

National Audit Office Act

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Chapter One GENERAL PROVISIONS

Subject Matter

Article 1. (1) This Act shall regulate the structure, functions, powers, and organisation of the work of the National Audit Office.

(2) The National Audit Office shall carry out external audits of the budget and other public funds and activities in accordance with this Act and the internationally adopted auditing standards.

(3) The National Audit Office shall be a public legal person domiciled in Sofia.

Main Task

Article 2. The main task of the National Audit Office is to control the reliability and authenticity of the financial statements of budget organisations and the legal, efficient, effective, and economic management of public funds and activities, as well as to provide the National Assembly with reliable and objective information thereof.

Independence

Article 3. The National Audit Office shall be independent in performing its operations and shall report to the National Assembly.

Basic Principles

Article 4. The National Audit Office shall discharge its functions on the basis of the following principles:

1. independence, lawfulness, objectivity, and good faith;
2. professionalism, integrity and impartiality;
3. consistency and predictability;
4. openness and transparency;
5. trust, co-operation, and constructivism.

Chapter Two STATUS AND POWERS OF THE NATIONAL AUDIT OFFICE

Composition of the National Audit Office

Article 5. (1) The National Audit Office shall be a collegiate body comprising 9 members, including its president. The president and members shall be appointed and dismissed by the National Assembly for a period of 7 years. The president may not be re-elected.

(2) Eligible candidates for president or member of the National Audit Office shall be persons who:

1. have a Master's Degree in economics or law and professional experience in the field of law, finance, financial control, auditing, or accounting of at least 15 years for those applying for the post of president, or 10 years for those applying for the members of the National Audit Office;
2. have not been a member of the Government or a head of a central or local government authority over the last three years preceding their election;

3. have not been convicted for intentional offence prosecuted by public prosecution and have not been deprived, in accordance with the applicable procedure, of the right to take up certain posts or be engaged in certain occupations.

(3) Persons who related as specified below may not take up the post of president or member:

1. spouses or cohabitantes;
2. relatives in a direct line to an unlimited degree and collaterally up to and including the fourth degree;
3. related parties as per the meaning set out in the Conflict of Interest Prevention and Disclosure Act.

(4) The National Audit Office president and members shall be sworn in office under the following oath taken before the National Assembly: "In the name of the Republic of Bulgaria, I swear to abide by the Constitution and the laws of this country, to work for the implementation of the functions entrusted to the National Audit Office, and in doing so, to be guided by the principles of independence, objectivity, and good faith in the performance of the duties assigned to me by law. I have sworn."

Election of a President and Members

Article 6. (1) The National Assembly shall elect a president of the National Audit Office three months prior to the expiration of the incumbent president's mandate.

(2) Within one month upon being elected, the president shall submit a proposal to the National Assembly for the election of members of the National Audit Office. The National Assembly shall elect the members of the National Audit Office within 14 days from receiving the election proposal.

(3) The elected president and members of the National Audit Office referred to in paragraphs 1 and 2 shall assume office on the day of expiration of the mandate of their predecessors.

(4) The president and members of the National Audit Office elected as per paragraphs 1 and 2 shall leave any other offices they hold and terminate any activities that are incompatible with their legal status no later than the day they assume office.

(5) The president and members of the National Audit Office shall continue to exercise their powers until their successors assume office.

(6) The president and members of the National Audit Office may not hold any other paid position or perform any other paid activity except for research or teaching work and activities regulated under the Copyright and Neighbouring Rights Act.

(7) Within 14 days upon assuming office, the president and members of the National Audit Office shall take action to be dismissed from other paid positions and to terminate other paid activities.

Remuneration of the President and Members

Article 7. (1) The president shall be entitled to a basic monthly remuneration amounting to 90 per cent of the remuneration of the president of the National Assembly.

(2) The vice-presidents shall be entitled to a basic monthly remuneration amounting to 90 per cent of the remuneration of the president.

Early Dismissal

Article 8. The president and the members of the National Audit Office may be dismissed by the National Assembly prior to the expiration of their term of office:

1. upon their written request;

2. in case of inability to perform their duties for more than 6 months;
3. when they have been convicted for any intentional offence prosecuted by public prosecution or legally deprived of the right to take up the post concerned;
4. due to ineligibility under Article 5, paragraphs 2 and 3 that has arisen after their election;
5. upon the entry into force of an instrument, ascertaining any conflict of interest under the Prevention and Detection of Conflict of Interest Act;
6. upon severe violation of the law or the Code of Ethics of the National Audit Office;
7. in the event of death.

(2) Upon dismissing the president, the National Assembly shall appoint a member of the National Audit Office who shall discharge the duties of the former president until a new one is elected.

(3) In the cases referred to in paragraph 1, sub-paragraphs 2-5, the president shall submit a reasoned proposal to the National Assembly for the dismissal of the member concerned.

(4) In the cases referred to in paragraph 1(6), the National Audit Office shall submit a reasoned proposal to the National Assembly. The proposal of the National Audit Office shall be adopted by two-thirds majority of its members, whereby the voting shall exclude the member or the president of the National Audit Office in respect of whom grounds of dismissal have been aroused.

(5) Upon dismissal under paragraph 1, sub-paragraphs 2- 6, the president or member of the National Audit Office, as specified in a decision thereof, shall make a proposal for the election of a new president or member within 14 days.

(6) The newly elected president or member shall complete the term of office of his/her predecessor.

Powers of the National Audit Office

Article 9. (1) As a collegiate body, the National Audit Office shall organise, manage, and control audit activities under this Act.

(2) The National Audit Office shall adopt its decisions at sessions attended by at least 5 of its members. Decisions shall be adopted by a majority of more than half of all members.

(3) Sessions shall be chaired by the president of the National Audit Office. In the absence of the president, sessions shall be chaired by a member of the National Audit Office who is substituting for the president.

(4) The National Audit Office shall have the following powers:

1. adopt the budget and the budget outturn report;
2. adopt the following instruments: Rules of Structure and Procedure of the National Audit Office; Code of Ethics applicable to employees of the National Audit Office; manual on the implementation of the internationally accepted audit standards and on the audit work of the National Audit Office; rules on the selection, appointment, training, performance assessment, and professional development of auditors and staff; strategies, policies, guidelines, and other internal instruments.
3. adopt the organogram of the National Audit Office and appoint the heads of audit units, upon a proposal from the president of the National Audit Office;
4. adopt an Annual Audit Programme and a report on its implementation;
5. deliver a report on the activities of the National Audit Office and submit it to the National Assembly for adoption;

6. adopt rules, conditions, and procedures for holding examinations for the purpose of appointing auditors to the National Audit Office.

(5) Decisions referred to in paragraph 4(2) shall be adopted by two-thirds majority of all members of the National Audit Office.

(6) The National Audit Office shall manage the overall audit work. The National Audit Office shall exercise its audit powers through auditors.

Powers of the President

Article 10. The president shall:

1. manage and organise the activities of the National Audit Office and represent it in Bulgaria and abroad;
2. propose the allocation of audit units among the members of the National Audit Office;
3. designate his/her deputy in the event of absence;
4. exercise the powers of a budget authoriser by delegation;
5. enter into, amend, and terminate employment contracts with the auditors and employees of the National Audit Office.

Applicability of the Labour Code

Article 11. The president and members of the National Audit Office shall enjoy all rights granted under any employment relationship, excluding those rights that are incompatible with or counter to their legal status.

Chapter Three

FUNCTIONS AND ACTIVITIES OF THE NATIONAL AUDIT OFFICE

Types of Audit

Article 12. (1) The National Audit Office shall carry out:

1. financial audits;
2. compliance audits;
3. performance audits;
4. ad-hoc audits.

(2) The National Audit Office may carry out on-the-spot checks, factual checks, and other controls regarding legal persons, as assigned to it by virtue of special legislation, only within its audit work and in accordance with the procedure set out in this Act.

Scope of Audit Work

Article 13. (1) The National Audit Office shall audit:

1. the state budget;
2. the budget of the public social security scheme;
3. the budget of the National Health Insurance Fund;
4. the budgets of municipalities;

5. other budgets adopted by the National Assembly.

(2) The National Audit Office shall also audit:

1. the budgets of budget authorisers referred to in paragraph 1 and the management of their property;
2. the budgets of the Bulgarian Academy of Sciences, state institutions of higher education, the Bulgarian National Radio, and the Bulgarian National Television;
3. the budgetary funds granted to persons engaged in business activities;
4. any resources coming from European Union funds and programmes, including their management by the relevant authorities and the end users of such resources;
5. the budget expenditures of the Bulgarian National Bank and their management;
6. the formulation of any annual surplus of income over expenditures of the Bulgarian National Bank that is payable to the state budget, as well as any other dealings of the Bank with the state budget;
7. the origination and management of the government debt, the government guaranteed debt, the municipal debt, and the utilisation of debt instruments;
8. the privatisation and the granting of concession of state and municipal property, as well as the public funds and public assets placed at the disposal of parties outside the public sector;
9. the execution of international agreements, treaties, conventions or other international instruments, where so provided for in the respective international instrument or assigned by an empowered authority;
10. other public resources, assets and activities, where so assigned by law.

(3) The National Audit Office shall audit:

1. state enterprises referred to in Article 62, paragraph 3 of the Commerce Act;
2. commercial companies with more than 50% stakeholding of the state and/or municipalities;
3. legal persons with liabilities guaranteed by the state or liabilities guaranteed with state and/or municipal property.

(4) The National Audit Office shall audit the management and disposal of public assets and liabilities, regardless of the grounds for said management and disposal and the legal situation of the persons performing it.

(5) The National Audit Office shall prepare reports, containing opinions on the implementation of the state budget, the budget of the public social security scheme, the budget of the National Health Insurance Fund, and the budgetary expenditure of the BNB and shall submit these reports to the National Assembly.

Annual Audit Programme

Article 14. (1) The National Audit Office shall adopt its Annual Audit Programme. The National Assembly may issue decisions assigning the National Audit Office to carry out up to 5 extra audits, on an annual basis, other than those included in the annual programme.

(2) The National Audit Office shall adopt the programme referred to in paragraph 1 as soon as the state budget of the Republic of Bulgaria for the relevant year has been promulgated in the State Gazette, but no later than 31 December of the following year.

(3) The Annual Audit Programme of the National Audit Office shall be made available to the National Assembly within 7 days of its adoption or amendment.

(4) The annual audit programme of the National Audit Office, in the part on auditing resources from European Union funds and programmes, shall be sent to the European Court of Auditors and the European Commission for information.

Budget of the National Audit Office

Article 15. (1) The National Audit Office shall prepare a draft annual budget and submit it to the Ministry of Finance to be included in the state budget draft act for the relevant year.

(2) The Council of Ministers may not modify the draft budget of the National Audit Office; it may only express an opinion thereon before the National Assembly.

(3) The National Audit Office shall have an autonomous budget which is part of the state budget.

(4) The budget authoriser of the budget of the National Audit Office shall be its president.

Co-operation with Institutions in the Republic of Bulgaria

Article 16. (1) When carrying out its activities, the National Audit Office shall co-operate with:

1. government authorities, for the purpose of increasing the efficiency of the control system and fighting against crime and corruption;

2. professional and non-governmental organisations, for the purpose of exchanging good practices and professional development.

