

Based on article 6 of the Law on Changing and Amending the Law on Budgets (“Official Gazette of the Republic of Macedonia” no. 11/01), The Legislative commission of the Parliament of the Republic of Macedonia, at the session held on April 20, 2001, confirmed the clean text of the Law on Budgets.

The clean text of the Law on Budgets encloses: The Law on Budgets (“Official Gazette of the Republic of Macedonia” no. 79/93), the Law on Changing and amending the Law on Budgets (“Official Gazette of the Republic of Macedonia” no. 71/96), Law on Changing and amending the Law on Budgets (“Official Gazette of the Republic of Macedonia” no. 46/2000) and the Law on Changing and amending the Law on budgets (“Official Gazette of the Republic of Macedonia” no. 11/01), , the Correction of the Law on Budgets (“Official Gazette of the Republic of Macedonia” no.3/94) and the Decision of the Constitutional Court of the Republic of Macedonia n. 180/98 (“Official Gazette of the Republic of Macedonia” no. 15/99),

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Skopje

LAW ON BUDGETS (CLEAN TEXT)

LAW ON BUDGETS

(Clean version)

Chapter 1

GENERAL PROVISIONS

Article 1

This Law regulates the procedure for preparation, adoption and execution of the Budget of the Republic of Macedonia (in the further text: Budget of the Republic), the budgets of the local self government Units and of the city of Skopje (in the further text: budgets of the local self-government units) and the budgets of the funds.

Article 2

The budget is an annual plan for financing of the activities and obligations of the Republic of Macedonia, the local self-government Units and of the funds and it comprises of the annual estimate of the revenues and other income as well as plan of expenditure as specified.

Article 3

The annual estimate referred to in Article 2 of this Law represents a fiscal year of 12 months, starting January 1st and ending December 31st each calendar year and is applicable only for the fiscal year for which it has been adopted.

Article 4

The budget surfeit, in terms of this Law represents the difference between planned revenues (loans notwithstanding) and planned expenditure (when revenues exceed expenditure), and budget deficit represents the difference between planned revenues (loans notwithstanding) and planned expenditure (when expenditures exceed revenues).

Article 5

Budget users, in terms of this Law represent the users of the funds of the Budget of the Republic from the legislative, executive and judicial authorities (in the further text: Budget users).

Units-users of the funds of the Budget of the Republic, in terms of this Law represent the institutions in the fields of education, culture, protection of children, social protection, science and sport, that are financed through the user of the Budget of the Republic of that field (in the further text: unit-users).

Article 6

All revenues of the users and their unit-users, the local self-government Units and the funds are registered in their budgets.

Liabilities and expenses are executed in compliance with the regulations pertaining to their execution, and within the estimated expenses in their budgets.

Article 7

In the procedure for proposing adoption of a new rule or regulation that would lead to creation of new or additional liabilities for the Budget of the Republic, the budget users are obliged to obtain a positive opinion from the Ministry of Finance, and attach it to the proposals as a constituent element.

No rule or regulation towards reduction of revenues or creation of new or additional liabilities for the current Budget of the Republic shall be enacted unless the required funds have been provided to that effect.

Article 8

For the purposes of this law, budget document shall mean: balance of revenues and expenditure, functional classification of expenditure, balance by items (organizational classification), separate part of budgets showing separate users and expenditure purposes (economic and program classification), explanation of budgets, sources for covering budget deficits, funds necessary for the following two years and regulation pertaining to the execution of budgets.

The Minister of Finance shall issue the classification of revenues and expenditure.

Article 9

The users and the unit users of the means of the Budget of the Republic, the Funds, the users of the funds and the units of the local self-government can open accounts in the National Banks of the Republic of Macedonia or some other bank as determined by the Government of the Republic of Macedonia.

The funds of the Budget of the Republic, of the budget users and their unit-users as well as the funds of the budgets of the local self-government Units and the Funds, are deposited with the National Bank of the Republic of Macedonia or some other bank as determined by the Government of the Republic of Macedonia.

For opening of an account for the entities referred to in paragraph 1 of this article a prior consent of the Minister of Finance is needed.

For opening accounts for the users and the unit users of the means of the Budget, as well as for performing financial services, the Minister of Finance shall conclude agreements with the financial institutions.

