

Document provided by Bulgaria

SUPPLEMENTARY INFORMATION
ON
CHAPTER 28
FINANCIAL CONTROL

(CONF-BG 4/01, CONF-BG 44/01)

Bulgaria wishes to refer to its Negotiation Position on Chapter 28 "Financial control" (CONF-BG 4/01) and to the European Union Common Position on Chapter 28 (CONF-BG 22/01) and to provide supplementary information on some issues in the financial control area.

I. EXTERNAL AUDIT

On the adoption of the new National Audit Office Act:

Following the deliberations of the Draft NAO Act, the "Budget and Public Finances" Committee of the Bulgarian National Assembly issued a positive opinion. On the basis of this opinion the National Assembly adopted on 20 November 2001 the Draft Act on first reading. No proposals for substantive amendments to the Draft NAO Act have been made. The Act will be adopted on second and final reading by 7 December 2001 at the latest. The new National Audit Office Act will be effective by the end of this year.

The External Financial Audit Manual, which is already under preparation, will be approved by June 2002 at the latest.

II. PUBLIC INTERNAL FINANCIAL CONTROL

On Guidelines on the Organisation of the Financial Management and Control Systems and the internal audit units in the spending centres:

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The Public Internal Financial Control Agency (PIFC Agency) has started checking on the establishment and functioning of the financial management and control systems (FMCS) within the spending centers. By virtue of Article 8, para.1, item 7 of the Public Internal Financial Control Act (PIFC Act), on 3 September 2001 the PIFC Agency requested information from all first class spending centers and regional governors on the progress in establishing FMCS.

According to the analysis of the information received, all first level spending centers have started to develop rules of procedure (in the form of regulations, orders, instructions, etc.) on the establishment of the FMCS. The rules of procedure reflect the specific functions of the spending centers.

On the basis of the above analysis, the PIFC Agency will elaborate beginning of 2002, comprehensive Guidelines for the establishment of the FMCS and internal audit units within the first-level spending centers and where appropriate within the lower level spending centers. The process of establishment of the internal audit units will be finalised by the end of June 2002. The PIFC Agency will make recommendations and set deadlines for the establishment of the internal audit units.

Under the Council of Ministers' Decree No 8 of 17 January 2001 on the Implementation of the State Budget of the Republic of Bulgaria, there are now 23 first level spending centers. Until now nine of them have established functioning FMCS. In addition, 18 of the 28 regional governors have established FMCS in their administrations.

By virtue of Article 8, para. 1, item 7 of the Public Internal Financial Control Act and the 2002 Annual Audit Plan of the PIFC Agency, all public spending centers included in the plan will be checked on the implementation of the Guidelines on the Organization of the FMCS.

On the protection of the EU financial interests:

- Legal force of the evidence collected by EU investigators in the course of joint checks:

The PIFC Act stipulates that each joint check will be followed by an audit report. The evidence collected as a result of joint checks should be included in the audit reports. The audit reports have legal force, according to the Bulgarian legislation.

- Procedures for recovery of lost EU funds and of funds, which will become EU Own Resources upon accession:

During audit activities, the auditor checks if there are unduly paid or lost sums. These sums may be budgetary funds as well as EU funds. In case of unduly paid or lost sums found, the audit report contains a detailed statement on these findings. The PIFC Agency has the power to impose full patrimonial liability, resulting in the full recovery of these sums.

The same procedure applies in case of recovery of funds, which will become EU Own Resources upon Accession.

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The Bulgarian Government proposes the negotiations on this chapter to be provisionally closed on the basis of the existing acquis.

Should new elements of the acquis make it necessary, Bulgaria recognizes the possibility of opening supplementary negotiations before the end of the Intergovernmental Conference.