(2) The specific forms of co-operation with the institutions referred to in paragraph 1 shall be set out in joint agreements.

Co-operation with the European Court of Auditors and Other Supreme Audit Institutions. Representation

Article 17. (1) The National Audit Office shall co-operate with the European Court of Auditors and the supreme audit institutions of other countries in the field of external audit and shall represent the Republic of Bulgaria in international organisations of the supreme audit institutions.

(2) The National Audit Office may carry out joint audits with the European Court of Auditors concerning the funds referred to in Article 13, paragraph 2, sub-paragraph 4, as well as with the supreme audit institutions of other countries concerning the execution of international instruments referred to in Article 13, paragraph 2, sub-paragraph 9, where signed agreements have provided so.

Organisation of the Work of the National Audit Office

Article 18. (1) The work of the National Audit Office shall be organised per units.

(2) Units shall be set up on the principle of function.

(3) The number and scope of work of units shall be determined in a decision of the National Audit Office.

(4) Units can include structural sub-units.

Management of Audit Units

Article 19. (1) The units shall be headed by members of the National Audit Office who shall be appointed, upon a proposal of its president, in a decision of the National Audit Office. A member of the National Audit Office may head only one unit.

(2) The powers of a member of the National Audit Office as a head of unit shall be laid down in this Act and shall be discharged as per the procedures and methods set out in the Rules of Structure and Procedure of the National Audit Office and the internal instruments regulating audit work.

Powers of Members of the National Audit Office as Heads of Units

Article 20. (1) The members of the National Audit Office shall:

1. manage audit units;
2. plan and allocate the resources needed to perform audit tasks from the scope of the units concerned;
3. put forward audit reports at sessions of the National Audit Office for review and adoption, along with any opinions submitted in respect of the reports, conclusions thereof, and recommendations for improving the operations of auditees;
4. discharge other powers assigned to them by law, as per the procedures and methods set out in an internal instrument or order issued by the president of the National Audit Office;
5. take responsibility for the organisation of audit work and its quality.

In the absence of a member of the National Audit Office, his/her powers as a head of unit shall be performed by another member of the National Audit Office as nominated in an order issued by the president.

Chapter Four

RIGHTS AND OBLIGATIONS OF EMPLOYEES OF THE NATIONAL AUDIT OFFICE

Employees of the National Audit Office

Article 21. (1) The employees of the National Audit Office shall include auditors and staff employed in the administration.

(2) The National Audit Office shall discharge its audit powers through auditors.

(3) The staff employed in the administration shall deliver the audit and administrative services of the National Audit Office.

Rights and Obligations under Employment Relationships

Article 22. (1) The employment relationships of employees of the National Audit Office shall be governed by the provisions of the Labour Code.

(2) The employees shall comply with the requirements set out in the Code of Ethics of the National Audit Office and the manual on the implementation of the internationally accepted audit standards and on the audit work of the National Audit Office. If failing to meet said requirements, the employees of the National Audit Office may be punished by disciplinary sanctions as per the conditions and procedures set out in the Labour Code.

Auditors

Article 23. (1) Appointment as an auditor in the National Audit Office shall be offered to persons who:

1. have a Master's Degree and professional experience of at least three years after being awarded said degree and
2. have won a competition for appointment as per the procedures set out in the rules on the selection, appointment, training, performance assessment, and professional development of National Audit Office auditors and staff and
3. have successfully passed the examination for auditor in the National Audit Office in accordance with the rules on the conditions and procedure for holding examinations for appointing auditors to the National Audit Office, or hold an auditing certificate;

(2) Auditing positions shall include auditor, first-degree senior auditor, second-degree senior auditor, chief auditor, and head of structural sub-unit within an audit unit. Promotions shall follow the rules on the selection, appointment, training, performance assessment, and professional development of National Audit Office auditors and staff.

(3) Appointment as a trainee auditor shall be offered to persons who have a Master's Degree and have won a competition as per the rules on the selection, appointment, training, performance assessment, and professional development of National Audit Office auditors and staff. Trainee auditors shall support audit work.

(4) Auditors shall carry out their audit work in audit teams. The heads of audit teams shall be nominated by the head of unit concerned and shall be responsible for the professional management and quality of audits.

Ineligibility to Hold a Position

Article 24. (1) Appointment as employees of the National Audit Office shall be offered to persons who have not been convicted for any intentional offence prosecuted by public prosecution or legally deprived of the right to take up the post concerned or to be engaged in certain occupations.

(2) Upon occurrence of changes in the circumstances referred to in paragraph 1, the persons concerned shall notify, in writing and within 7 days, the president, who shall act in accordance with his/her legal powers.

Length of Service

Article 25. (1) The length of service of auditors and administrative employees occupying management or expert positions shall be recognised as public service in the relevant field.

(2) The length of service of persons with a law degree which has been accumulated while employed at the National Audit Office shall be recognised as service under Article 164, paragraphs 1 - 7 of the Judiciary Act and under Article 8, paragraph 1, sub-paragraph 3 of the Notaries and Notarial Activities Act.

Entitlement to Clothing for Official Occasions

Article 26. The employees of the National Audit Office staff shall be entitled to clothing for official occasions on an annual basis, whereby the clothing funds shall be provisioned from the budget of the National Audit Office. The value and type of clothing for official occasions shall be determined on an annual basis by a decision of the National Audit Office.

Additional Leave for Employees of the National Audit Office

Article 27. The employees of the National Audit Office shall be entitled to an additional paid annual leave of up to 12 days for discharging their duties overtime. The specific length of the additional paid annual leave shall be determined by the president of the National Audit Office upon a proposal of the head of unit concerned or the head of structural sub-unit of the National Audit Office administration.

Distinctions and Awards

Article 28. (1) For having completed specific tasks, the employees of the National Audit Office may be awarded, on a one-time basis, by distinctions or awards in cash or in kind, which shall not exceed the base monthly salary amount and shall not go beyond the funds available in the National Audit Office budget for the relevant year.

(2) Distinctions and awards, as well as the terms for granting them, shall be determined in the Rules of Structure and Procedures of the National Audit Office.

Prohibition to Carry Out Paid Activities

Article 29. (1) Auditors may not hold any other paid positions or carry out any paid activities other than research, teaching in educational institutions, or work regulated under the Copyright and Related Rights Act.

(2) Circumstances under paragraph 1 shall be acknowledged before the president of the National Audit Office in a written declaration upon taking up the position of auditor, or upon the occurrence of a change in circumstances.

Remuneration

Article 30. (1) The basic monthly salaries for the employees of the National Audit Office shall be determined by the president in accordance with the internal rules on salaries and the disposable resources in the budget for the relevant year.

(2) The employees of the National Audit Office may receive additional performance-based compensation as per procedures set out in a law or an instrument of the Council of Ministers, or in the internal rules on salaries.

Obligation to Protect Information

Article 31. (1) The president, members, and employees of the National Audit Office shall safeguard classified information which constitutes state or professional secrecy, as well as trade, bank or other secrecy protected by law and shall not disclose any facts or circumstances that have come into their knowledge in the course of, or in connection with, the discharge of their duties.

(2) The president, members, and employees of the National Audit Office shall sign a confidentiality declaration on the protection of secrecy and non-disclosure of any facts or circumstances referred to in paragraph 1. The declarations shall be signed on the date of assuming office.

Training and Professional Qualification

Article 32. (1) The employees of the National Audit Office shall be obliged to take part in training organised by the National Audit Office for the purpose of maintaining and enhancing their professional qualification.

(2) The expenditure incurred under paragraph 1 shall be charged to the budget of the National Audit Office.

Performance Assessment. Consequences

Article 33. (1) The employees of the National Audit Office shall undergo annual performance assessments.

(2) Performance assessments shall be carried out as per the conditions and procedures set out in the rules on selection, appointment, training, performance assessment, and professional development of staff.

(3) The employment relationship of an employee may be terminated with no prior notice if two consecutive annual assessments of the employee concerned have resulted in the lowest grades.

Insurance

Article 34. The president, members, authors, and trainee authors of the National Audit Office shall be covered by life and accident insurance charged to the budget of the National Audit Office.

Chapter Five

AUDIT WORK POWERS OF THE HEADS OF UNIT AND AUDITORS

Assignment of Audits

Article 35. (1) Audits included in the Annual Audit Programme shall be assigned by an order of the head of unit concerned.

(2) Audits based on decisions of the National Assembly shall be assigned by an order of the president.

(3) Audits shall be carried out on the premises of the auditee and/or the National Audit Office on the basis of a programme approved by the head of unit concerned, or by the president in the cases referred to in paragraph 2.

Audit Methodology

Article 36. (1) Audits shall be carried out in compliance with the manual on the implementation of the internationally accepted auditing standards and on the audit work of the National Audit Office, as well as with any other audit methodology adopted by a decision of the National Audit Office.

(2) The instruments referred to in paragraph 1 shall be published on the website of the National Audit Office.

Powers during Auditing

Article 37. (1) During and in connection with auditing, the heads of unit and auditors shall be entitled to:

1. uninhibited access to official premises and all documents, reports, and assets relating to the financial management of audited organisations, including requests for provision of the annual financial statements of auditable companies with state and municipal stakeholding and the minutes of meetings of their authorities;

2. request, within time limits set by them, summary information, certified copies of documents, and other information relevant to the preliminary research and audit work, including in electronic format;

3. request oral and written explanations by officials, including former officials, regarding facts established in the course of the audits, and regarding issues related to their work;

4. request summary information, certified copies of documents, and other information from natural persons, legal persons, and sole proprietors other than the auditee which are possibly related to suspected illegal operations affecting the financial and property interests of the auditee or resources from European Union funds and programmes;

5. request and obtain information from all authorities in Bulgaria, as well as access to their databases in connection with the work of the National Audit Office;

6. attend meetings of the authorities of audited organisations and persons if the agenda is relevant to the audit in progress.

(2) While auditors are exercising the powers referred to in paragraph 1, classified information shall be accessed as per the conditions and procedures set out in the Protection of Classified Information Act.

(3) The auditors of the National Audit Office may request that physical inventory be carried out in connection with audits.

Obligations of Managers and Officials of Audited Organisations

Article 38. (1) Managers and officials of audited organisations shall assist heads of unit and auditors, while the latter are exercising the powers vested in them, and shall provide appropriate premises and technical equipment needed to carry out audits, including access to telecommunication devices.

(2) The persons concerned under paragraph 1 may not refer to any state, professional, trade, bank, or other secrecy protected by the law when being audited by the National Audit Office.

(3) In the event of refusal to provide any information referred to in Article 37, the president may issue an order for the legal person or sole proprietor concerned to be inspected in connection with the information withheld.

(4) If the legal person or sole proprietor concerned are obstructing the inspection referred to in paragraph 3, the National Audit Office shall notify the authorities of the prosecutor's office.

(5) Written evidence collected during the inspection referred to in paragraph 3 and the notification referred to in paragraph 4 shall be an integral part of the documentation of the audit carried out in the audited organisation.

Liability for Damages

Article 39. The president, members, and auditors of the National Audit Office shall be held harmless for any damages caused while exercising their powers unless they have committed a crime or have acted with intent.

