

National Audit Office Act

ACT ON THE BULGARIAN NATIONAL AUDIT OFFICE

Prom. SG. 12/13 Feb 2015

Chapter one. GENERAL PROVISIONS

Subject

Art. 1. (1) This act shall provide for the structure, functions, organization and activity of the Bulgarian National Audit Office (BNAO), as well as the powers of its authorities.

(2) The BNAO shall carry out control on the implementation of the budget and of other public funds and activities pursuant to this act and the internationally recognized audit standards.

Basic Task

Art. 2. Basic task of the BNAO shall be to control the reliability and accuracy of the financial reports of the budget organizations, the lawful, effective, efficient and economical management of the public funds and activities, as well as to provide to the National Assembly reliable information about this.

Independence

Art. 3. The BNAO shall be independent while performing its activity and shall report before the National Assembly.

Basic Principles

Art. 4. The activity of the BNAO shall be performed on the basis of the following principles:

1. independence, objectivity and good faith;
2. professionalism, integrity and impartiality;
3. consistency and predictability;
4. publicity and transparency;
5. trust, cooperation and constructiveness.

Chapter two. FUNCTIONS, STATUS AND BUDGET OF THE BULGARIAN NATIONAL AUDIT OFFICE

Types of Audits

Art. 5. (1) The Bulgarian National Audit Office shall perform:

1. financial audits;
2. compliance audits;
3. implementation audits;
4. specific audits.

(2) The Bulgarian National Audit Office may carry out documentary and factual check ups and other control actions in relation to legal persons, assigned to it by special acts only within the frames of its audit activity and under the procedure of this act.

Scope of the Audit Activity

Art. 6. (1) The Bulgarian National Audit Office shall audit:

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

(2) The BNAO shall also audit:

1. the budgets of the budgetary spending units on the budgets of Para. 1 and the management of their properties;
2. the budgets of the budget organizations under Art. 13, Para. 3 and 4 of the Act on Public Finances;
3. the budget funds, provided to persons, carrying out economic activity;
4. the accounts of EU funds and of other international programmes and agreements under Art. 8, Para. 2 and 4 of the Act on Public Finances, including their management by the relevant bodies and end users of the funds;
5. the budget expenses of the Bulgarian National Bank (BNB) and their managements;
6. the formation of the annual excess of revenues over costs of BNB, due to the state budget and other interrelations of the Bank with the state budget;
7. origination and management of the state debt, the state-guaranteed debt, the Municipal debt and the use of debt instruments;
8. privatization and concession of state and municipal property, as well as of the provided public funds and public assets to persons outside the public sector;
9. implementation of international agreements, contracts, conventions or other international acts, where this has been provided by the relevant international act or has been assigned by an authorized body;
10. other public funds, assets and activities, where this has been assigned to it by an act.

(3) The Bulgarian National Audit Office shall perform audits of:

1. state enterprises under Art. 62, Para. 3 of the Commercial Act;
2. the trade companies with 50% and above 50% state and/or municipal participation in the capital;
3. legal person, which have obligations, guaranteed by the state or obligations, guaranteed by state and/or municipal property.
- (4) The BNAO shall carry out audits of management and disposition of public assets and liabilities, notwithstanding of the ground for this management and disposition and the legal status of the persons, which perform it.
- (5) The BNAO shall draw up opinion reports on the implementation of the state budget, of the budget of the state social security, of the budget of the National Health Insurance Fund and the budget costs of BNB, which shall introduce to the National Assembly.
- (6) The BNAO may also audit the accounts for foreign funds of the budget organizations.

Annual Audit Programme

Art. 7. (1) The Bulgarian National Audit Office shall adopt its annual audit programme. The National assembly may – by its decision – assign to the BNAO to carry out up to 5 audits per year outside the ones, envisaged by the annual programme.

(2) The BNAO shall adopt the programme under Para. 1 after publication of the Act on the State Budget of the Republic of Bulgaria for the relevant year in the State Gazette, but not later than 31 December of the previous year.

(3) The BNAO Annual audit programme shall be produced to the National Assembly within 7 day term from its adoption or amendment.

(4) The BNAO Annual audit programme in its part for audit of the accounts for EU funds shall be sent to the European Court of Auditors and the European Commission for information.

Cooperation with institutions and Organizations in the Republic of Bulgaria

Art. 8. (1) While performing its activity, the Bulgarian National Audit Office shall cooperate with:

1. state bodies in view to raising the effectiveness of the control system and fight with crime and corruption;
2. professional and non-governmental organizations in view to exchange of good practices and professional development.

