

1) **Fiche to be used for each step:**

The step under review	At least 80% of budget users at central level and 75% at local level submit a report on performed internal audits [related to Fiscal Year 2024]
Baseline	54% (2022) (Central level 55%; local level 52%)
Deadline of the step	December 2025
Actual results	<p>Pursuant to Article 47, paragraph (10) of the Law on Public Internal Financial Control (Official Gazette No. 90/2009, 188/2013, and 192/2015), Article 60 of the Law on the System of Internal Financial Control in the Public Sector (Official Gazette No. 255/2024), and the Rulebook on the Form and Content of the Reports and the Statement on the Quality and Status of Internal Controls as part of the Annual Financial Report (Official Gazette No. 147/10, 34/11, and 113/14), Annex 5 – Report on Conducted Audits and Internal Audit Activities for 2024 was submitted to the Central Harmonization Unit within the Ministry of Finance by:</p> <ul style="list-style-type: none"> • 81% of budget users at the central level; and • 77% of budget users at the local level. <p>Based on the above, and in comparison with previous years, institutions at both the central and local levels have demonstrated a proactive approach to this matter. The response rate increased significantly, by 16 percentage points compared to the previous year, thereby contributing to enhanced accountability, and at the same time, it is expected that this will result in stronger prevention of fraud and misuse of funds, improved transparency in institutional operations, and more efficient use of public funds.</p>
Evidence provided	<ol style="list-style-type: none"> 1. Annual Report on the Functioning of the Public Internal Financial Control System for 2024 (https://portal.mdt.gov.mk/post-body-files/centralna-edinica-za-xarmonizacija-na-sistemot-na-jvfk-file-cjYw.pdf) 2. Rulebook on the Form and Content of the Reports and the Statement on the Quality and Status of Internal Controls as part of the Annual Financial Report (Official Gazette No. 147/10, 34/11, and 113/14) 3. Monitoring Table – Central Level (CL) (with a selected sample and brief explanation), including scanned versions of Annex 5 – Report on Performed Audits and Internal Audit Activities for 2024, documents under the following serial numbers: <ul style="list-style-type: none"> ○ CL 2.7, CL 2.13, CL 2.17, CL 2.21, CL 2.22, CL 2.26, CL 2.28, CL 2.33, CL 2.34, CL 2.41, and CL 2.50 4. Monitoring Table – Local Level (LL) (with a selected sample and brief explanation), including scanned

	<p>versions of Annex 5 – Report on Performed Audits and Internal Audit Activities for 2024, documents under the following serial numbers:</p> <ul style="list-style-type: none"> o LL 2.1, LL 2.2, LL 2.3, LL 2.4, LL 2.18, LL 2.23, LL 2.33, LL 2.53, and LL 2.59
<p>Checks performed in the verification of the step and related findings</p>	<p>Pursuant to Article 47, paragraph (1) of the Law on Public Internal Financial Control (Official Gazette Nos. 90/2009, 188/2013, and 192/2015), Article 60 of the Law on the System of Internal Financial Control in the Public Sector (Official Gazette No. 255/2024), and the Rulebook on the Form and Content of the Reports and the Statement on the Quality and Status of Internal Controls as part of the Annual Financial Report (Official Gazette No. 147/10, 34/11, and 113/14), the Head of a first-line budget user from the legislative, executive, and judicial branches of government (excluding the State Audit Office), as well as the funds, municipalities, and the City of Skopje, is obliged to submit an Annual Financial Report to the Central Harmonization Unit no later than 10 May of the current year for the previous year. An integral part of this Annual Financial Report is Annex 5 – Report on Performed Audits and Internal Audit Activities. In order to ensure the successful implementation of the above-mentioned obligation, the Ministry of Finance sent a Request for Submission of the Annual Financial Report for 2024 to budget users on 21 March 2025, followed by a Reminder for Submission of the Annual Financial Report for 2024 on 23 April 2025.</p> <p>Pursuant to Article 48, line (10) of the Law on Public Internal Financial Control (Official Gazette No. 90/2009, 188/2013, and 192/2015) and Article 60 of the Law on the System of Internal Financial Control in the Public Sector (Official Gazette No. 255/2024), the Central Harmonization Unit is responsible for preparing the Annual Report on the Functioning of the Public Internal Financial Control System, based on the annual financial reports submitted by budget users who are legally obliged to do so. The Ministry of Finance submits this report to the Government of the Republic of North Macedonia no later than the end of July of the current year for the previous year.</p> <p>Employees of the Central Harmonization Unit (CHU), in coordination with the Assistant Head of the CHU and under the supervision of the Head of the CHU, in accordance with the legal obligations and internal procedures of the Ministry of Finance, carried out the relevant analyses and prepared the Annual Report on the Functioning of the Public Internal Financial Control System for 2024. This report was approved by the State Secretary of the Ministry of Finance, and the Minister of Finance submitted it to the Government of the Republic of North Macedonia on 31 July 2025. Through this report, inter alia, the Ministry of Finance informed the Government that Annex 5 – Report on Performed Audits and Internal Audit Activities for 2024 had been submitted to the Central Harmonization Unit at the Ministry of Finance by 81% of budget users at the central level and 77% of budget users at the local level.</p> <p>Within the framework of the governmental procedure, the report was reviewed at the 48th session of the General Collegium of State Secretaries, held on 24 September 2025, where a positive opinion was issued for further procedure.</p>

	<p>Subsequently, at the 47th session of the Commission for Economic System and Current Economic Policy, the report was reviewed, and it was proposed that the Government consider and adopt appropriate conclusions. At the 118th session of the Government, held on 7 October 2025, the Government reviewed and adopted, together with the relevant conclusions, the Annual Report on the Functioning of the Public Internal Financial Control System for 2024. Through this adoption procedure, the fulfilment of this step of the Reform Agenda was effectively confirmed.</p>
<p>Compliance with general principles and DNSH principle</p>	<p>The implementation of the steps does not contravene the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement.</p> <p>The implementation of the steps does not contravene the ‘Do No Significant Harm’ principle (DNSH).</p>
<p>Double funding</p>	<p>For the implementation of this step, no donor assistance was used.</p>
<p>Clear conclusion on the achievement of the step</p>	<p>Fully achieved</p>