Ineligibility and Conflict of Interests during Auditing

Article 40. (1) Any persons who are relatives-in a direct line to an unlimited degree and collaterally up to and including the fourth degree-of officials of the auditee whose activity pertains to the collection or disbursement of budget and other public money and to the management of property under Article 13, or who are spouses or cohabitees of said officials, as well as any persons who have worked for the auditee or have been involved in its management for the past 3 years, or who have any private interest in the audited activity within the meaning of the Conflict of Interest Prevention and Disclosure Act, may not participate in audits.

(2) The circumstances under paragraph 1 shall be acknowledged in a written declaration to the president before the onset of the audit.

(3) Upon ascertaining ineligibility under paragraph 1 during an audit, the persons concerned shall be obliged to file an application for their recusal in writing.

(4) The declarations referred to in paragraph 2 and the recusals referred to in paragraph 3 shall be an integral part of the documentation of the audit conducted.

External Experts

Article 41. (1) From time to time, external experts may be hired for the purpose of reviewing specific issues during audits, while observing the ineligibility provisions of Article 40, paragraph 1 and the requirements set out in the internationally accepted auditing standards.

(2) When entering into an agreement, the persons referred to in paragraph 1 shall sign confidentiality declarations on the protection of secrecy and non-disclosure of any facts or circumstances referred to in Article 31, paragraph 1.

Measures during Audits in the Event of Illegal and Detrimental Acts

Article 42. Where audit findings have indicated that some acts enable the unlawful collection or spending of budget funds or other public money, or cause damage to the property of an auditee, the responsible head of unit, upon a proposal of the audit team leader, shall send a written notification to the relevant competent authority so that measures can be taken to discontinue the acts at issue.

Preparing Draft Audit Reports

Article 43. (1) Within 14 days upon completion of an audit, the audit team leader shall prepare a draft audit report in accordance with the audit programme adopted and in compliance with the requirements of this Act and the internationally accepted auditing standards.

(2) Audit reports referred to in paragraph 1 shall include findings and assessments, supported by audit evidence and recommendations aimed at improving the auditee's operations.

Powers of Heads of Unit

Article 44. (1) Heads of unit shall exercise control to ensure that draft audit reports comply with the audit programme adopted and the internationally accepted auditing standards. The rights and obligations of heads of unit as to controlling the quality of audit reports shall be laid down in the manual on the implementation of internationally accepted auditing standards and on the audit work of the National Audit Office.

(2) When exercising compliance (quality) control under paragraph 1, heads of unit may return a draft audit report to its authors with instructions for further elaboration and set a time limit for the rectification of any shortcomings.

(3) If disagreeing with the instructions given under paragraph 2, the audit team leader shall submit a written objection to the National Audit Office.

(4) The National Audit Office shall review the objection and express its opinion in a reasoned written decision, which shall be final.

Presentation of Draft Audit Reports

Article 45. (1) The approved draft audit reports shall be presented to the head of the audited organisation, as well as to its former heads running the organisation during the audited period, no later than 30 days upon completion of the audit.

(2) Regardless of the obligation to present audit reports in line with paragraph 1, a notice about the presentation of the audit report shall be published on the website of the National Audit Office, whereby the relevant body of the National Audit Office may also undertake other actions in order to timely notify the former heads of the audited organisation.

(3) The head of the audited organisation and its former heads running the organisation during the audited period may submit written objections to the draft audit report and prove additional evidence and/or additional written explanations within 14 days upon the presentation of the draft report.

(4) Upon written request by the head of the audited organisation or former heads running the organisation during the audited period, the head of unit concerned may extend the time limit referred to in paragraph 3 by 7 days.

(5) The head of unit shall formulate a reasoned conclusion regarding the objections made under paragraph 3 within 14 days from receiving the objections and shall submit them, together with the audit report, to the National Audit Office.

(6) If an audited organisation has closed down, the draft audit report shall be presented to the head of the audited organisation's successor. If no successor has been assigned, the draft audit report shall be forwarded, for information, to the authority which took the decision on closing down the organisation concerned.

Final Audit Reports

Article 46. (1) Upon a proposal of the head of unit, and on the basis of the overall assessment of evidence and of objections and explanations submitted by the persons referred to in Article 45, if any, the National Audit Office may:

1. adopt an audit report in its entirety;
2. accept or reject, in full or in part, the conclusion referred to in Article 45, paragraph 5 and the proposals for changes concerning it and, accordingly, accept, modify, or annul in full or in part, findings, conclusions, assessments, and recommendations in the audit report;
3. completely reject the audit report because of unfixable omissions and irregularities in it.

(2) When changes in an audit report lead to conclusions for violations which entail heavier liability, the president shall notify the head of the audited organisation in writing.

(3) The head of the audited organisation can submit an additional written objection to any changes in the findings, assessments, and conclusions referred to in paragraph 2 within 14 days upon receiving the notification.

(4) The National Audit Office shall express a final opinion on the additional objection submitted under paragraph 3.

(5) The decisions of the National Audit Office may not be appealed.

Sending Audit Reports to Auditees

Article 47. (1) The president shall send the final audit report to the head of the audited organisation within 7 days upon its issuance.

(2) Where the audited organisation is a budget authoriser by sub-delegation or lower level budget authoriser, the report referred to in paragraph 1 shall also be sent to the budget authoriser by delegation for information or for the purpose of undertaking specific action in accordance with the latter's legal powers.

(3) The president can also send the report to other authorities, which are concerned with the completed audit for information or for the purpose of undertaking specific action.

Follow-up of Recommendations

Article 48. (1) Heads of unit shall organise the exercising of timely control over the follow-up of recommendations and shall regularly inform the National Audit Office on this matter.

(2) Heads of audited organisations shall undertake measures to implement recommendations and shall notify, in writing, the head of unit concerned within the time limit set in the final audit report. The time limit for follow-up of recommendations shall be consistent with the nature of the recommendations.

(3) If recommendations have not been implemented, the president shall send a report to the National Assembly, the Council of Ministers, or the Municipal Council, as appropriate, including proposals for further action.

Measures in the Event of Violations of the Public Procurement Regime

Article 49. (1) When violations of public procurement award procedures have been established, the audit report, in its part concerning the violations of procedures, shall be sent to the Public Procurement Agency and the Public Financial Inspection Agency within 7 days from the audit report adoption date, so that relevant actions are taken.

(2) Audit reports referred to in paragraph 1, adopted by the National Audit Office, shall constitute an official document on the basis of which the authorities of the Public Financial Inspection Agency shall launch administrative proceedings. If necessary, the authorities of the Public Financial Inspection Agency may collect evidence as per the procedures set out in Article 13 of the Public Financial Inspection Act, without having to assign a financial inspection of the entity concerned.

Proposal for Restricting the Expenditure of an Audited Organisation

Article 50. (1) Upon issuing a final audit report or a disclaimer of certification of a financial statement, the National Audit Office may propose to the Minister of Finance to apply Article 107 of the Public Finance Act in respect of an audited organisation which violates the law or systematically fails to implement recommendations given to it, until the violations are brought to an end.

(2) Proposals referred to in paragraph 1 may not entail measures which would result in discontinuing the business of the organisation concerned.

Applying the Administrative Procedure Code

Article 51. The provisions of the Administrative Procedure Code shall apply to any issues which are not regulated in the procedures set out in Articles 36-47.

Financial Audit

Article 52. (1) The National Audit Office shall carry out financial audits of:

1. annual financial statements of budget organisations that are budget authorisers by delegation and of those that are budget authorisers by sub-delegation and implement independent budgets pursuant to special laws;
2. annual financial statements of municipalities;
3. other financial statements, where that is provided for in legislation.

(2) Financial audits shall be carried out as per the procedures set out in this Act, the instruments on its implementation, and the internationally accepted auditing standards.

(3) The periodic budget outturn accounts of the persons referred to in paragraph 1 shall be submitted to the National Audit Office for the purpose of control, risk assessment, and preliminary reviews in connection with audits.

(4) The deadline for the submission of statements under paragraph 1 to the National Audit Office shall be determined by the Minister of Finance, in coordination with the National Audit Office.

(5) If the statements referred to in paragraph 1 have not been submitted or have been submitted after the time limit set in paragraph 4, or if a disclaimer of certification has been issued in respect of said statements, the president of the National Audit Office shall notify the Minister of Finance with a view to undertaking specific action within his/her legal powers.

(6) Financial audits referred to in paragraph 1 shall be assigned by orders of heads of unit.

(7) Audit team leaders shall prepare an audit report and an opinion on each completed audit assignment, presenting a conclusion enabling the certification of the statement concerned or refusing it (disclaimer of certification). Audit opinions for certification of financial statements may be:

1. audit opinion for unqualified certification;
2. audit opinion for unqualified certification with emphasis of matter;
3. audit opinion for qualified certification;
4. audit opinion for disclaimer of certification.

(8) The grounds for formulating audit opinions in financial audits are regulated in the internationally accepted auditing standards.

(9) Reports and opinions referred to in paragraph 7 shall be reviewed and approved by the responsible head of unit.

(10) The National Audit Office shall adopt the audit reports and opinions.

(11) Reports and audit opinions shall be presented to the head of the organisation concerned.

(12) In the event of disclaimer of certification of a financial statement, the president of the National Audit Office shall notify the Minister of Finance, who may undertake measures under Article 107 of the Public Finance Act. When an audit concerns a budget authoriser by sub-delegation, audit opinions shall be also forwarded to the relevant budget authoriser by delegation.

Reports Containing Opinions on Budgets Outturn Accounts

Article 53. (1) The Council of Ministers, the National Social Security Institute, the National Health Insurance Fund, and the Bulgarian National Bank shall submit the budget outturn accounts in respect of the state budget, the budget of the public social security scheme, the budget of the National Health Insurance Fund, and the budgetary expenditure of the Bulgarian National Bank to the National Audit Office within 7 days upon approval of the budget outturn account concerned.

(2) The National Audit Office shall prepare reports with opinions on the accounts referred to in paragraph 1 no later than three months upon receiving them.

Notifications to Competent Authorities for Undertaking of Measures

Article 54. (1) If available data point to damages and violations in the execution of budgets or in accounts for European Union resources or in the management of property, whereby the damages and violations do not constitute a criminal offence, the president shall forward the audit report to the relevant competent authority, with a view to seeking pecuniary liability or administrative penal liability. The relevant competent authority shall, within 14 days upon receiving the audit materials or the audit report, assign the undertaking of appropriate actions to hold the culpable parties liable.

(2) Within two months upon receiving of the audit materials or the audit report, the authority referred to in paragraph 1 shall notify the president about the measures and actions undertaken thereof.

(3) The president shall make such notifications publicly available, as well as any non-fulfilment of the notification obligation.

Notifications in the Event of Data Indicating Criminal Offences

Article 55. (1) If available data point to a criminal offence, the president shall forward the audit report and the materials enclosed with it to the prosecutor's office.

(2) The prosecution authorities shall keep the National Audit Office informed about the actions undertaken in connection with the materials referred to in paragraph 1.

(3) The National Audit Office may not disclose any data in the cases referred to in paragraph 1 until completion of the criminal proceedings.

(4) If available data point to a criminal offence in the management of resources from European Union funds and programmes, by a decision of the National Audit Office, the audit materials or the audit report shall also be forwarded to the specialised European Union authorities for prevention and combating fraud and corruption.