(2) The concrete forms of cooperation with the institutions and organizations pursuant to Para. 1 shall be determined by joint agreements.

Cooperation with the European Court of Auditors and other Supreme Audit Institutions. Representation

Art. 9. (1) The Bulgarian National Audit Office shall cooperate with the European Court of Auditors (ECA) and with supreme audit institutions of other countries in the area of external audit and shall represent the Republic of Bulgaria in the international organizations of the supreme audit institutions.

(2) The BNAO may perform joint audits with the ECA of the accounts with funds under Art. 6, Para. 2, p. 4 and with supreme audit institutions of other countries on implementation of international acts under Art. 6, Para. 2, p. 9, where this has been provided by signed agreements.

Status

Art. 10. The BNAO is a budget-funded legal entity with central office in Sofia city.

Budget

Art. 11. The BNAO budget is an independent part of the state budget.

Chapter three.

STRUCTURE, MANAGEMENT AND ORGANIZATION

Composition of the Bulgarian National Audit Office

Art. 12. (1) The BNAO shall consist of a president, two deputy presidents and two members, who shall be elected by the National Assembly.

(2) The president, the deputy presidents and the members shall be elected for the term of 7 years.

President

Art. 13. (1) The BNAO shall be directed and represented by a president.

(2) The president shall receive a basic monthly remunerations in the amount of 90% of the remuneration of the National Assembly president.

(3) The president may be re-elected.

Deputy Presidents

Art. 14. (1) The deputy president shall be elected by the National Assembly upon proposal of the president of the BNAO.

(2) The deputy presidents shall receive basic monthly remuneration in the amount of 90% of the remuneration of the president.

(3) The deputy presidents may be re-elected.

Members

Art. 15. (1) The National Assembly shall elect upon proposal of the BNAO president one member, proposed by the Institute of the Certified Expert Accountants and one member, proposed by the Institute of Internal Auditors.

(2) The BNAO members shall receive remuneration for participation in the BNAO sessions, defined by the Rules of Procedure and Organization of the BNAO activity. The received monthly remuneration shall not exceed 50% of the basic monthly remuneration of the president.

Requirements to the President, Deputy Presidents and the Members

Art. 16. (1) As president, deputy presidents and members of the BNAO shall be elected persons, who shall:

1. have higher education with Master educational qualification degree and professional length of service in the audit area, administrative and financial law, financial control, finances, or accountancy for not less than 15 years;
2. have not been body of the executive under Art. 19, Para. 2 - 4 of the Act on Administration during the last 3 years, preceding the election;
3. have not been sentenced for premeditated crime of general nature or have not been deprived under the relevant procedure from the right to occupy a certain position or to exercise a certain profession.

(2) The president, deputy presidents and members shall not be related persons in the meaning of the Act on Prevention and Establishment of Conflict of Interests and perform activity, which contradicts the upper cited act.

(3) The president and deputy president shall not occupy another paid position or carry out any other paid activity, apart from international projects and programmes, related to the BNAO activity, scientific, teaching or activity, provided by the Act on Copyright and Neighboring Rights.

Election of President, Deputy Presidents and Members

Art. 17. (1) The National Assembly shall elect a president of the BNAO 3 months before expiry of the mandate of the acting president.

(2) Within 14 day term from expiry of the mandate of the BNAO deputy presidents, the president shall make a proposal before the National Assembly for a new election.

(3) Within 14 day term from expiry of the mandate of the BNAO members, the Institute of the Certified Expert Accountants or the Institute of Internal Auditors shall make a proposal to the BNAO president for election of a new member. Within 3 day term from receiving the proposal, the president shall introduce it to the National Assembly. If a member or members, proposed by the two Institutes are not elected by the National Assembly, within 7 day term both Institutes shall be obliged to make other proposals.

(4) The president, deputy president and members shall be elected after a conducted public procedure.

(5) The elected under Para. 1 BNAO president shall step into office on the day of the mandate expiry of the person, at whose place he has been elected.

(6) The elected persons under Para. 2 and 3 shall step into office on the day of their election.