BUDGET OF THE REPUBLIC

Article 10

The budget of the Republic is made up of the user’s funds, as well as the budgets of the Pension and Disability Insurance Fund, the Health Insurance Fund, the Road Fund, the Water Fund, the Fund for Protection and Promotion of the Environment and Nature, and the National Employment Bureau.

The Budget of the Republic also includes the revenues and expenditures created through additional activities which are not financed from the budget of the Republic of Macedonia (in the further text: self-financed activities).

The Funds of paragraph 1 of this article may not show any budget deficit.

Article 11

Revenues of the Budget of the Republic are generated from;

- a) Taxes
 - profit tax;
 - personal income tax;
 - value added tax and excise tax; and
 - other taxes determined by law.
- b) Customs and other charges (taxes in international exchange and transactions).
- c) Fees
 - administrative fees;
 - court fees;
- d) Incomes not resulting from taxes
 - incomes from enterprises’ dividends;
 - monetary penalties;
 - incomes from interests based on approved loans;
 - incomes from interests based on deposited means;
 - incomes based on excesses over expenditures of the National Bank of the Republic of Macedonia;
 - other public payments determined by law.
- e) Incomes from donations received from within the country and from abroad (presented in goods and money).
- f) Other incomes to the Budget of the Republic, on other bases, in compliance with a law.

Besides the revenues, referred to in paragraph 1 of this Article, revenues to the Budget of the Republic are also incomes based on taking domestic and foreign loans, by which the budget deficit is being financed.

Article 12

Revenues of the Funds’ budgets within the Budget of the Republic are generated from:

- contributions;
- allowances;
- budget transfers;
- revenues from domestic and foreign donations (in goods and money); and
- other revenues on other bases as determined by law. Temporary lack of revenues of the Funds’ budgets during the year is covered by borrowing from the Budget of the Republic.

Article 13

Expenditures of the Budget of the Republic are made up of:

- current expenditures (salaries, wages and allowances, expenses for goods and services, current transfers and interest payments);
- capital expenditure (purchase of capital goods and capital transfers)
- lending and purchase of securities; and
- repayment of principals of domestic and foreign loans.

Article 14

The deficit of the Budget of the Republic is financed through domestic and foreign borrowing, issuance of treasury bills and bonds.

Article 15

For the purpose of managing the financial resources of the Budget of the Republic, a Single Treasury shall be founded at the Ministry of Finance which will perform the following activities:

- managing the expenditure of the Budget of the Republic;
- makes current projections of the revenues and expenditures;
- managing the debt of the Republic of Macedonia;
- keeps the main book of the treasury;
- makes reports for collection of revenues, for executing the expenditure, as well as other reports and
- performs other operational activities.

More detailed provisions for the manner of operation of the Treasury shall be determined by the Minister of Finance.

Article 16

The revenues and expenditures transactions are registered in the main registry book kept by the Single Treasury.

The form, the contents and the manner of keeping the main registry book are determined by the Government of the Republic of Macedonia.

A separate register is kept for the users and unit-users of the funds of the Budget of the Republic.

The manner of keeping the register of paragraph 3 of this article is determined by the Minister of Finance.

BUDGETS OF LOCAL SELF-GOVERNMENT UNITS

Article 17

Local self-government Units prepare, propose and adopt their budgets independently and in compliance with this law and other regulation, on the basis of the macroeconomic aggregates. Budgets of local self-government Units must be prepared in accordance with the instructions given by the Minister of Finance pertaining to the classification of revenues and expenditures.

Budgets of local self-government Units must be balanced i.e. should not have budget deficit.

Local self-government Units shall submit their budgets to the Ministry of Finance within 15 days of the preparation of the budgets so that the overall public expenditure in the Republic of Macedonia may be monitored.

Article 18

The Budget of the local self-government Units is made up of the funds of the council, the Mayor and the administrative bodies, as well as the budgets of: the Fund for communal activities, street lighting and city rent; the Road Fund; the Fund for public green areas; the Forestry Fund and other Funds.

The Budget referred to in paragraph 1 of this article also includes the revenues and expenditures created through additional activities of the users which are not financed from the budget of the local self-government Units (in the further text: self-financed activities).

Article 19

The Mayor of the local self-government Unit is responsible for the preparation and submission of the budget to the Council of the local self-government Unit for adoption.

Article 20

Local self-government Units shall establish departments for keeping records of revenues and expenditure and for approval of payments within the cash available.