Making Audit Reports Available to the Public

Article 56. (1) Audit reports that do not constitute secrecy protected by law shall be made available to the public by the National Audit Office, including those concerning audits on resources from European Union funds and programmes, as well as opinions under Article 53.

(2) Making reports available to the public shall entail publication on the website of the National Audit Office or another appropriate form determined by the president.

(3) Completed audits shall not be made available to the public before the issuance of the final report referred to in Article 46.

(4) Reports and opinions referred to in Article 53, paragraph 2 shall be made available to the public after their submission to the National Assembly.

Disclosing Other Circumstances to the Public

Article 57. The president shall disclose any non-fulfilment of the obligations referred to in Article 38, any failure to implement recommendations, as well as other circumstances determined by the president.

Audit Reports on Resources from European Union Funds and Programmes and on the Implementation of International Instruments

Article 58. Reports from completed audits, including audit evidence, on resources from European Union funds and programmes and on the implementation of international instruments under Article 13, paragraph 2(9) shall be submitted to the European Court of Auditors and the European Commission.

Chapter Six

ACCOUNTABILITY AND CONTROL OVER THE WORK OF THE NATIONAL AUDIT OFFICE

Submission of Reports to the National Assembly

Article 59. (1) The president of the National Audit Office shall submit the following documents to the National Assembly:

1. reports with opinions on the outturn accounts in respect of the state budget, the budget of the state social security scheme, the budget of the National Health Insurance Fund, and on the budget expenditures of the Bulgarian National Bank for the preceding year;

2. reports with opinions on audits performed in respect of budget systems or audits which have arrived at significant results for the relevant budgets and other public money and activities;

3. audit reports on audits performed on the basis of a decision of the National Assembly;
4. proposals for amending the applicable legislation supported by audit findings and conclusions.

(2) Upon request by the National Assembly or any of its committees, the National Audit Office shall present specific audit reports.

Proposals to Review Audit Reports

Article 60. The National Audit Office may put forward proposals to the National Assembly and its specialised committees to review audit reports which can add significant value to the improvement of budget discipline and management of budgetary resources and/or other public money and activities.

Activity Report of the National Audit Office

Article 61. (1) By 30 September of the current year, the president of the National Audit Office shall submit the activity report of the National Audit Office for the preceding year to the National Assembly.

(2) The report shall be published on the website of the National Audit Office.

(3) Reports referred to in paragraph 1 shall be reviewed by the National Assembly.

Audit of Annual Financial Statements of the National Audit Office

Article 62. (1) The annual financial statement of the National Audit Office shall be audited by an independent panel which comprises at least two registered auditors.

(2) The members of the panel referred to in paragraph 1, as well as their number, shall be determined by the National Assembly.

(3) The report of the panel on the annual financial statements of the National Audit Office shall be submitted to the National Assembly together with the activity report of the National Audit Office for the relevant year.

(4) The president of the National Audit Office may submit a written opinion on any report delivered under paragraph 3, and the opinion shall be enclosed with the report and submitted to the National Assembly.

(5) Reports referred to in paragraph 3 shall be made available to the public, upon being adopted by the National Assembly, together with the opinion referred to in paragraph 4.

(6) The costs of carrying out audits referred to in paragraph 1 shall be charged to the budget of the National Audit Office.

Chapter Seven

ADMINISTRATIVE PENAL PROVISIONS

Article 63. (1) In the event of a violation under Article 38, paragraphs 1 and 2 and Article 54, the guilty party shall be sanctioned by a fine ranging from BGN 1,000 to BGN 5,000.

(2) In the event of a repeated offence under paragraph 1, the fine shall range from BGN 2,000 to BGN 10,000.

(3) If obstructing the check referred to in Article 38, paragraph 3, the guilty party shall be sanctioned by a pecuniary penalty ranging from BGN 2,000 to BGN 10,000.

(4) Fines and pecuniary penalties referred to in paragraphs 1, 2, and 3 shall be allocated to the State budget.

Article 64. (1) Statements establishing violations shall be drawn up by auditors, whereas penalty decrees shall be issued by the president or by an official authorised by the president.

(2) The drawing up of said statements and the issuance, appeal, and execution of penalty decrees shall follow the procedures specified in the Administrative Violations and Penalties Act.

ADDITIONAL PROVISIONS

§ 1. For the purposes of this Act:

1. "Audit" shall mean the review which includes all actions pertaining to the collection and analysis of financial and non-financial information for the purpose of assessing the management of budget and other public money and activities, as well as the accountability within the auditee, with a view to improving them.
2. "Financial audit" shall mean the expressing of an independent audit opinion regarding the degree to which the financial statement of the organisation presents a true and fair view of its financial position and property in accordance with the identified common financial reporting framework.
3. "Compliance audit" shall mean the review of the financial management and control systems, including internal audit, as well as managerial decisions relating to the organisation, planning, management, reporting, and control of budgetary and other public money and activities within the audited organisation in respect of its adherence to requirements set out in statutory instruments, internal instruments, and agreements.
4. "Performance audit" shall mean the review of activities pertaining to the planning, implementation, and control at all management levels within the auditee regarding their effectiveness, efficiency, and economy, whereby:
 - a) "effectiveness" is the extent to which the auditee has achieved its objectives while comparing actual and anticipated results of its activities;
 - b) "efficiency" is the achievement of optimum results of the employed resources by the auditee in carrying out its activities;
 - c) "economy" is the obtainment, with minimum expenses, of resources which the auditee needs in order to perform its operations, while observing the resource quality requirements.
5. "Audited organisation" shall mean any organisation which is subject to auditing as per the requirements set out in this Act.
6. "Specific audits" shall mean audits carried out as per the conditions and procedures set out in special laws.
7. "Auditee" shall mean a programme, activity, or function within an individual audited organisation, or in the public sector as a whole, which is subject to auditing.
8. "Public resources" shall mean the money within the meaning of § 1(1) of the Supplementary Provision of the Financial Management and Control in the Public Sector Act.
9. "Public assets" shall mean public funds, as well as all other property which is owned by the State or a municipality or which is subject to rights held by budget organisations.
10. "Budget organisation" shall mean any organisation within the meaning of § 1(1) of the Accountancy Act.
11. "Financial control" shall mean any form of control relating to the management of public money and activities which is exercised by virtue of special powers and procedures, including budget control, financial inspection control, tax control, customs control.
12. "Repeated violation" shall mean any violation made within one year from the enforcement date of a penalty decree which sanctions the culpable person for the same type of violation
13. "Internationally accepted auditing standards" shall mean:
 - a) the Auditing Standards issued by the Auditing Standards Board of the International Organisation of Supreme Audit Institutions - INTOSAI (ISSAI);

b) the International Standards on Auditing Issued by the International Federation of Accountants (IFAC) Board, appropriate for financial audits in the case of assignments which include additional matters specific to public sector organisations.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. This Act shall repeal the National Audit Office Act (promulgated, SG No. 98/2010; amended, SG No. 1 and 99/2011 and SG No. 15/2013).

§ 3. (1) Within one month upon entry into force of this Act, the National Assembly shall elect a president and members of the National Audit Office.

(2) Until a president is elected, the president and vice-president elected pursuant to the repealed National Audit Office Act shall continue to discharge their functions.

§ 4. The powers of the members of the Consultative Council of the National Audit Office shall be terminated prior to the date of entry into force of this Act.

§ 5. Within one month upon electing a president and members, the organisational structure of the National Audit Office shall be brought in line with the requirements set out in this Act.

§ 6. Within 6 months upon electing a president and members, the National Audit Office shall adopt a manual on the implementation of the internationally accepted auditing standards and on the audit work of the National Audit Office.

§ 7. Audits which have not been completed and audits in respect of which audit reports have not been delivered prior to the entry into force of this Act shall be completed as per the procedure laid down hereby.

§ 8. Any existing regulations adopted while the repealed National Audit Office Act was effective shall remain in full force and validity, inasmuch as they do not contradict the provisions of this Act.

§ 9. In the Public Procurement Act (promulgated, SG No. 28/2004; amended, SG No. 53/2004, SG No. 31, 34 and 105/2005, SG No. 18, 33, 37 and 79/2006, SG No. 59/2007, SG No. 94, 98 and 102/2008, SG No. 24 and 82/2009, SG No. 52, 54, 97, 98 and 99/2010, SG No. 19, 43, 73 and 93/2011, SG No. 33, 38 and 82/2012, and SG No. 15/2013), Article 127c shall be repealed.

§ 10. In Article 108, paragraph 6 of the Social Insurance Code (promulgated, SG No. 110/1999; Ruling No. 5 of the Constitutional Court of 2000 - SG No. 55/2000; amended, SG No. 64/2000, SG No. 1, 35 and 41/2001, SG No. 1, 10, 45, 74, 112, 119 and 120/2002, SG No. 8, 42, 67, 95, 112 and 114/2003, SG No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, SG No. 38, 39, 76, 102, 103, 104 and 105/2005, SG No. 17, 30, 34, 56, 57, 59 and 68/2006; corrected, SG No. 76/2006; amended, SG No. 80, 82, 95, 102 and 105/2006, SG No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, SG No. 33, 43, 67, 69, 89, 102 and 109/2008, SG No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009, SG No. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100/2010; Ruling No. 7 of the Constitutional Court of 2011 - SG No. 45/2011; amended, SG No. 60, 77 and 100/2011, SG No. 7, 21, 38, 40, 44, 58, 81, 89, 94 and 99/2012, SG No. 15, 20, 70, 98, 104, 106, 109 and 111/2013, SG No. 1, 18 and 27/2014), the phrase "Article 55, paragraph 1" shall be replaced by "Article 54, paragraph 1".

§ 11. In Article 72, paragraph 1 of the Health Insurance Act (promulgated, SG No. 70/1998; amended, SG No. 93 and 153/1998, SG No. 62, 65, 67, 69, 110 and 113/1999, SG No. 1 and 64/2000, SG No. 41/2001, SG No. 1, 54, 74, 107, 112, 119 and 120/2002, SG No. 8, 50, 107 and 114/2003, SG No. 28, 38, 49, 70, 85 and 111/2004, SG No. 39, 45, 76, 99, 102, 103 and 105/2005, SG No. 17, 18, 30, 33, 34, 59, 80, 95 and 105/2006, SG No. 11/2007; Ruling No. 3 of the Constitutional Court of 2007 - SG No. 26/2007; amended, SG No. 31, 46, 53, 59, 97, 100 and 113/2007, SG No. 37, 71 and 110/2008, SG No. 35, 41, 42, 93, 99 and 101/2009, and SG No. 19, 26, 43, 49, 58, 59, 62, 96, 97, 98 and 100/2010, SG No. 9, 60, 99 and 100/2011, SG No. 38, 60, 94, 101 and 102/2012, SG No. 4, 15, 20, 23 and 106/2013, SG No. 1 and 18/2014), the phrase "Article 55, paragraph 1" shall be replaced by "Article 54, paragraph 1".

This Act was adopted by the 42nd National Assembly on 28 March 2014 and 15 April 2014, and the official seal of the National Assembly was affixed hereto.