Oath

Art. 18. The BNAO president, deputy presidents and members shall take before the National Assembly the following oath: "I, herewith take an oath in the name of the Republic of Bulgaria to observe the Constitution and the laws of the country, to work for realization of the functions, entrusted to the Bulgarian National Audit Office, being guided by the principles of independence, objectivity and good faith while performing the obligations, assigned to me by the law. I have sworn! "

Preterm Termination of the Authorizations

Art. 19. (1) The authorizations of the president, deputy presidents and members of the BNAO shall be terminated by the National Assembly before expiry of their mandate:

1. upon their written request;
2. in the event of impossibility to fulfill their obligations for more than 6 months;
3. in the event of incompatibility under Art. 16;
4. in the event of an enforcement of an act, which establishes conflict of interests pursuant to the Act on Prevention and Establishment of Conflict of Interests;
5. in the even of death.

(2) In the event of termination of the president's authorizations, the National Assembly shall select a deputy president, who shall fulfill his authorizations by the time, a new president is elected.

(3) In the cases under Para. 1, p. 2 – 4 the president shall make a grounded proposal before the National Assembly for discharge of the relevant deputy president or member.

(4) In the event of termination of the authorizations of a deputy president, the president shall within 1 month term make a proposal before the National Assembly for election of new deputy president.

(5) In the event of termination of a member of the BNAO, the Institute of Licensed Expert Accountants, or the Institute of Internal Auditors, within 1 month term shall make a proposal for election of a new member.

(6) The newly elected president, deputy president or member shall finish the mandate of the persons, at whose place he has been elected.

Authorizations of the BNAO

Art. 20. (1) The BNAO shall organize, direct and control the audit activity under this act.

(2) The BNAO shall adopt its decision with open voting and majority of 4 votes. Abstain from voting shall not be admitted.

(3) The way of voting of each voter and the grounds of each voter against shall be expressed in a protocol and shall be published on the BNAO internet site with the audit report.

(4) The sessions shall be chaired by the BNAO president or by a deputy president, authorized by him.

(5) The BNAO shall:

1. confirm the draft of its annual budget and report for its implementation;
2. adopt Rules of procedure and organization of the BNAO activity, Ethic Code of the BNAO, guidelines for applying the internationally recognized audit standards and the audit activity of the BNAO, rules for selection, appointment, training, assessment of the labour performance and the professional development of the officials in the BNAO, strategies, policies, instructions and other internal acts;
3. adopt an Annual programme on the audit activity and a report on its implementation;
4. adopt audit reports, apart from the cases of Art. 54, Para. 8, p. 1 and 2;
5. confirm a list of the recognized certificates for auditors;
6. carry out also other authorizations, provided by an act.

(6) The BNAO shall direct the whole audit activity. The BNAO shall carry out its audit authorizations through the auditors.

Authorizations of the BNAO President

Art. 21. The president shall:

1. direct and organize the BNAO activity, represent it in the country and abroad and shall be first level budgetary spending unit of the BNAO budget;
2. define the authorizations of direction, organization and control of the audit activity of the deputy presidents;
3. select his deputy in case of absence;
4. develop the budget prognosis and the draft BNAO budget while observing the requirements of the Act on Public Finances;
5. sign, amend and terminate employment contracts with the BNAO staff in compliance with the law requirements;
6. announce the internationally recognized audit standards on the BNAO internet site.

Authorizations of the BNAO Deputy Presidents

Art. 22. (1) The deputy presidents shall:

1. direct the audit directorates;
2. plan and distribute the resources, needed for implementation of the audit tasks and scope of the relevant audit directorates;
3. introduce for discussion and adoption at a BNAO session draft of audit reports with the filed on them opinions, drawn up conclusions and recommendations, where this has been provided by law;
4. also exercise other authorizations, assigned to them under the law in a procedure, established by an internal act or by a BNAO president's order;
5. be responsible for the audit activity and its quality.

(2) In case of absence of a deputy president, his authorizations as head of audit directorates shall be exercised by the other deputy president, selected by the BNAO president's order.

Functional and Territorial Organization

Art. 23. (1) The BNAO audit activity shall be organized in directorates. To the directorates, departments, sectors, as well as outsourced working places may be formed on the territory of the country.

(2) The directorates shall be headed by directors.

(3) As director of a directorate shall be appointed a person, who shall:

1. have higher education with Master's educational-qualification degree;
2. have employment and/or service length of experience of at least 7 years in the area of audit, financial control, finances or accountancy;
3. have won a competition for a director;
4. possess experience as a head of not less than 3 years.

(4) In case of absence of a director of a directorate, his authorizations shall be exercised by another director of directorate, appointed by an order of the BNAO president.