Article 21

Revenues of the local self-government Units are generated from:

- a) Taxes
 - property tax;
 - tax on inheritance and gift;
 - tax on turnover of immovable property and rights.
- b) Fees
 - communal fees.
- c) Additional incomes from the Budget of the Republic, in compliance with a special law
- d) Incomes from domestic and foreign donations (in goods and money)
- e) Other incomes turned over to the budgets of the local self-government Units, in compliance with a law.

Besides the revenues referred to in paragraph 1 of this article, revenues to the budgets of the local self-government units are also incomes based on taking loans from the Budget of the Republic.

Article 22

The revenues of the city of Skopje and of the local self-government Units on the territory of the city are determined as exception from the article 21 of this law, as follows:

Original revenues of the city of Skopje, as a separate Unit of local self-government, are determined as 38.5% of the revenues referred to in paragraph 1, lines a) and b) of article 21 of this Law, generated on the territory of the city.

Original revenues of local self-government Units on the territory of the city of Skopje are determined based on their participation in the overall participation in the overall number of citizens at the level of municipality in which they were generated.

Article 23

Revenues of local self-government Units mentioned in articles 21 and 22 of this law are paid on the determined single accounts of the municipalities in which they were generated.

Revenues of local self-government Units on the territory of the Republic of Macedonia are spent pro rata as follows:

- 80 % by their participation in the overall number of citizens at the level of municipality in which they were generated;
- 10% by their participation in the overall number of settlements at the level of municipality in which they were generated; and
- 10% by their participation in the overall square mileage at the level of municipality in which they were generated.

Article 24

Expenditures of the budgets of the local self government Units budgets are made up of:

- current expenditures (salaries, wages and allowances, purchase of goods and services, current transfers and interest payments);
- capital expenditures (purchase of capital goods and capital transfers); and
- payment of loan principals.

PREPARATION, SUBMISSION AND ADOPTION OF THE BUDGETS

Article 25

Preparation of the budgets is carried out based on the macroeconomic policy and the projection of the macroeconomic aggregates for the year for which the budgets are being adopted.

The Minister of Finance is responsible for the preparation of the proposal of the Budget of the Republic of Macedonia and for its submission to the Government of the Republic of Macedonia.

Article 26

A report on the fiscal condition of the current fiscal year shall be prepared by the Minister of Finance, who shall propose the directives and objectives of the fiscal policy, as well as the main categories of the estimated revenues and expenditures for the following budget year, and shall submit it to the Government of the Republic of Macedonia (in the further text: Government) in the month of April of the current year, for the following year.

Based on the confirmed Government stands, the Minister of Finance shall prepare a circular that will include the main directives for preparation of the budgets and shall submit it to the budget users, to the Units of local self-government and to the Funds in the month of April.

The circular, referred to in paragraph 2 from this article, shall include the activities and tasks to be carried during the fiscal year, the methodology for preparation of the users' budgets (key parameters, procedure and time period for preparation of the budgets), as well as indicative total expenditures for each user, which should include an estimate by types and the necessary information that is supplied to the budget.

Article 27

The information referred to in article 26, paragraph 3 of this Law shall contain:

- review of the activities and tasks that are to be carried during the fiscal year (program activities);
- estimate of the expenditures for the fiscal year, according to expenditures' items and sub-items;

- estimate of the expenditures for the following two fiscal years, according to expenditures’ categories, sub-categories and items;
- review of required expenditures for necessary working force for execution of the users’ functions;
- proposals containing future liabilities or expenditures for several years, including investing projects, presented separately; and
- estimate of expenditures paid out of the revenues generated through self financed activities by expenditure items and sub-items.

Beside the information referred to in paragraph 1 of this article, the users shall, not any later than June 15th, submit an explanation for the size of the amounts according to positions, for the purpose of analyzing and control of all budget proposals by the Ministry of Finance.

Article 28

The Ministry of Finance shall evaluate the Proposals received from the users from the perspective of efficiency, priority and rationality and shall adjust the programs with the users from the aspect of the funds needed for their implementation.

