supervision performed by NAO.

(6) NIPAC, NAO, the management structure and operating structures are responsible to provide all necessary information and documents and to take all appropriate measures to facilitate the operation of those who have guidelines for conducting audits and controls.

## **Article 17**

### **Internal Audit**

- (1) The bodies and structures within the system for indirect management of the IPA II, according to Article 3 of this Decree shall be subject of internal audit in accordance with the Law on Public Internal Financial Control.
- (2) The Head of the entity is responsible for providing internal audit of IPA structure and / or projects that are under their competency.
- (3) The internal audit of the IPA structure and / or projects that are under their competency is carried out at least once a year, in accordance with the annual plan approved by the Head of the entity.
- (4) NIPAC, NAO, the management structure and the operating structures are required to fulfill the recommendations listed in the Internal Audit Report.
- (5) The Heads of the operating structures shall inform NAO for the progress in the fulfillment of the recommendations of an internal audit conducted in the operating structures.
- (6) For the progress in the fulfillment of the recommendations of the internal audit in the IPA structure within the beneficiary institutions, the IPA coordinators shall inform the Head of the operating structure for IPA II.

## **Article 18**

### **Administrative capacities of management and control system of IPA II assistance**

- (1) NIPAC, NAO, the management structure and the operating structures each year prepare a Workload Analysis that indicate the optimal number of employees.
- (2) The Head of the entity is responsible for ensuring an adequate number of qualified employees as defined with the Workload Analysis.
- (3) The Workload Analysis, the Recruitment Plan and the Substitution Plan of the NIPAC, the management structure and the operating structures within the structure are submitted to NAO. The IPA coordinators shall submit copy of the Workload Analysis to the Head of the operational structure for IPA II.
- (4) NAO is responsible for monitoring the capacities of NIPAC, management structure and operating structures.
- (5) Regarding the operating structure for the IPA II, the IPA Coordinators and Head of CFCD submit information to NAO on any change of human resources within their competence, new employment, redistribution of employees and the situation when the employee has left the working position o from the structure. IPA coordinators shall submit copy of the information about the human resources changes made to the Head of the operating structure for IPA II.
- (6) Regarding the operating structure for IPARD II, the Director of the IPARD Agency and Head of IPARD Management Authority shall submit information to NAO on any human resources change within their competences in relation to new employment, redistribution of employees or employees and the situation when the employee has left the working position o from the structure.

(7) The Secretariat for European Affairs prepares annual program of specific training for the employees in the management and control system of IPA II. Upon the adoption of the training program it shall be submitted to NAO.

(8) The Secretariat for European Affairs keep records on the realized trainings and informs NAO on a regular basis .

## **FINAL AND TRANSITIONAL PROVISIONS**

### **Article 19**

#### **Exchange of information**

The bodies and the structures within the system for indirect management of IPA II, according to Article 3 of this Decree, should provide an effective system for exchange of information, including electronic data input within the established management information system (MIS - Management Information System) and other applicable electronic systems within their own competences.

### **Article 20**

#### **Entering into force of the Decree**

(1) Subject to any express provision to the contrary in this Decree, the terms references and notions used in this Decree shall bear the same meaning as attributed to them in the Framework Agreement and the Sectoral Agreement.

(2) The headings in this Decree have no legal significance and do not affect its interpretation.

(3) In case of non-compliance of the provisions of this Decree with the provisions of the Framework and the Sectoral Agreement, the last shall prevail.

### **Article 21**

This Decree shall enter into force the next day following the day of publishing in the Official Gazette of the Republic of Macedonia.

**PRESIDENT OF THE GOVERNMENT  
OF THE REPUBLIC OF MACEDONIA**

No. \_\_\_\_\_  
\_\_\_\_\_ 2015  
Skopje

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