Chapter four.

RIGHTS AND OBLIGATIONS OF MANAGING BODIES AND EMPLOYEES OF THE BNAO

Managing Bodies and Employees of the BNAO

Art. 24. (1) Managing bodies of the BNAO shall be the president and the deputy presidents.

(2) Employees of the BNAO shall be the directors of directorates, heads of structural units, auditors and the administration staff.

Rights and Obligations on Labour Legal Relations

Art. 25. (1) The labour legal relations of the BNAO employees shall be provided by the provision of the Labour Code.

(2) The BNAO heads shall have all the rights under the labour legal relations, apart from the ones, which are incompatible or contradict their legal situation or the BNAO Ethic Code.

(3) The persons under Para. 1 shall be obliged to observe the BNAO Ethic Code requirements and of the Guidelines on application of the internationally recognized audit standards and BNAO audit activity. In case of failure to implement these requirements, the BNAO employees shall bear disciplinary responsibility under the conditions and procedure of the Labour Code.

Auditors

Art. 26. (1) As auditor of the BNAO shall be a person, who shall:

1. have higher education with Master's educational qualification degree and labour or civil service not less than 3 years;
2. have passed successfully the examination for BNAO auditor or holds a certificate for auditor;
3. have won the competition for appointment under the Rules for selection, appointment, training, assessment of the labour performance and professional development of the BNAO staff.

(2) The auditor positions shall be: auditor, senior auditor first grade, senior auditor second grade, chief auditor. Promotion in position shall be carried out under the Rules for selection, appointment, training, assessment of the labour performance and professional development of the BNAO staff.

(3) As trainee auditor shall be appointed a person having higher education with Master's educational qualification degree, who has won the competition under the Rules for selection, appointment, training, assessment of the labour performance and professional development of the BNAO staff. The trainee auditor shall assist the audit activity.

(4) The auditors shall carry out audits in audit teams. The heads of the audit teams shall be appointed by the relevant deputy president and shall take responsibility for the professional management and quality of audits.

Incompatibility for Occupying a Position

Art. 27. (1) As BNAO employees shall be appointed persons, who have not been convicted for premeditated crime of general nature or have not been deprived under the relevant procedure form the right to occupy a certain position or to exercise a certain profession.

(2) In case of changes in the circumstances under Para. 1, the persons shall notify in writing within 7 day term the BNAO president, who shall be obliged to undertake actions in compliance with his legal authorizations.

Prohibition for Performing another Paid Position or Activity

Art. 28. (1) The directors of directorates, heads of structural units and auditors may not occupy another paid position or carry out other paid activity, apart from international projects and programmes, related to the BNAO,, scientific, teaching or activity, provided by the Act on Copy Right and Neighboring Rights.

(2) The circumstances under Para. 1 shall be certified before the employer by a declaration.

Obligation for Declaring the Property Status

Art. 29. (1) With signing the labour contract, the BNAO employees shall be obliged to declare their property status before the BNAO president.

(2) Every year by 30 April the BNAO employees shall be obliged to declare before the body under Para. 1 their property status, as well as the received during the previous calendar year incomes from contracts for additional labour under Art. 111 of the Labour Code incomes from remunerations of non-labour legal relations as well as the employer/assigner, who has paid them and the grounds for their receiving.

Remunerations

Art. 30. (1) The basic monthly remunerations of the BNAO employees shall be defined by the president according to the internal rules for work salary and the budget funds, available for the relevant year.

(2) The BNAO head bodies and employees may receive additional remunerations for achieved results under a procedure, established by an act or a Council of Ministers act or the internal rules for the work salary.

Length of Service

Art. 31. (1) The length of service if the directors of directorates, heads of structural units, auditors and administration employees at managing positions and expert positions with managing functions, acquired at the relevant BNAO positions shall be recognized as civil service in the specialty at application for appointment at positions, for which civil service in the specialty is required.

(2) The length of service of the persons with higher legal education, acquired at positions in the BNAO shall be recognized as length of service under Art. 164, Para. 1 - 7 of the Act on Judiciary and under Art. 8, Par. 1, p. 3 of the Act on Notaries and Notary Activity.

Right to Representative Clothing

Art. 32. The BNAO employees shall have the right to annual representative clothing at the value of 3 minimal work salaries, where the funds shall be provided from its budget.

