

Third Regional PIFC Conference

FMC Challenges in Republic of Macedonia

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PIFC Legal Framework

- PIFC Law ("Official Gazette of the Republic of Macedonia" no. 90/09 and 12/11)
- Bylaws on FMC
- Bylaws on IA
- Decree on the procedure on prevention of irregularities, the method of mutual cooperation, form and content, terms and manner of reporting irregularities (OG no. 63/11)
- Law on Financial Inspection in Public Sector is in government procedure and it's planned to be adopted together with Law on Administration during 2013

FMC Legal Framework

1/2

- Rulebook on the manner of assigning authorisation (OG no. 147/10 and 34/11)
- Rulebook on performing general financial processes (OG no. 147/10 and 34/11)
- Rulebook on the manner of performing activities within competence of the Financial Affairs Unit (OG no. 147/10 and 34/11)

- Standards for Internal Control in the public sector (OG no. 147/10)
- Rulebook for the form and content of the reports and the statement for the quality and the status of the Internal Controls from the Annual Financial Report (OG no. 147/10 and 34/11)

Financial Management and Control Manual
published on Ministry of Finance website

Importance of PIFC Reform in Republic of Macedonia

PIFC System as part of Comprehensive
Public Administration Reform

PIFC one of the major strategic priorities set
in the Government Programme

5 projects implemented in the area of PIFC
(2004-2013)

Importance of PIFC Reform in Republic of Macedonia

Annual Financial Report related to FMC and IA progress in public sector is discussed on Government Session, where specific conclusions are adopted serving as guidelines for the institutions

Government is informed, on quarterly basis, about the progress made in Chapter 32 - Financial Control, as part of National Programme for Adoption of the Acquis (NPAA)

Financial Affairs Units (FAUs) and Internal Audit Units (IAUs) are exempted from the temporary restriction on employment in public sector, as part of austerity measures

STRENGTHENING THE SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL

- EU Twinning project "Strengthening the Public Internal Financial Control" implemented 2007 - 2009
- MATRA project "Strengthening and implementation of Public Internal Financial Control at the central level" implemented 2009 - 2010
- Twinning project "Support to the process of fiscal decentralization by strengthening the capacity for sound financial management and internal financial control of local and central level" implemented 2011 – 2013

Progress in the area of FMC

	2009	2010	2011	2012	April 2013
Number of established Units for <i>Financial Affairs</i>	15	46	66	85	90
Number of appointed Heads of Financial Affairs Units		30	52	69	73
Number of appointed <i>persons for reporting irregularities</i>	65	93	111	117	119

Delegated Managerial Accountability

	2012	2013	Progress in p.p.
Distribution of budget – Central level	63%	84%	21
General authorizations - Central level	40%	66%	26
Distribution of budget – Local level	25%	72%	47
General authorizations - Local level	7%	36%	29

PIFC Policy Development 1/2

- Two Policy Papers have been published in area of PIFC and the third one is in internal procedure of approval
- Policy Paper on PIFC Development of PIFC 2006 - 2008
- Policy Paper on PIFC Development of PIFC 2010 - 2012
- Focussed mainly on establishing legal and institutional framework of PIFC system

PIFC Policy Development 2/2

Third PIFC Policy Paper 2013 – 2015 will be mainly focussed on implementation process

Mutual cooperation with all departments in MoF related to Public Finance Management (PIFC, Budget, Treasury, Financial Affairs, Internal Audit, Macroeconomics, Financial System)

Comments and recommendations from DG Budget, SIGMA and Twinning Project were carefully taken into consideration

Third PIFC Policy Paper is in final stages of approval and will be submitted to DG Budget for further comments in forthcoming period

GAP Analysis

1/4

Gap: FAUs are not established in all public sector entities

Recommendation: Further efforts and criteria for establishing the FAUs in all major public sector entities

GAP Analysis

2/4

Gap: Number of appointed heads of FAU is considered as insufficient.

Recommendation: Further efforts for strengthening capacity and transferring employees from other departments or other institutions.

GAP Analysis

3/4

Gap: Risk Management is insufficiently implemented in practice

Recommendation: Develop Guidelines to highlight that risk management (risk assessment and monitoring measures and risk register) is part of the management process.

GAP Analysis

4/4

Gap: There are institutions that have not completely adopted written procedures.

Recommendation: Find the best practises on written procedures (on central and on local level) and share these with other institutions. Pay special attention to management information.

Implementation of Recommendations

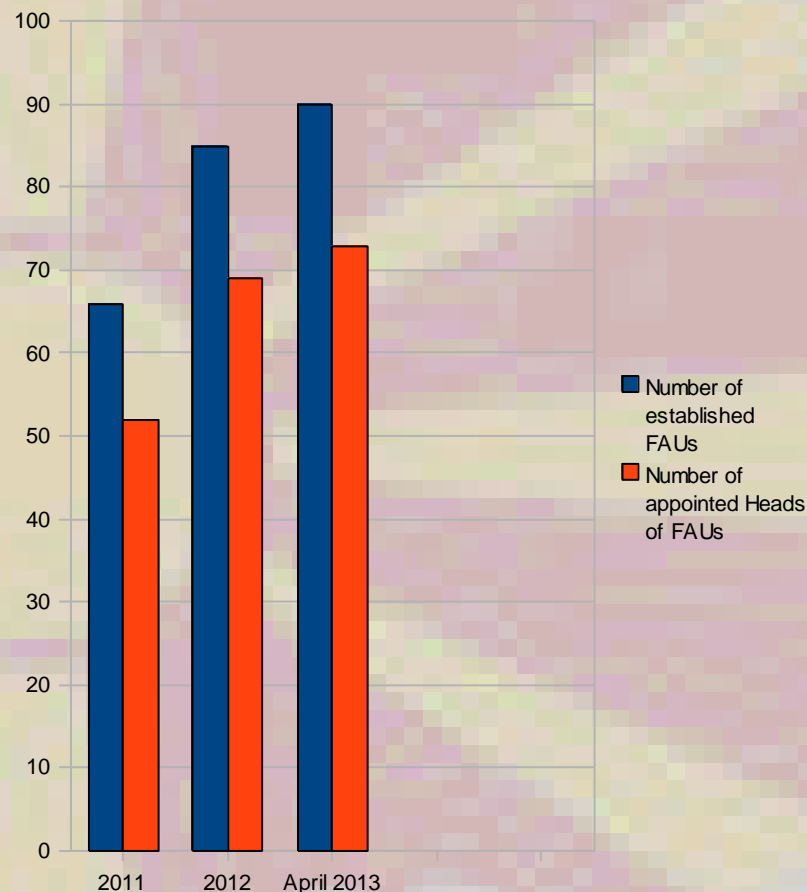
1/2

Progress on establishing FAUs

- 2011 – 66
- 2012 – 85
- April 2013 – 90

Progress on appointed Heads of FAUs

- 2011 – 52
- 2012 – 69
- April 2013 - 73



Implementation of Recommendations

2/2

CHU prepared FMC Manual with detailed guidelines for Risk Management

Implementation of ISO 9001:2008 Quality Standards, which include preparation and adoption of written procedures for processes and sub-processes within institution

Further FMC activities

1/2

- Strengthening the implementation of Risk Management
- Strengthening the role of FAUs
- Strengthening the capacity of CHU
- Further development of FMC at local level

Further Development of Decentralised Financial Management System

Preparing Strategic Annual Plans and Budget Proposal on organisational unit level

Decision for distribution of total approved budget

Credit ordonnateur (Head of Departments)

Payment ordonnateur (Head of FA Unit)

Thank you for your attention!!!

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