

**3rd SMC IPARD III Third IPARD 2021-2027 Monitoring Committee meeting – 16.05.2024
Skopje**

Status from last 2nd SMC held on 21 December 2023:

According to the three-year Audit Strategy (AS) 2024-2026, submitted last year (on 29.11.2023), Audit Authority (AA) finished all audit activities regarding Financial Year (FY) 2023: system audits, audits of operation, financial audit and audit of Annual Management Declaration (AMD) for IPARD II Programme 2014-2020 and issued Annual Audit Activity Report (AAAR) and Annual Audit Opinion (AAO) on 15 March 2024. AA gave: Unqualified opinion for reliability of the annual financial reports or statements/annual accounts. And qualified opinion for legality and regularity of expenditure and functioning of management and control systems in regard to: to weaknesses in supervision in the process of authorisation of commitments and payments, wrong calculation of eligible funds for co-financing, payments made for investments which are not fully put in operation and which goals were not fulfilled, and for absence of a long-term retention and motivation policy.

AA also perform only audit of AMD for IPARD III – 2021-2027 and AA issued only AAO with disclaimer of opinion for IPARD III regarding: the completeness, accuracy and veracity of the annual financial reports or statements and the underlying annual accounts for the FY 2023, the legality and regularity of the expenditure and the functioning of the management and control systems. This was because: no annual financial reports or statements/annual accounts were issued for FY 2023 and also no expenditures were declared to the Commission for FY 2023.

Activities which are still in progress according to the AS 2024-2026 are:

For IPARD II Programme – audit for operations for first and second quarter of FY 2024

For IPARD III Programme- system audit, regarding management and control system, which is planned in period June -December 2024 and Follow-up system audit for IPARD II Programme.

AAAR for IPARD III Programme will be submitted latest on 15/03/2025.

AA at latest on 30.11.2024, will submit updated three-year Audit Strategy 2025-2027 where audit work will be prescribed during preceding FY 2025.

Based on the initial conclusions of the system audits conducted it can be said that the most of recommendations and weaknesses from previous years, haven't been overcome. Most of these findings are related to HRM and retaining, motivating employees to stay in IPA environment, but also work premises and IT issue is also main challenge for Government to take immediate actions for solve these weaknesses.

From audit of operations for FY 2023 the process of clearance is ongoing. Common findings from A/O: *Wrong calculation of the total eligible amount of the investment, Wrong calculation of the general costs for preparation of Technical Project Proposal and Business Plan, no functional project due weather conditions and other justified conditions, non-comparable offers, not accepted general cost, payments made for investments which are not fully put in operation and which goals were not fulfilled.*

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Audit Department for Rural Development

Skopje, 18 April 2024