Distinctions and Awards

Art. 33. The BNAO employees may be awarded by distinctions and/or object or money awards by the size of the basic monthly salary for implementation of certain tasks within the frames of the budget funds, available for the relevant year. The distinctions and awards and the conditions for their awarding shall be defined by the Rules for structure and organization of the BNAO activity.

Obligation for Observation of Information

Art. 34. (1) The managing bodies, members and employees shall be obliged to observe the classified information, which is state or official secret, as well as trade, bank or other protected by the law secret and not to disclose facts and circumstances, become known to them or in reference to fulfillment of their obligations.

(2) The persons under Art. 26 with stepping into office shall sign a declaration for observation of secret and for non-disclosure of facts and circumstances under Para. 1.

Training and Professional Qualification

Art. 35. (1) The BNAO employees shall be obliged to participate in the training, organized by the BNAO for maintenance and raising the professional qualification.

(2) The costs under Para. 1 shall be at the expense of the BNAO.

Evaluation of Work Performane. Consequences

Art. 36. (1) The BNAO employees shall be subject to annual evaluation of the work performance.

(2) Evaluation of the work performance shall be carried out under terms and conditions, defined by the Rules for selection, appointment, training, evaluation of the work performance and professional development of the BNAO employees.

(3) The labour legal relations of an employee may be terminated, where he has received 2 successive lowest annual grades.

Insurance

Art. 37. The managing bodies, directors, heads of structural units and auditors shall be obligatorily insured by "Life" and "Accident" insurances at the expense of the BNAO budget.

Chapter five.

AUDIT ACTIVITY, AUTHORIZATIONS AND OBLIGATIONS OF THE MANAGING BODIES, DIRECTORS OF DIRECTORATES, HEADS OF STRUCTURAL UNITS AND AUDITORS

Assignment of Audits

Art. 38. (1) The audits under the annual programme for the audit activity shall be assigned by an order of a BNAO deputy president.

(2) The audits under a National Assembly decision shall be assigned by an order of the BNAO president.

(3) The audits shall be carried out in the audited site and/or in the BNAO under a programme, confirmed by a deputy president, or by the president in the cases under Para. 2.

Authorizations while Performing the Audits

Art. 39. (1) The BNAO managing bodies, directors of directorates, heads of structural units and auditors, during and in relations to the performed audits shall have the right to:

1. free access to the official premises and to all the documents, reports and assets, related to the financial management of the audited organizations, including to require the annual financial reports of the companies with state and municipal participation, which are subject to audit, the protocols of the meetings of their bodies;
2. request - within terms, defined by them – information, certified copies of documents and other information in relation to preliminary research and auditing, including on electronic media;
3. request oral and written explanations from officials, including former officials, on facts, found during auditing, as well as on issued, related to their activity;
4. request references, certified copies of documents and other information from natural persons, legal persons and sole traders outside the audited site, related to possible cases of illegal activity, which refer the financial and property interests of the audited site or the accounts for EU funds;
5. request and receive information from all the bodies in the country, as well as access to their database in relation to the BNAO activity;
6. be present at meetings of the bodies of the audited organizations and persons, if their agenda is related to the conducted audit.

(2) With exercising their authorizations under Para. 1, access to classified information shall be carried out under the conditions and procedure of the Act on Classified Information Protection.

(3) The BNAO auditors may request performing of inventory in relation to the audits.

Obligations of the Heads and Officials in the Audited Organizations

Art. 40. (1) Heads and officials in the audited organizations shall be obliged to give assistance to the persons under Art. 39, Para. 1 while carrying out their authorizations and to provide appropriate premises and technical means for performing the audits, including using telecommunication media.

(2) The person under Para. 1 shall not refer to state, official, trade, bank or other secret, protected by the law while the BNAO carries out audits.

(3) IN case of refusal of assistance for exercising the authorizations under Art. 39, including in case of lack of provision of the required information, the president, after a written warning shall publish the unlawful behaviour of the relevant officials on the BNAO internet site.

(4) In case of refusal of provision of the information under Art. 39, Para. 1, p. 4 the president shall have the right to issue an order for check of the legal person or sole trader in relation to the refused information.

(5) In case of prevention of the check under Para. 4 by the legal person or sole trader, the BNAO shall notify the Prosecution authorities.

(6) The collected written evidence during the check under Para. 4 shall be inseparable part of the document of the performed audit in the audited organization.