National Audit Office Act

Promulgated, State Gazette No. 35/22.04.2014

*Note: An update of the English text of this Act is being prepared following the amendments in SG No. 40/13.05.2014

Text in Bulgarian: Закон за Сметната палата

Chapter One GENERAL PROVISIONS

Subject Matter

Article 1. (1) This Act shall regulate the structure, functions, powers, and organisation of the work of the National Audit Office.

(2) The National Audit Office shall carry out external audits of the budget and other public funds and activities in accordance with this Act and the internationally adopted auditing standards.

(3) The National Audit Office shall be a public legal person domiciled in Sofia.

Main Task

Article 2. The main task of the National Audit Office is to control the reliability and authenticity of the financial statements of budget organisations and the legal, efficient, effective, and economic management of public funds and activities, as well as to provide the National Assembly with reliable and objective information thereof.

Independence

Article 3. The National Audit Office shall be independent in performing its operations and shall report to the National Assembly.

Basic Principles

Article 4. The National Audit Office shall discharge its functions on the basis of the following principles:

1. independence, lawfulness, objectivity, and good faith;
2. professionalism, integrity and impartiality;
3. consistency and predictability;
4. openness and transparency;
5. trust, co-operation, and constructivism.

Chapter Two STATUS AND POWERS OF THE NATIONAL AUDIT OFFICE

Composition of the National Audit Office

Article 5. (1) The National Audit Office shall be a collegiate body comprising 9 members, including its president. The president and members shall be appointed and dismissed by the National Assembly for a period of 7 years. The president may not be re-elected.

(2) Eligible candidates for president or member of the National Audit Office shall be persons who:

1. have a Master's Degree in economics or law and professional experience in the field of law, finance, financial control, auditing, or accounting of at least 15 years for those applying for the post of president, or 10 years for those applying for the members of the National Audit Office;
2. have not been a member of the Government or a head of a central or local government authority over the last three years preceding their election;
3. have not been convicted for intentional offence prosecuted by public prosecution and have not been deprived, in accordance with the applicable procedure, of the right to take up certain posts or be engaged in certain occupations.

(3) Persons who related as specified below may not take up the post of president or member:

1. spouses or cohabitantes;
2. relatives in a direct line to an unlimited degree and collaterally up to and including the fourth degree;
3. related parties as per the meaning set out in the Conflict of Interest Prevention and Disclosure Act.

(4) The National Audit Office president and members shall be sworn in office under the following oath taken before the National Assembly: "In the name of the Republic of Bulgaria, I swear to abide by the Constitution and the laws of this country, to work for the implementation of the functions entrusted to the National Audit Office, and in doing so, to be guided by the principles of independence, objectivity, and good faith in the performance of the duties assigned to me by law. I have sworn."

Election of a President and Members

Article 6. (1) The National Assembly shall elect a president of the National Audit Office three months prior to the expiration of the incumbent president's mandate.

(2) Within one month upon being elected, the president shall submit a proposal to the National Assembly for the election of members of the National Audit Office. The National Assembly shall elect the members of the National Audit Office within 14 days from receiving the election proposal.

(3) The elected president and members of the National Audit Office referred to in paragraphs 1 and 2 shall assume office on the day of expiration of the mandate of their predecessors.

(4) The president and members of the National Audit Office elected as per paragraphs 1 and 2 shall leave any other offices they hold and terminate any activities that are incompatible with their legal status no later than the day they assume office.

(5) The president and members of the National Audit Office shall continue to exercise their powers until their successors assume office.

(6) The president and members of the National Audit Office may not hold any other paid position or perform any other paid activity except for research or teaching work and activities regulated under the Copyright and Neighbouring Rights Act.

(7) Within 14 days upon assuming office, the president and members of the National Audit Office shall take action to be dismissed from other paid positions and to terminate other paid activities.

Remuneration of the President and Members

Article 7. (1) The president shall be entitled to a basic monthly remuneration amounting to 90 per cent of the remuneration of the president of the National Assembly.

(2) The vice-presidents shall be entitled to a basic monthly remuneration amounting to 90 per cent of the remuneration of the president.

Early Dismissal

Article 8. The president and the members of the National Audit Office may be dismissed by the National Assembly prior to the expiration of their term of office:

1. upon their written request;
2. in case of inability to perform their duties for more than 6 months;
3. when they have been convicted for any intentional offence prosecuted by public prosecution or legally deprived of the right to take up the post concerned;
4. due to ineligibility under Article 5, paragraphs 2 and 3 that has arisen after their election;
5. upon the entry into force of an instrument, ascertaining any conflict of interest under the Prevention and Detection of Conflict of Interest Act;
6. upon severe violation of the law or the Code of Ethics of the National Audit Office;
7. in the event of death.

(2) Upon dismissing the president, the National Assembly shall appoint a member of the National Audit Office who shall discharge the duties of the former president until a new one is elected.

(3) In the cases referred to in paragraph 1, sub-paragraphs 2-5, the president shall submit a reasoned proposal to the National Assembly for the dismissal of the member concerned.

(4) In the cases referred to in paragraph 1(6), the National Audit Office shall submit a reasoned proposal to the National Assembly. The proposal of the National Audit Office shall be adopted by two-thirds majority of its members, whereby the voting shall exclude the member or the president of the National Audit Office in respect of whom grounds of dismissal have been aroused.

(5) Upon dismissal under paragraph 1, sub-paragraphs 2- 6, the president or member of the National Audit Office, as specified in a decision thereof, shall make a proposal for the election of a new president or member within 14 days.

(6) The newly elected president or member shall complete the term of office of his/her predecessor.

Powers of the National Audit Office

Article 9. (1) As a collegiate body, the National Audit Office shall organise, manage, and control audit activities under this Act.

(2) The National Audit Office shall adopt its decisions at sessions attended by at least 5 of its members. Decisions shall be adopted by a majority of more than half of all members.

(3) Sessions shall be chaired by the president of the National Audit Office. In the absence of the president, sessions shall be chaired by a member of the National Audit Office who is substituting for the president.

(4) The National Audit Office shall have the following powers:

1. adopt the budget and the budget outturn report;
2. adopt the following instruments: Rules of Structure and Procedure of the National Audit Office; Code of Ethics applicable to employees of the National Audit Office; manual on the implementation of the internationally accepted audit standards and on the audit work of the National Audit Office; rules on the selection, appointment, training, performance assessment, and professional development of auditors and staff; strategies, policies, guidelines, and other internal instruments.

3. adopt the organogram of the National Audit Office and appoint the heads of audit units, upon a proposal from the president of the National Audit Office;
4. adopt an Annual Audit Programme and a report on its implementation;
5. deliver a report on the activities of the National Audit Office and submit it to the National Assembly for adoption;
6. adopt rules, conditions, and procedures for holding examinations for the purpose of appointing auditors to the National Audit Office.

(5) Decisions referred to in paragraph 4(2) shall be adopted by two-thirds majority of all members of the National Audit Office.

(6) The National Audit Office shall manage the overall audit work. The National Audit Office shall exercise its audit powers through auditors.

Powers of the President

Article 10. The president shall:

1. manage and organise the activities of the National Audit Office and represent it in Bulgaria and abroad;
2. propose the allocation of audit units among the members of the National Audit Office;
3. designate his/her deputy in the event of absence;
4. exercise the powers of a budget authoriser by delegation;
5. enter into, amend, and terminate employment contracts with the auditors and employees of the National Audit Office.

Applicability of the Labour Code

Article 11. The president and members of the National Audit Office shall enjoy all rights granted under any employment relationship, excluding those rights that are incompatible with or counter to their legal status.

Chapter Three FUNCTIONS AND ACTIVITIES OF THE NATIONAL AUDIT OFFICE

Types of Audit

Article 12. (1) The National Audit Office shall carry out:

1. financial audits;
2. compliance audits;
3. performance audits;
4. ad-hoc audits.

(2) The National Audit Office may carry out on-the-spot checks, factual checks, and other controls regarding legal persons, as assigned to it by virtue of special legislation, only within its audit work and in accordance with the procedure set out in this Act.

Scope of Audit Work

Article 13. (1) The National Audit Office shall audit:

1. the state budget;
2. the budget of the public social security scheme;
3. the budget of the National Health Insurance Fund;
4. the budgets of municipalities;
5. other budgets adopted by the National Assembly.

(2) The National Audit Office shall also audit:

1. the budgets of budget authorisers referred to in paragraph 1 and the management of their property;
2. the budgets of the Bulgarian Academy of Sciences, state institutions of higher education, the Bulgarian National Radio, and the Bulgarian National Television;
3. the budgetary funds granted to persons engaged in business activities;
4. any resources coming from European Union funds and programmes, including their management by the relevant authorities and the end users of such resources;
5. the budget expenditures of the Bulgarian National Bank and their management;
6. the formulation of any annual surplus of income over expenditures of the Bulgarian National Bank that is payable to the state budget, as well as any other dealings of the Bank with the state budget;
7. the origination and management of the government debt, the government guaranteed debt, the municipal debt, and the utilisation of debt instruments;
8. the privatisation and the granting of concession of state and municipal property, as well as the public funds and public assets placed at the disposal of parties outside the public sector;
9. the execution of international agreements, treaties, conventions or other international instruments, where so provided for in the respective international instrument or assigned by an empowered authority;
10. other public resources, assets and activities, where so assigned by law.

(3) The National Audit Office shall audit:

1. state enterprises referred to in Article 62, paragraph 3 of the Commerce Act;
2. commercial companies with more than 50% stakeholding of the state and/or municipalities;
3. legal persons with liabilities guaranteed by the state or liabilities guaranteed with state and/or municipal property.

(4) The National Audit Office shall audit the management and disposal of public assets and liabilities, regardless of the grounds for said management and disposal and the legal situation of the persons performing it.

(5) The National Audit Office shall prepare reports, containing opinions on the implementation of the state budget, the budget of the public social security scheme, the budget of the National Health Insurance Fund, and the budgetary expenditure of the BNB and shall submit these reports to the National Assembly.

Annual Audit Programme

Article 14. (1) The National Audit Office shall adopt its Annual Audit Programme. The National Assembly may issue decisions assigning the National Audit Office to carry out up to 5 extra audits, on an annual basis, other than those included in the annual programme.

(2) The National Audit Office shall adopt the programme referred to in paragraph 1 as soon as the state budget of the Republic of Bulgaria for the relevant year has been promulgated in the State Gazette, but no later than 31 December of the following year.

(3) The Annual Audit Programme of the National Audit Office shall be made available to the National Assembly within 7 days of its adoption or amendment.

(4) The annual audit programme of the National Audit Office, in the part on auditing resources from European Union funds and programmes, shall be sent to the European Court of Auditors and the European Commission for information.

Budget of the National Audit Office

Article 15. (1) The National Audit Office shall prepare a draft annual budget and submit it to the Ministry of Finance to be included in the state budget draft act for the relevant year.

(2) The Council of Ministers may not modify the draft budget of the National Audit Office; it may only express an opinion thereon before the National Assembly.

(3) The National Audit Office shall have an autonomous budget which is part of the state budget.

(4) The budget authoriser of the budget of the National Audit Office shall be its president.

Co-operation with Institutions in the Republic of Bulgaria

Article 16. (1) When carrying out its activities, the National Audit Office shall co-operate with:

1. government authorities, for the purpose of increasing the efficiency of the control system and fighting against crime and corruption;

2. professional and non-governmental organisations, for the purpose of exchanging good practices and professional development.