Based on the adjustments made with the users, the Ministry of Finance shall prepare the Proposal Budget of the Republic and explanation of the Budget, which shall contain: macroeconomic parameters for the following fiscal year; limits of estimated revenues and expenditures for the following fiscal year; data on the requests submitted by the users; different stands in the negotiations; general data on the planned revenues and expenditures created through self-financed activities and explanation of the methods of deficit financing, if provisions have been made to that effect. The Ministry of Finance shall submit the Proposal Budget of the Republic to the Government at the beginning of October.

In case that no reconciliation has been reached in the procedure for reconciliation of the users’ proposals, the Minister of Finance shall prepare a report and submit it to the Government, for the purpose of decision making.

Article 29

The Government sets the Proposal Budget of the Republic and submits it to the Parliament of the Republic of Macedonia not later than the middle of November for the purpose of its adoption.

The Parliament of the Republic of Macedonia can not review the Proposal Budget of the Republic before 20 days have passed since the day of Proposal’s submission to the Members of the Parliament of the Republic of Macedonia.

The Minister of Finance is obliged to present the Proposal Budget in the Parliament of the Republic of Macedonia.

Article 30

Budgets of the Units of local self-governments and of the Funds shall be prepared and adopted in the time period determined for preparation and adoption of the Budget of the Republic.

Article 31

The Proposal Budget of the Republic contains:

- 1) Balance of budget revenues and expenditures with:
 - revenue items (article 11, 12, 21, 22 and 23) and
 - expenditure items (article 13 and 24).
- 2) Functional classification of expenditure;
- 3) Itemized expenditure;
- 4) Separate part of the budget by users with:
 - expenditures generated in the previous fiscal year;
 - approved and audited expenditure for the current fiscal year;
 - estimate of the following fiscal year shown by the economic and program classification at the level of sub-items; and
 - estimate of liabilities for the following two years presented at the level of sub-categories.
- 5) Estimate of the maximum amount in which borrowing is allowed and guarantees issued during the current fiscal year;
- 6) Borrowing limit for the local self-government Units in the current fiscal year; and
- 7) Proposals on the possible ways to cover the budget deficit of the Budget of the Republic.

Article 32

Amounts of revenues presented in the annual budget document are not definitely determined and limited.

Changes to the budgets should be within the frames of the total amount of the determined revenues. Additionally adopted expenditures in the Budget are accompanied by measures that will increase the proposed revenues or decrease other expenditures by proportional amount.

Article 33

Expenditures determined within the annual budget document are considered maximum expenditures and no further liability may be taken over them.

Every expense requiring a new source of revenue together with the proposed source, as well as when the planned expenditures should be reduced by more than 5% as a result of failure to generate the planned revenues, is processed in a special budget document (rebalance), which is drafted by the competent body.

Article 34

For the purpose of covering unexpected requirements for expenditures that shall arise during the budget year, up to 3% of the total current and capital expenditure is set aside for budget reserves (permanent and current).

Based on the proposal by the Minister of Finance, the Government shall decide upon the disposal of the means, referred to in paragraph 1 of this article.

Article 35

The Budget of the Republic, including the budgets of the Funds, shall be published in the “Official Gazette of the Republic of Macedonia”.

The budgets of the local self-government Units shall be published in their respective official gazettes.

EXECUTION OF THE BUDGET

Article 36

Upon the adoption of the Budget of the Republic, the Minister of Finance shall notify the users of the means that shall have been approved for them, and the users shall allocate the revenues and expenditures to separate unit-users.

On the basis of the notification referred to in paragraph 1 of this article, unit-users are obliged to issue a financial plan for the purposes for which the means are going to be used, not later than 15 days following the day of notification.

Unit-users are obliged to submit the financial plan referred to in paragraph 2 of this article to the Ministry whose part they are, within 5 days following the day of its issue.

Users of the budgets and the unit-users are obliged to use the means referred to in paragraph 1 of this article in accordance with the determined objectives and must not take any liabilities over the limit of the approved means.

Article 37

Revenues generated through self-financed activities, gained by the users and unit-users of the budget means by performing activities that are not financed by the Budget, shall be paid in a special account for revenues generated through self-financed activities.

Revenues and expenditures of each budget user and unit-users are presented in the Budget of the Republic.

Budget users and unit-users generating revenues in compliance with paragraph 1 of this article shall issue a financial plan pursuant to article 36 paragraph 2 of this Law.

Revenues generated through self-financed activities may be used to the amount and for the purposes defined in the financial plan.

Article 38

Users and unit-users are responsible for settlement of revenues for performing activities of their competence.