Responsibility and Damages Caused

Art. 41. The BNAO managing bodies, directors of directorates, heads of structural units and auditors shall not bear property responsibility for caused damages while exercising their authorizations unless they have committed a crime or have acted deliberately.

Conflict of Interests while Performing the Audits

Art. 42. (1) In the audits shall not be able to participate persons, who are relatives in direct line without restrictions and in indirect line up to fourth level including with the officials in the audited site, whose activity is related with collecting or spending budget and other public funds and with management of property under Art. 6, or are their spouses, or are in co-habitat, as well as those, who have worked in the audited site or have participated in its management during the last 3 year, or have private interest in the meaning of the Act on Prevention and Establishment of Conflict of Interests from the audited activity.

(2) The circumstances under Para. 1 shall be declared in writing before beginning of the audit before the deputy president.

(3) Where the incompatibility under Para. 1 is found during the audit process, the persons shall be obliged to make a written challenge.

(4) The declarations under Para. 2 and the challenges under Para. 3 shall be inseparable part from the documentation for the performed audit.

External Experts

Art. 43. (1) In separate cases for check of specific issues during the audits, external experts may also be attracted while observing the requirements of Art. 42 and of the internationally recognized audit standards.

(2) Persons under Para. 1 shall sign a declaration for observation of the secret and not disclosure of facts and circumstances under Art. 34, Para. 1.

Measures during the Audit at Unlawful and Damaging Actions

Art. 44. In case of found during the audit process actions, which create possibility for unlawful collection or spending budget or other public funds, as well as for damaging property of the audit site, the responsible deputy president, upon proposal of the head of the audit team and the director shall notify the relevant competent body for undertaking measures for interruption of the actions.

Drawing up Draft Audit Report

Art. 45. The head of the audit team shall prepare a draft audit report according to the adopted audit programme and while observing the law requirements, internationally recognized audit standards and the BNAO acts.

Authorizations of a Director of Directorate. Control Procedure

Art. 46. (1) The director shall exercise control on compliance of the audit report with the requirements of Art. 45, assess the evidences in relation to their reliability and sufficiency and their relation to the findings, conclusions, assessments and recommendations made.

(2) The director shall be assisted in his activity by the heads of structural units

(3) Within 30 day term from submission of the draft, the director shall pronounce with grounded written decision, which shall:

1. approve the draft audit report;
2. return the draft audit report with instructions for further work and removal of admitted lapses.

(4) Within 7 day term from the decision under Para. 3, p. 2, the head of the audit team shall submit the re-worked draft audit report to the director for approval.

(5) In case of discontent with the given instructions, the head of the audit team shall make a written objections before the responsible deputy president.

(6) The BNAO deputy president shall examine the objection and shall pronounce within 7 day term with a grounded written decision, which shall be final.

Submitting the Draft Audit Report

Art. 47. (1) The approved draft audit report shall be submitted to the head of the audited organization, as well as to the former heads of the organization during the audited period, not later than 1 month after issuance of the decision under Art. 46, Para. 3, p. 1.

(2) Notwithstanding of the obligation for submission under Para. 1, the message for submission of the approved draft audit report shall be published on the BNAO internet site, where the BNAO relevant managing body may also undertake other actions for timely notification of the former heads of the audited organization.

(3) The persons under Para. 1 may give written opinions on the draft audit report, providing additional evidences and/or additional written explanations within 14 day term from its submission.

(4) In case of a written request of the persons under Para. 1, the BNAO responsible deputy president may extend the term under Para. 3 by 7 days.

(5) The BNAO deputy president shall draw up a grounded conclusion on the opinions under Para. 3 within 14 day term from receiving them. Within 3 day term from preparation of the conclusion the deputy president shall introduce for examination at a BNAO session the report, the opinions under Para. 3, the grounded conclusion and written grounded proposals for amendments of findings, conclusions, evaluations or recommendations.

(6) In case of closure of the audited organization, the draft audit report shall be submitted to the head of the successor. Where no successor has been determined, the draft audit report shall be sent for information to the body, taken the decision for closure of the organization.

Final Audit Report

Art. 48. (1) The BNAO shall examine the draft report with the conclusion and the opinions under Art. 47, Para. 5, and shall adopt with a decision a final audit report on the basis of a thorough evaluation of the evidences, opinions and explanations, where it may:

1. accept or reject completely or partially the conclusion under Art. 47, Para. 5 and the proposals, made to it about amendments and accept, amend, repeal thoroughly or partially findings, conclusions, assessments and recommendations in the audit report;

2. reject thoroughly the audit report because of uncorrectable lapses and irregularities in it.