(2) The specific forms of co-operation with the institutions referred to in paragraph 1 shall be set out in joint agreements.

Co-operation with the European Court of Auditors and Other Supreme Audit Institutions. Representation

Article 17. (1) The National Audit Office shall co-operate with the European Court of Auditors and the supreme audit institutions of other countries in the field of external audit and shall represent the Republic of Bulgaria in international organisations of the supreme audit institutions.

(2) The National Audit Office may carry out joint audits with the European Court of Auditors concerning the funds referred to in Article 13, paragraph 2, sub-paragraph 4, as well as with the supreme audit institutions of other countries concerning the execution of international instruments referred to in Article 13, paragraph 2, sub-paragraph 9, where signed agreements have provided so.

Organisation of the Work of the National Audit Office

Article 18. (1) The work of the National Audit Office shall be organised per units.

(2) Units shall be set up on the principle of function.

(3) The number and scope of work of units shall be determined in a decision of the National Audit Office.

(4) Units can include structural sub-units.

Management of Audit Units

Article 19. (1) The units shall be headed by members of the National Audit Office who shall be appointed, upon a proposal of its president, in a decision of the National Audit Office. A member of the National Audit Office may head only one unit.

(2) The powers of a member of the National Audit Office as a head of unit shall be laid down in this Act and shall be discharged as per the procedures and methods set out in the Rules of Structure and Procedure of the National Audit Office and the internal instruments regulating audit work.

Powers of Members of the National Audit Office as Heads of Units

Article 20. (1) The members of the National Audit Office shall:

1. manage audit units;
2. plan and allocate the resources needed to perform audit tasks from the scope of the units concerned;
3. put forward audit reports at sessions of the National Audit Office for review and adoption, along with any opinions submitted in respect of the reports, conclusions thereof, and recommendations for improving the operations of auditees;
4. discharge other powers assigned to them by law, as per the procedures and methods set out in an internal instrument or order issued by the president of the National Audit Office;
5. take responsibility for the organisation of audit work and its quality.

In the absence of a member of the National Audit Office, his/her powers as a head of unit shall be performed by another member of the National Audit Office as nominated in an order issued by the president.

Chapter Four

RIGHTS AND OBLIGATIONS OF EMPLOYEES OF THE NATIONAL AUDIT OFFICE

Employees of the National Audit Office

Article 21. (1) The employees of the National Audit Office shall include auditors and staff employed in the administration.

(2) The National Audit Office shall discharge its audit powers through auditors.

(3) The staff employed in the administration shall deliver the audit and administrative services of the National Audit Office.

Rights and Obligations under Employment Relationships

Article 22. (1) The employment relationships of employees of the National Audit Office shall be governed by the provisions of the Labour Code.

(2) The employees shall comply with the requirements set out in the Code of Ethics of the National Audit Office and the manual on the implementation of the internationally accepted audit standards and on the audit work of the National Audit Office. If failing to meet said requirements, the employees of the National Audit Office may be punished by disciplinary sanctions as per the conditions and procedures set out in the Labour Code.

Auditors

Article 23. (1) Appointment as an auditor in the National Audit Office shall be offered to persons who:

1. have a Master's Degree and professional experience of at least three years after being awarded said degree and
2. have won a competition for appointment as per the procedures set out in the rules on the selection, appointment, training, performance assessment, and professional development of National Audit Office auditors and staff and

3. have successfully passed the examination for auditor in the National Audit Office in accordance with the rules on the conditions and procedure for holding examinations for appointing auditors to the National Audit Office, or hold an auditing certificate;

(2) Auditing positions shall include auditor, first-degree senior auditor, second-degree senior auditor, chief auditor, and head of structural sub-unit within an audit unit. Promotions shall follow the rules on the selection, appointment, training, performance assessment, and professional development of National Audit Office auditors and staff.

(3) Appointment as a trainee auditor shall be offered to persons who have a Master's Degree and have won a competition as per the rules on the selection, appointment, training, performance assessment, and professional development of National Audit Office auditors and staff. Trainee auditors shall support audit work.

(4) Auditors shall carry out their audit work in audit teams. The heads of audit teams shall be nominated by the head of unit concerned and shall be responsible for the professional management and quality of audits.

Ineligibility to Hold a Position

Article 24. (1) Appointment as employees of the National Audit Office shall be offered to persons who have not been convicted for any intentional offence prosecuted by public prosecution or legally deprived of the right to take up the post concerned or to be engaged in certain occupations.

(2) Upon occurrence of changes in the circumstances referred to in paragraph 1, the persons concerned shall notify, in writing and within 7 days, the president, who shall act in accordance with his/her legal powers.

Length of Service

Article 25. (1) The length of service of auditors and administrative employees occupying management or expert positions shall be recognised as public service in the relevant field.

(2) The length of service of persons with a law degree which has been accumulated while employed at the National Audit Office shall be recognised as service under Article 164, paragraphs 1 - 7 of the Judiciary Act and under Article 8, paragraph 1, sub-paragraph 3 of the Notaries and Notarial Activities Act.

Entitlement to Clothing for Official Occasions

Article 26. The employees of the National Audit Office staff shall be entitled to clothing for official occasions on an annual basis, whereby the clothing funds shall be provisioned from the budget of the National Audit Office. The value and type of clothing for official occasions shall be determined on an annual basis by a decision of the National Audit Office.

Additional Leave for Employees of the National Audit Office

Article 27. The employees of the National Audit Office shall be entitled to an additional paid annual leave of up to 12 days for discharging their duties overtime. The specific length of the additional paid annual leave shall be determined by the president of the National Audit Office upon a proposal of the head of unit concerned or the head of structural sub-unit of the National Audit Office administration.

Distinctions and Awards

Article 28. (1) For having completed specific tasks, the employees of the National Audit Office may be awarded, on a one-time basis, by distinctions or awards in cash or in kind, which shall not exceed the base monthly salary amount and shall not go beyond the funds available in the National Audit Office budget for the relevant year.

(2) Distinctions and awards, as well as the terms for granting them, shall be determined in the Rules of Structure and Procedures of the National Audit Office.

Prohibition to Carry Out Paid Activities

Article 29. (1) Auditors may not hold any other paid positions or carry out any paid activities other than research, teaching in educational institutions, or work regulated under the Copyright and Related Rights Act.

(2) Circumstances under paragraph 1 shall be acknowledged before the president of the National Audit Office in a written declaration upon taking up the position of auditor, or upon the occurrence of a change in circumstances.

Remuneration

Article 30. (1) The basic monthly salaries for the employees of the National Audit Office shall be determined by the president in accordance with the internal rules on salaries and the disposable resources in the budget for the relevant year.

(2) The employees of the National Audit Office may receive additional performance-based compensation as per procedures set out in a law or an instrument of the Council of Ministers, or in the internal rules on salaries.

Obligation to Protect Information

Article 31. (1) The president, members, and employees of the National Audit Office shall safeguard classified information which constitutes state or professional secrecy, as well as trade, bank or other secrecy protected by law and shall not disclose any facts or circumstances that have come into their knowledge in the course of, or in connection with, the discharge of their duties.

(2) The president, members, and employees of the National Audit Office shall sign a confidentiality declaration on the protection of secrecy and non-disclosure of any facts or circumstances referred to in paragraph 1. The declarations shall be signed on the date of assuming office.

Training and Professional Qualification

Article 32. (1) The employees of the National Audit Office shall be obliged to take part in training organised by the National Audit Office for the purpose of maintaining and enhancing their professional qualification.

(2) The expenditure incurred under paragraph 1 shall be charged to the budget of the National Audit Office.

Performance Assessment. Consequences

Article 33. (1) The employees of the National Audit Office shall undergo annual performance assessments.

(2) Performance assessments shall be carried out as per the conditions and procedures set out in the rules on selection, appointment, training, performance assessment, and professional development of staff.

(3) The employment relationship of an employee may be terminated with no prior notice if two consecutive annual assessments of the employee concerned have resulted in the lowest grades.

Insurance

Article 34. The president, members, authors, and trainee authors of the National Audit Office shall be covered by life and accident insurance charged to the budget of the National Audit Office.

Chapter Five

AUDIT WORK POWERS OF THE HEADS OF UNIT AND AUDITORS

Assignment of Audits

Article 35. (1) Audits included in the Annual Audit Programme shall be assigned by an order of the head of unit concerned.

(2) Audits based on decisions of the National Assembly shall be assigned by an order of the president.

(3) Audits shall be carried out on the premises of the auditee and/or the National Audit Office on the basis of a programme approved by the head of unit concerned, or by the president in the cases referred to in paragraph 2.

Audit Methodology

Article 36. (1) Audits shall be carried out in compliance with the manual on the implementation of the internationally accepted auditing standards and on the audit work of the National Audit Office, as well as with any other audit methodology adopted by a decision of the National Audit Office.

(2) The instruments referred to in paragraph 1 shall be published on the website of the National Audit Office.

Powers during Auditing

Article 37. (1) During and in connection with auditing, the heads of unit and auditors shall be entitled to:

1. uninhibited access to official premises and all documents, reports, and assets relating to the financial management of audited organisations, including requests for provision of the annual financial statements of auditable companies with state and municipal stakeholding and the minutes of meetings of their authorities;
2. request, within time limits set by them, summary information, certified copies of documents, and other information relevant to the preliminary research and audit work, including in electronic format;
3. request oral and written explanations by officials, including former officials, regarding facts established in the course of the audits, and regarding issues related to their work;
4. request summary information, certified copies of documents, and other information from natural persons, legal persons, and sole proprietors other than the auditee which are possibly related to suspected illegal operations affecting the financial and property interests of the auditee or resources from European Union funds and programmes;
5. request and obtain information from all authorities in Bulgaria, as well as access to their databases in connection with the work of the National Audit Office;
6. attend meetings of the authorities of audited organisations and persons if the agenda is relevant to the audit in progress.

(2) While auditors are exercising the powers referred to in paragraph 1, classified information shall be accessed as per the conditions and procedures set out in the Protection of Classified Information Act.

(3) The auditors of the National Audit Office may request that physical inventory be carried out in connection with audits.

Obligations of Managers and Officials of Audited Organisations

Article 38. (1) Managers and officials of audited organisations shall assist heads of unit and auditors, while the latter are exercising the powers vested in them, and shall provide appropriate premises and technical equipment needed to carry out audits, including access to telecommunication devices.

(2) The persons concerned under paragraph 1 may not refer to any state, professional, trade, bank, or other secrecy protected by the law when being audited by the National Audit Office.

(3) In the event of refusal to provide any information referred to in Article 37, the president may issue an order for the legal person or sole proprietor concerned to be inspected in connection with the information withheld.

(4) If the legal person or sole proprietor concerned are obstructing the inspection referred to in paragraph 3, the National Audit Office shall notify the authorities of the prosecutor's office.

(5) Written evidence collected during the inspection referred to in paragraph 3 and the notification referred to in paragraph 4 shall be an integral part of the documentation of the audit carried out in the audited organisation.

Liability for Damages

Article 39. The president, members, and auditors of the National Audit Office shall be held harmless for any damages caused while exercising their powers unless they have committed a crime or have acted with intent.