Users that include unit-users are obliged to control any collected incomes and executed payments in the Budget of the Republic by the unit-users.

Revenues referred to in paragraph 1 of this article shall be paid in the Budget of the Republic.

Article 39

In case the Budget of the Republic is not adopted by December 31st in the current year, the Ministry of Finance shall, at the latest until March 31st the following year, disburse means from the Budget according to positions, up to one third of the executed expenditures in the forth quarter of the previous fiscal year, for each month.

Article 40

The Ministry of Finance shall divide the determined annual expenditures for each user in three-month budget allocations. Based on the revenues that are at disposal of the Ministry of Finance, the Ministry shall conduct the allocation for each three-month period, and shall deliver the amount of the determined means to every user, not later than 10 working days before the start of a new three-month period.

Based on their three-month allocation, users may take liabilities through concluding contracts for providing goods and services, in compliance with the Budget’s specification, except for liabilities that they have for performing the activities, including investment projects that result in longer lasting liabilities.

The Ministry of Finance shall divide the three-month allocations to the users in maximal monthly cash payment, of which the Ministry shall inform every user. Monthly amount of means transferred from the Budget account to the account of the user must not exceed the determined maximal cash limit for that month.

Article 41

The users shall submit a request to the Ministry of Finance for the purpose of covering unexpected expenditures arising after the adoption of the Budget.

The request referred to in paragraph 1 of this article shall include the reasons, the amounts and the basis for calculation of the amounts.

Unexpected expenditures referred to in paragraph 1 of this article shall be secured pursuant to article 34 of this Law.

Article 42

The institution for national payments is obliged to inform the Ministry of Finance on all realized revenues and executed expenditures of the budgets in a manner and time period as determined by the Ministry of Finance.

The Minister of Finance shall issue more detailed regulations on the procedure for delivery of information referred to in paragraph 1 of this article, as necessary.

Article 43

Users may not reallocate approved expenditures among themselves.

Reallocation of planned expenditure during the fiscal year is made by the Government or the Council of the local self-government Unit, within the overall limits of budget revenues.

Amounts determined in a user’s budget may be reallocated between expenditure categories, sub-categories, items and sub-items, with the exception of the expenditure items between salaries and wages and other expenses, as well as repayments of loan interests and principals and other expenses.

Article 44

In the second half of July in the fiscal year, the Minister of Finance shall submit to the Government a review of the condition of the execution of the Budget and the debt of the Republic.

The review, referred to in paragraph 1 of this article shall include the comparative amounts of prescribed levels of the revenues, the expenditures, the deficit and taking loans, within the frames determined in the Budget of the Republic, with explanation on the main differences.

Article 45

On the basis of the review referred to in article 44 paragraph 1 of this Law, the Government shall take all necessary measures for providing reconciliation of the main Budget’s objectives with the new economic conditions, and shall make a proposal to the Parliament of the Republic of Macedonia for adoption of the measures.

Article 46

The right of the users to spend means from the Budget shall cease on December 31st. All unsettled liabilities of the users of the fiscal year shall be approved again and taken into consideration in a position of the Budget for the following fiscal year.

Users and unit-users of the means of the Budget of the Republic shall return the unutilized rights (money) to the Budget of the Republic on December 31st and not later than January 5th the following year.

If users fail to return the rights by that date, it shall be done by the Ministry of Finance.

Revenues on Budget’s accounts that are settled after December 31st shall be recorded as revenues of the Budget for the following fiscal year.

Chapter 2 LOANS AND DEBTS

Article 47

The budget document shall determine the limit for the annual increase of the total current debt, for covering the budget deficit.

Article 48

Only the Government has the right to take loans from legal or natural entities from the country and from abroad, in compliance with a law, for purpose of covering budget deficit, and to give guarantees for payment of the liabilities on the basis of the loans taken for that purpose.

The Government may approve short-term loans only to the Units of local self-government and the Funds if means are earmarked for such purpose in the Budget of the Republic.

The Units of local self-government and the Funds shall repay the loans referred to in paragraph 2 of this article not later than the end of the fiscal year.

Article 49

The Parliament of the Republic of Macedonia shall give guarantees for the liabilities of the public enterprises and trading companies with predominant state-owned capital, based on domestic or foreign loans.

The agreements for taking loans and giving guarantees to the public enterprises and trading companies with predominant state-owned capital shall be concluded by the Government on behalf of the Parliament.

Article 50

The Government shall decide on taking loans and giving guarantees pursuant to article 48, paragraph 1 of this Law upon a proposal from the Minister of Finance.

Agreement for taking loans and giving guarantees shall be concluded by the Minister of Finance on behalf of the Government.

The Minister of Finance shall propose to the Government the type of financial instruments and conditions for taking loans.

In case the type of financial instrument and conditions for taking loans affect the monetary policy, the Ministry of Finance shall consult the National Bank of the Republic of Macedonia.

Article 51

The debt may be in form of a loan, bonds or treasury bills.

Treasury bills are recorded by the National Bank of the Republic of Macedonia, on behalf and to the account of the Republic.

Treasury bills may be also recorded by other financial institutions, authorized by the Government and controlled by the National Bank of the Republic of Macedonia.

The provisions of the Law on Securities shall apply for debts issued in form of bonds and treasury bills, unless otherwise specified in this Law.

Article 52

The National Bank of the Republic of Macedonia shall conduct all necessary technical services as requested by the Minister of Finance, for implementation of the decisions related to the debt of the Republic.

Article 53

Funds are earmarked in the Budget of the Republic for the current year for repayment of loan principal amounts and interests coming due during the fiscal year as stipulated in the agreements entered into.

Article 54

The Single Treasury shall keep records of debts of the Republic of Macedonia, loans approved and guaranties issued.

Article 55

Decisions related to taking loans or giving guarantees shall be published in the “Official Gazette of the Republic of Macedonia”.

Chapter 3

BUDGET BOOKKEEPING, FINAL ACCOUNT AND AUDIT

Article 56

Every user is responsible for bookkeeping in compliance with the legal regulations and execution of internal audit for collection of the incomes and expenditure transactions.

The Ministry of Finance, besides the responsibility for bookkeeping and execution of audit of revenues and expenditures, is also responsible for bookkeeping and internal audit when taking loans and debt transactions, on behalf of and to the account of the Budget of the Republic.

Article 57

The users of the means of the Budget of the Republic, the budgets of the Units of local self-government and the budgets of the Funds are obliged to establish internal audit.

Officials or managers of entities mentioned in paragraph 1 of this article shall appoint internal auditors upon previous approval given by the Government.

Entities of paragraph 1 of this article must not assume financial liabilities and make payments of expenses without a signature of the internal auditor.

In case the users of the means of the Budget of the Republic do not establish internal audit, internal audit shall be conducted by auditors from the Ministry of Finance.

Internal auditors for the Units of local self-government shall be appointed by the Mayor.

Article 58

Through the central internal audit unit, the Ministry of Finance shall conduct the audit of all users of the means of the Budget of the Republic, the budgets of the Units of local self-government and the budgets of the Funds.

The Minister of Finance shall appoint auditors in the central internal audit unit upon prior approval from the Government

The Minister of Finance shall define the manner of performing the activities of the internal audit.

Article 59

Auditors of the central internal audit unit shall carry an official identity card. The Minister of Finance shall prescribe the form and content as well as the method of issue.

Article 60

If, in the course of the auditing activities auditors discover irregularities and shortcomings in terms of utilization of the means provided and an incomplete documentation, they shall produce a report and shall issues a decision ordering their elimination within a given deadline.

Internal auditors shall submit the report and the decision described in paragraph 1 of this article to the respective official or manager of entities mentioned in article 57, while auditors from the central internal audit unit shall also submit it to the Minister of Finance.

If irregularities and shortcomings are not eliminated within the given deadline as ordered, auditors shall order suspension of payments of the means from the budget until such time that the irregularities are eliminated.

Article 61

If in the course of auditing auditors find that a violation or a criminal act has been made they shall immediately file for initiation of a misdemeanor or a criminal procedure.

Article 62

The Minister of Finance shall prescribe the unique standards for keeping records, pursuant to which the users of the Budget of the Republic, the self-government Units and the Funds shall keep their bookkeeping records.

Article 63

At the end of each fiscal year, the Minister of Finance shall give the instructions for closing and preparation of the final accounts of the Budget of the Republic, Units of local self-government and the Funds.