Ineligibility and Conflict of Interests during Auditing

Article 40. (1) Any persons who are relatives-in a direct line to an unlimited degree and collaterally up to and including the fourth degree-of officials of the auditee whose activity pertains to the collection or disbursement of budget and other public money and to the management of property under Article 13, or who are spouses or cohabitees of said officials, as well as any persons who have worked for the auditee or have been involved in its management for the past 3 years, or who have any private interest in the audited activity within the meaning of the Conflict of Interest Prevention and Disclosure Act, may not participate in audits.

(2) The circumstances under paragraph 1 shall be acknowledged in a written declaration to the president before the onset of the audit.

(3) Upon ascertaining ineligibility under paragraph 1 during an audit, the persons concerned shall be obliged to file an application for their recusal in writing.

(4) The declarations referred to in paragraph 2 and the recusals referred to in paragraph 3 shall be an integral part of the documentation of the audit conducted.

External Experts

Article 41. (1) From time to time, external experts may be hired for the purpose of reviewing specific issues during audits, while observing the ineligibility provisions of Article 40, paragraph 1 and the requirements set out in the internationally accepted auditing standards.

(2) When entering into an agreement, the persons referred to in paragraph 1 shall sign confidentiality declarations on the protection of secrecy and non-disclosure of any facts or circumstances referred to in Article 31, paragraph 1.

Measures during Audits in the Event of Illegal and Detrimental Acts

Article 42. Where audit findings have indicated that some acts enable the unlawful collection or spending of budget funds or other public money, or cause damage to the property of an auditee, the responsible head of unit, upon a proposal of the audit team leader, shall send a written notification to the relevant competent authority so that measures can be taken to discontinue the acts at issue.

Preparing Draft Audit Reports

Article 43. (1) Within 14 days upon completion of an audit, the audit team leader shall prepare a draft audit report in accordance with the audit programme adopted and in compliance with the requirements of this Act and the internationally accepted auditing standards.

(2) Audit reports referred to in paragraph 1 shall include findings and assessments, supported by audit evidence and recommendations aimed at improving the auditee's operations.

Powers of Heads of Unit

Article 44. (1) Heads of unit shall exercise control to ensure that draft audit reports comply with the audit programme adopted and the internationally accepted auditing standards. The rights and obligations of heads of unit as to controlling the quality of audit reports shall be laid down in the manual on the implementation of internationally accepted auditing standards and on the audit work of the National Audit Office.

(2) When exercising compliance (quality) control under paragraph 1, heads of unit may return a draft audit report to its authors with instructions for further elaboration and set a time limit for the rectification of any shortcomings.

(3) If disagreeing with the instructions given under paragraph 2, the audit team leader shall submit a written objection to the National Audit Office.

(4) The National Audit Office shall review the objection and express its opinion in a reasoned written decision, which shall be final.

Presentation of Draft Audit Reports

Article 45. (1) The approved draft audit reports shall be presented to the head of the audited organisation, as well as to its former heads running the organisation during the audited period, no later than 30 days upon completion of the audit.

(2) Regardless of the obligation to present audit reports in line with paragraph 1, a notice about the presentation of the audit report shall be published on the website of the National Audit Office, whereby the relevant body of the National Audit Office may also undertake other actions in order to timely notify the former heads of the audited organisation.

(3) The head of the audited organisation and its former heads running the organisation during the audited period may submit written objections to the draft audit report and prove additional evidence and/or additional written explanations within 14 days upon the presentation of the draft report.

(4) Upon written request by the head of the audited organisation or former heads running the organisation during the audited period, the head of unit concerned may extend the time limit referred to in paragraph 3 by 7 days.

(5) The head of unit shall formulate a reasoned conclusion regarding the objections made under paragraph 3 within 14 days from receiving the objections and shall submit them, together with the audit report, to the National Audit Office.

(6) If an audited organisation has closed down, the draft audit report shall be presented to the head of the audited organisation's successor. If no successor has been assigned, the draft audit report shall be forwarded, for information, to the authority which took the decision on closing down the organisation concerned.

Final Audit Reports

Article 46. (1) Upon a proposal of the head of unit, and on the basis of the overall assessment of evidence and of objections and explanations submitted by the persons referred to in Article 45, if any, the National Audit Office may:

1. adopt an audit report in its entirety;
2. accept or reject, in full or in part, the conclusion referred to in Article 45, paragraph 5 and the proposals for changes concerning it and, accordingly, accept, modify, or annul in full or in part, findings, conclusions, assessments, and recommendations in the audit report;
3. completely reject the audit report because of unfixable omissions and irregularities in it.

(2) When changes in an audit report lead to conclusions for violations which entail heavier liability, the president shall notify the head of the audited organisation in writing.

(3) The head of the audited organisation can submit an additional written objection to any changes in the findings, assessments, and conclusions referred to in paragraph 2 within 14 days upon receiving the notification.

(4) The National Audit Office shall express a final opinion on the additional objection submitted under paragraph 3.

(5) The decisions of the National Audit Office may not be appealed.

Sending Audit Reports to Auditees

Article 47. (1) The president shall send the final audit report to the head of the audited organisation within 7 days upon its issuance.

(2) Where the audited organisation is a budget authoriser by sub-delegation or lower level budget authoriser, the report referred to in paragraph 1 shall also be sent to the budget authoriser by delegation for information or for the purpose of undertaking specific action in accordance with the latter's legal powers.

(3) The president can also send the report to other authorities, which are concerned with the completed audit for information or for the purpose of undertaking specific action.

Follow-up of Recommendations

Article 48. (1) Heads of unit shall organise the exercising of timely control over the follow-up of recommendations and shall regularly inform the National Audit Office on this matter.

(2) Heads of audited organisations shall undertake measures to implement recommendations and shall notify, in writing, the head of unit concerned within the time limit set in the final audit report. The time limit for follow-up of recommendations shall be consistent with the nature of the recommendations.

(3) If recommendations have not been implemented, the president shall send a report to the National Assembly, the Council of Ministers, or the Municipal Council, as appropriate, including proposals for further action.

Measures in the Event of Violations of the Public Procurement Regime

Article 49. (1) When violations of public procurement award procedures have been established, the audit report, in its part concerning the violations of procedures, shall be sent to the Public Procurement Agency and the Public Financial Inspection Agency within 7 days from the audit report adoption date, so that relevant actions are taken.

(2) Audit reports referred to in paragraph 1, adopted by the National Audit Office, shall constitute an official document on the basis of which the authorities of the Public Financial Inspection Agency shall launch administrative proceedings. If necessary, the authorities of the Public Financial Inspection Agency may collect evidence as per the procedures set out in Article 13 of the Public Financial Inspection Act, without having to assign a financial inspection of the entity concerned.

Proposal for Restricting the Expenditure of an Audited Organisation

Article 50. (1) Upon issuing a final audit report or a disclaimer of certification of a financial statement, the National Audit Office may propose to the Minister of Finance to apply Article 107 of the Public Finance Act in respect of an audited organisation which violates the law or systematically fails to implement recommendations given to it, until the violations are brought to an end.

(2) Proposals referred to in paragraph 1 may not entail measures which would result in discontinuing the business of the organisation concerned.

Applying the Administrative Procedure Code

Article 51. The provisions of the Administrative Procedure Code shall apply to any issues which are not regulated in the procedures set out in Articles 36-47.

Financial Audit

Article 52. (1) The National Audit Office shall carry out financial audits of:

1. annual financial statements of budget organisations that are budget authorisers by delegation and of those that are budget authorisers by sub-delegation and implement independent budgets pursuant to special laws;
2. annual financial statements of municipalities;
3. other financial statements, where that is provided for in legislation.

- (2) Financial audits shall be carried out as per the procedures set out in this Act, the instruments on its implementation, and the internationally accepted auditing standards.
- (3) The periodic budget outturn accounts of the persons referred to in paragraph 1 shall be submitted to the National Audit Office for the purpose of control, risk assessment, and preliminary reviews in connection with audits.
- (4) The deadline for the submission of statements under paragraph 1 to the National Audit Office shall be determined by the Minister of Finance, in coordination with the National Audit Office.
- (5) If the statements referred to in paragraph 1 have not been submitted or have been submitted after the time limit set in paragraph 4, or if a disclaimer of certification has been issued in respect of said statements, the president of the National Audit Office shall notify the Minister of Finance with a view to undertaking specific action within his/her legal powers.
- (6) Financial audits referred to in paragraph 1 shall be assigned by orders of heads of unit.
- (7) Audit team leaders shall prepare an audit report and an opinion on each completed audit assignment, presenting a conclusion enabling the certification of the statement concerned or refusing it (disclaimer of certification). Audit opinions for certification of financial statements may be:
1. audit opinion for unqualified certification;
 2. audit opinion for unqualified certification with emphasis of matter;
 3. audit opinion for qualified certification;
 4. audit opinion for disclaimer of certification.
- (8) The grounds for formulating audit opinions in financial audits are regulated in the internationally accepted auditing standards.
- (9) Reports and opinions referred to in paragraph 7 shall be reviewed and approved by the responsible head of unit.
- (10) The National Audit Office shall adopt the audit reports and opinions.
- (11) Reports and audit opinions shall be presented to the head of the organisation concerned.
- (12) In the event of disclaimer of certification of a financial statement, the president of the National Audit Office shall notify the Minister of Finance, who may undertake measures under Article 107 of the Public Finance Act. When an audit concerns a budget authoriser by sub-delegation, audit opinions shall be also forwarded to the relevant budget authoriser by delegation.

Reports Containing Opinions on Budgets Outturn Accounts

Article 53. (1) The Council of Ministers, the National Social Security Institute, the National Health Insurance Fund, and the Bulgarian National Bank shall submit the budget outturn accounts in respect of the state budget, the budget of the public social security scheme, the budget of the National Health Insurance Fund, and the budgetary expenditure of the Bulgarian National Bank to the National Audit Office within 7 days upon approval of the budget outturn account concerned.

(2) The National Audit Office shall prepare reports with opinions on the accounts referred to in paragraph 1 no later than three months upon receiving them.

Notifications to Competent Authorities for Undertaking of Measures

Article 54. (1) If available data point to damages and violations in the execution of budgets or in accounts for European Union resources or in the management of property, whereby the damages and violations do not constitute a criminal offence, the president shall forward the audit report to the relevant competent authority, with a view to seeking pecuniary liability or administrative penal liability. The relevant competent authority shall, within 14 days

upon receiving the audit materials or the audit report, assign the undertaking of appropriate actions to hold the culpable parties liable.

(2) Within two months upon receiving of the audit materials or the audit report, the authority referred to in paragraph 1 shall notify the president about the measures and actions undertaken thereof.

(3) The president shall make such notifications publicly available, as well as any non-fulfilment of the notification obligation.

Notifications in the Event of Data Indicating Criminal Offences

Article 55. (1) If available data point to a criminal offence, the president shall forward the audit report and the materials enclosed with it to the prosecutor's office.

(2) The prosecution authorities shall keep the National Audit Office informed about the actions undertaken in connection with the materials referred to in paragraph 1.

(3) The National Audit Office may not disclose any data in the cases referred to in paragraph 1 until completion of the criminal proceedings.