Article 64

Based on the instructions given out by the Minister of Finance, referred to in article 63 of this Law, the users of the Budget of the Republic, the Units of local self-government and the Funds shall prepare their final accounts and the final accounts of their unit-users.

No later than March 1st in the current year, every unit-user shall prepare and submit its final account for the previous year, to the user where the unit-user belongs.

Users of the budgets and the funds shall prepare a joint final account (based on their final account and the final accounts of their unit-users).

No later than March 31st in the current year, final accounts for the previous year referred to in paragraph 3 of this article, shall be submitted to the Ministry of Finance.

Article 65

Pursuant to articles 63 and 64 of this Law, and based on the final accounts of the users and of the Funds, the Ministry of Finance shall evaluate the executed items of the incomes and expenditures in accordance with provisions set in article 63 of this Law..

The Ministry of Finance shall prepare the final account of the Budget until the April 30th in the current year and shall submit it to the Government of the Republic of Macedonia for confirmation.

Article 66

The final account shall be prepared in compliance with the classification of the expenditures.

The final account shall include the following attachments:

- Review of the settled incomes and executed expenditures of all budgets' accounts of the Budget of the Republic, compared to the evaluations of the budgets' incomes and approved expenditures, as well as an explanation on the major discrepancies and
- Detailed review of the spending of the budget's reserve and of the guarantees for taken loans in the fiscal year.

Article 67

Final accounts of the budgets of the Units of local self-government are prepared in compliance with the prescribed procedure for preparation and adoption of the Budget of the Republic and of the Funds.

Final accounts of the Units of local self-government shall be attached to the final account of the Budget of the Republic.

The final annual account of the Unit of local self-government shall be adopted by the Council not later than March 15th and shall be submitted to the Minister of Finance not later than March 31st.

Article 68

The Ministry of Finance shall submit the final account of the Budget of the Republic, after it has been approved by the Government of the Republic of Macedonia, together with the final accounts of the budgets of the Units of local self-government and of the Funds, to the Parliament of the Republic of Macedonia, for adoption.

Chapter 4 BUDGET AUDIT

Article 69

The State Audit Office shall conduct audit of the use and expenditure of the Budget's income.

Chapter 5 PENALTY PROVISIONS

Article 70

The accountable officials or managers of the users of the budget of the Republic, Units of local self-government and the Funds shall be fined 15,000 to 50,000 denars if they:

1. fail to show the total revenues in making budget estimates (article 27);
2. show inaccurate total revenues and fail to pay them in the budget of the Republic of Macedonia.(article 37);
3. make exemptions or reductions of obligations to pay budget revenues or fail to conduct audits of unit-user and fail to pay in the revenues in the budget of the Republic of Macedonia. (article 38);
4. abuse their position and fail to allocate funds from the budget account or defer payments do liabilities due on budget accounts (article 40);
5. make payments out of the budget account contrary to the law, thus increasing the expenditure for the Budget of the Republic of Macedonia (article 33 and 46 paragraph 2);

6. fail to inform the Ministry of finance about the revenues generated and expenditure made(article 42);
7. reallocate the expenditure from the other users (article 43 paragraph 1);
8. fail to submit the final account to the Ministry of Finance in the deadline determined by the law (article 64, paragraph 4 and article 67, paragraph 3);
9. fail to show all revenues and expenditures in the budget (article 6);
10. fail to obtain an opinion from the Ministry of Finance when they propose or enact regulations and rules for the purposes of creating new liabilities for the Budget of the Republic (article 7)
11. ignore the macro economic aggregates and show budget deficit (article 17);
12. fail to observe the deadlines for preparation, proposals and submission of budget (article 19);
13. fail to attach a program of activities for the upcoming fiscal year (program activities) (article 27) and
14. open accounts without prior approval from .the Minister of Finance (article 9).

Article 71

Liability for executed violation of the provisions of this Law shall bring appropriate discipline and criminal liability of the accountable official, or the manager.

TRANSITIONAL AND FINAL PROVISIONS

Article 72

The provisions of article 10 and 18 of this Law will start to be implemented starting from the preparation of the Budget of Republic of Macedonia and the budgets of the Units of local self-government for the year of 2001.

Article 73

On the day this Law comes into force, the validity of the Law on financing of the general social and common needs (“Official Gazette of the Republic of Macedonia”, No. 36/91, 55/91, 21/92, 1/93 and 19/93) shall cease.