(4) If available data point to a criminal offence in the management of resources from European Union funds and programmes, by a decision of the National Audit Office, the audit materials or the audit report shall also be forwarded to the specialised European Union authorities for prevention and combating fraud and corruption.

Making Audit Reports Available to the Public

Article 56. (1) Audit reports that do not constitute secrecy protected by law shall be made available to the public by the National Audit Office, including those concerning audits on resources from European Union funds and programmes, as well as opinions under Article 53.

(2) Making reports available to the public shall entail publication on the website of the National Audit Office or another appropriate form determined by the president.

(3) Completed audits shall not be made available to the public before the issuance of the final report referred to in Article 46.

(4) Reports and opinions referred to in Article 53, paragraph 2 shall be made available to the public after their submission to the National Assembly.

Disclosing Other Circumstances to the Public

Article 57. The president shall disclose any non-fulfilment of the obligations referred to in Article 38, any failure to implement recommendations, as well as other circumstances determined by the president.

Audit Reports on Resources from European Union Funds and Programmes and on the Implementation of International Instruments

Article 58. Reports from completed audits, including audit evidence, on resources from European Union funds and programmes and on the implementation of international instruments under Article 13, paragraph 2(9) shall be submitted to the European Court of Auditors and the European Commission.

Chapter Six

ACCOUNTABILITY AND CONTROL OVER THE WORK OF THE NATIONAL AUDIT OFFICE

Submission of Reports to the National Assembly

Article 59. (1) The president of the National Audit Office shall submit the following documents to the National Assembly:

1. reports with opinions on the outturn accounts in respect of the state budget, the budget of the state social security scheme, the budget of the National Health Insurance Fund, and on the budget expenditures of the Bulgarian National Bank for the preceding year;
2. reports with opinions on audits performed in respect of budget systems or audits which have arrived at significant results for the relevant budgets and other public money and activities;
3. audit reports on audits performed on the basis of a decision of the National Assembly;
4. proposals for amending the applicable legislation supported by audit findings and conclusions.

(2) Upon request by the National Assembly or any of its committees, the National Audit Office shall present specific audit reports.

Proposals to Review Audit Reports

Article 60. The National Audit Office may put forward proposals to the National Assembly and its specialised committees to review audit reports which can add significant value to the improvement of budget discipline and management of budgetary resources and/or other public money and activities.

Activity Report of the National Audit Office

Article 61. (1) By 30 September of the current year, the president of the National Audit Office shall submit the activity report of the National Audit Office for the preceding year to the National Assembly.

(2) The report shall be published on the website of the National Audit Office.

(3) Reports referred to in paragraph 1 shall be reviewed by the National Assembly.

Audit of Annual Financial Statements of the National Audit Office

Article 62. (1) The annual financial statement of the National Audit Office shall be audited by an independent panel which comprises at least two registered auditors.

(2) The members of the panel referred to in paragraph 1, as well as their number, shall be determined by the National Assembly.

(3) The report of the panel on the annual financial statements of the National Audit Office shall be submitted to the National Assembly together with the activity report of the National Audit Office for the relevant year.

(4) The president of the National Audit Office may submit a written opinion on any report delivered under paragraph 3, and the opinion shall be enclosed with the report and submitted to the National Assembly.

(5) Reports referred to in paragraph 3 shall be made available to the public, upon being adopted by the National Assembly, together with the opinion referred to in paragraph 4.

(6) The costs of carrying out audits referred to in paragraph 1 shall be charged to the budget of the National Audit Office.

Chapter Seven ADMINISTRATIVE PENAL PROVISIONS

Article 63. (1) In the event of a violation under Article 38, paragraphs 1 and 2 and Article 54, the guilty party shall be sanctioned by a fine ranging from BGN 1,000 to BGN 5,000.

(2) In the event of a repeated offence under paragraph 1, the fine shall range from BGN 2,000 to BGN 10,000.

(3) If obstructing the check referred to in Article 38, paragraph 3, the guilty party shall be sanctioned by a pecuniary penalty ranging from BGN 2,000 to BGN 10,000.

(4) Fines and pecuniary penalties referred to in paragraphs 1, 2, and 3 shall be allocated to the State budget.

Article 64. (1) Statements establishing violations shall be drawn up by auditors, whereas penalty decrees shall be issued by the president or by an official authorised by the president.

(2) The drawing up of said statements and the issuance, appeal, and execution of penalty decrees shall follow the procedures specified in the Administrative Violations and Penalties Act.

ADDITIONAL PROVISIONS

§ 1. For the purposes of this Act:

1. "Audit" shall mean the review which includes all actions pertaining to the collection and analysis of financial and non-financial information for the purpose of assessing the management of budget and other public money and activities, as well as the accountability within the auditee, with a view to improving them.

2. "Financial audit" shall mean the expressing of an independent audit opinion regarding the degree to which the financial statement of the organisation presents a true and fair view of its financial position and property in accordance with the identified common financial reporting framework.

3. "Compliance audit" shall mean the review of the financial management and control systems, including internal audit, as well as managerial decisions relating to the organisation, planning, management, reporting, and control of budgetary and other public money and activities within the audited organisation in respect of its adherence to requirements set out in statutory instruments, internal instruments, and agreements.

4. "Performance audit" shall mean the review of activities pertaining to the planning, implementation, and control at all management levels within the auditee regarding their effectiveness, efficiency, and economy, whereby:

a) "effectiveness" is the extent to which the auditee has achieved its objectives while comparing actual and anticipated results of its activities;

b) "efficiency" is the achievement of optimum results of the employed resources by the auditee in carrying out its activities;

c) "economy" is the obtainment, with minimum expenses, of resources which the auditee needs in order to perform its operations, while observing the resource quality requirements.

5. "Audited organisation" shall mean any organisation which is subject to auditing as per the requirements set out in this Act.

6. "Specific audits" shall mean audits carried out as per the conditions and procedures set out in special laws.

7. "Auditee" shall mean a programme, activity, or function within an individual audited organisation, or in the public sector as a whole, which is subject to auditing.

8. "Public resources" shall mean the money within the meaning of § 1(1) of the Supplementary Provision of the Financial Management and Control in the Public Sector Act.

9. "Public assets" shall mean public funds, as well as all other property which is owned by the State or a municipality or which is subject to rights held by budget organisations.

10. "Budget organisation" shall mean any organisation within the meaning of § 1(1) of the Accountancy Act.

11. "Financial control" shall mean any form of control relating to the management of public money and activities which is exercised by virtue of special powers and procedures, including budget control, financial inspection control, tax control, customs control.

12. "Repeated violation" shall mean any violation made within one year from the enforcement date of a penalty decree which sanctions the culpable person for the same type of violation

13. "Internationally accepted auditing standards" shall mean:

a) the Auditing Standards issued by the Auditing Standards Board of the International Organisation of Supreme Audit Institutions - INTOSAI (ISSAI);

b) the International Standards on Auditing Issued by the International Federation of Accountants (IFAC) Board, appropriate for financial audits in the case of assignments which include additional matters specific to public sector organisations.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. This Act shall repeal the National Audit Office Act (promulgated, SG No. 98/2010; amended, SG No. 1 and 99/2011 and SG No. 15/2013).

§ 3. (1) Within one month upon entry into force of this Act, the National Assembly shall elect a president and members of the National Audit Office.

(2) Until a president is elected, the president and vice-president elected pursuant to the repealed National Audit Office Act shall continue to discharge their functions.

§ 4. The powers of the members of the Consultative Council of the National Audit Office shall be terminated prior to the date of entry into force of this Act.

§ 5. Within one month upon electing a president and members, the organisational structure of the National Audit Office shall be brought in line with the requirements set out in this Act.

§ 6. Within 6 months upon electing a president and members, the National Audit Office shall adopt a manual on the implementation of the internationally accepted auditing standards and on the audit work of the National Audit Office.

§ 7. Audits which have not been completed and audits in respect of which audit reports have not been delivered prior to the entry into force of this Act shall be completed as per the procedure laid down hereby.

§ 8. Any existing regulations adopted while the repealed National Audit Office Act was effective shall remain in full force and validity, inasmuch as they do not contradict the provisions of this Act.

§ 9. In the Public Procurement Act (promulgated, SG No. 28/2004; amended, SG No. 53/2004, SG No. 31, 34 and 105/2005, SG No. 18, 33, 37 and 79/2006, SG No. 59/2007, SG No. 94, 98 and 102/2008, SG No. 24 and 82/2009, SG No. 52, 54, 97, 98 and 99/2010, SG No. 19, 43, 73 and 93/2011, SG No. 33, 38 and 82/2012, and SG No. 15/2013), Article 127c shall be repealed.

§ 10. In Article 108, paragraph 6 of the Social Insurance Code (promulgated, SG No. 110/1999; Ruling No. 5 of the Constitutional Court of 2000 - SG No. 55/2000; amended, SG No. 64/2000, SG No. 1, 35 and 41/2001, SG No. 1, 10, 45, 74, 112, 119 and 120/2002, SG No. 8, 42, 67, 95, 112 and 114/2003, SG No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, SG No. 38, 39, 76, 102, 103, 104 and 105/2005, SG No. 17, 30, 34, 56, 57, 59 and 68/2006; corrected, SG No. 76/2006; amended, SG No. 80, 82, 95, 102 and 105/2006, SG No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, SG No. 33, 43, 67, 69, 89, 102 and 109/2008, SG No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009, SG No. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100/2010; Ruling No. 7 of the Constitutional Court of 2011 - SG No. 45/2011; amended, SG No. 60, 77 and 100/2011, SG No. 7, 21, 38, 40, 44, 58, 81, 89, 94 and 99/2012, SG No. 15, 20, 70, 98, 104, 106, 109 and 111/2013, SG No. 1, 18 and 27/2014), the phrase "Article 55, paragraph 1" shall be replaced by "Article 54, paragraph 1".

§ 11. In Article 72, paragraph 1 of the Health Insurance Act (promulgated, SG No. 70/1998; amended, SG No. 93 and 153/1998, SG No. 62, 65, 67, 69, 110 and 113/1999, SG No. 1 and 64/2000, SG No. 41/2001, SG No. 1, 54, 74, 107, 112, 119 and 120/2002, SG No. 8, 50, 107 and 114/2003, SG No. 28, 38, 49, 70, 85 and 111/2004, SG No. 39, 45, 76, 99, 102, 103 and 105/2005, SG No. 17, 18, 30, 33, 34, 59, 80, 95 and 105/2006, SG No. 11/2007; Ruling No. 3 of the Constitutional Court of 2007 - SG No. 26/2007; amended, SG No. 31, 46, 53, 59, 97, 100 and 113/2007, SG

No. 37, 71 and 110/2008, SG No. 35, 41, 42, 93, 99 and 101/2009, and SG No. 19, 26, 43, 49, 58, 59, 62, 96, 97, 98 and 100/2010, SG No. 9, 60, 99 and 100/2011, SG No. 38, 60, 94, 101 and 102/2012, SG No. 4, 15, 20, 23 and 106/2013, SG No. 1 and 18/2014), the phrase "Article 55, paragraph 1" shall be replaced by "Article 54, paragraph 1".

This Act was adopted by the 42nd National Assembly on 28 March 2014 and 15 April 2014, and the official seal of the National Assembly was affixed hereto.