(2) Where the changes in the findings, conclusions, assessments and recommendations in the audit report lead to conclusion for breaches, for which a heavier responsibility is to be sought, the BNAO president shall notify about this fact the head of the audited organization.

(3) The head of the audited organization may produce additionally written rejection on the amendments under Para. 2 within 14 day term from the submission.

(4) The BNAO shall pronounce finally with its own decision on the additionally produced rejection under Para. 3.

Submission of the Audit Report to the Audited Site

Art. 49. (1) The BNAO shall submit to the head of the audited organization the final audit report within 7 day term from its adoption.

(2) Where the audited organization is a second level or lower level budgetary spending unit, the report under Para. 1 shall also be submitted to the first level budgetary spending unit for information or for undertaking concrete actions in compliance with its legal authorizations.

(3) The BNAO may submit the report also to other bodies, which are related to the performed audit for information or for undertaking relevant actions.

Control on Implementation of the Recommendations

Art. 50. (1) The BNAO president or a deputy president, authorized by him shall organize performance of timely control for implementation of the recommendations.

(2) The head of the audited organization shall be obliged to undertake measures for implementation of the recommendations and to notify in writing about this the BNAO president within the term, defined by the report, which has to be observed with the nature of the recommendations.

(3) In case of failure of fulfillment of the recommendations, the BNAO shall submit a report with proposals for undertaking measures to the National Assembly, to the Council of Ministers or to the Municipal council.

Measures in case of Breaches of the Regime of Public Procurement

Art. 51. (1) Where breaches are found of the procedures for awarding public procurement, the audit report in its part of the breaches of the procedures shall be submitted to the Public Procurement Agency for undertaking the relevant measures.

(2) The report under Para. 1 shall be submitted within 7 day term from adoption of the audit report.

Request for Dismissal of Position of a Guilty Person

Art. 52. The BNAO may with the audit report propose dismissal from position of a person, who bears managing responsibility and as a result of his action or lack of action, breaches of an act have been admitted or BNAO recommendations have not been fulfilled.

Proposal for Restriction of Costs of an Audited Organization

Art. 53. (1) After adoption of the final audit report, as well as in case of refusal of a certification of a financial report, the BNAO may propose to the Minister of Finance to apply Art. 107 of the Act on Public Finances in relation to an audited organization, which breaches the act or often fails to fulfill the recommendations, until removal of the breaches.

(2) The proposal under Para. 1 shall not contain measures, which lead to termination of the activity of the relevant organization.

Financial Audit

Art. 54. (1) The BNAO shall carry out financial audit to:

1. the annual financial reports of the budget organizations – first level budgetary spending units, of the budget organizations – second level budgetary spending units, which exercise independent budgets under special acts;

2. the annual financial reports of Municipalities, for which the total amount of the accounted costs on the budget, the accounts for EU funds and the accounts for foreign funds for the previous year exceed BGN 10 million;

3. other financial reports, where this has been provided by law.

(2) The BNAO shall carry out financial audits of annual financial statements of Municipalities, for which the total amount of the accounted costs on the budget, the accounts for EU funds and the accounts for foreign funds for the previous year do not exceed BGN 10 million, in periods, defined by it or on the basis of a risk assessment.

(3) The financial audits shall be carried out under this act, the internationally recognized audit standards and the BNAO acts.

(4) The periodical reports on implementation of the budgets, of the accounts for EU funds and the accounts for foreign funds, as well as the turnover payrolls of the persons under Para. 1 shall be produced to the BNAO for previous study, risk assessment and current control as a interim stage of implementation of the financial audit of the annual financial statement.

(5) The procedure and terms for production to the BNAO the reports under Para. 1 and 4 shall be determined by the Minister of Finance in coordination with the BNAO.

(6) In case of failure the reports to be produced or produced after the term under Para. 5, the BNAO president shall notify the Minister of Finance for undertaking concrete actions in compliance with his legal authorizations.

(7) Assignment of financial audit under Para. 1 shall be carried out by an order of the responsible deputy president.

(8) The head of the audit team shall draw up a draft audit report and opinion on the performed audit with conclusion for certificate, of refusal for certificate or of refusal for expressing opinion on the relevant report, while observing the requirements of this act and the BNAO acts. The audit opinion for certificate of a financial statement may be:

1. audit opinion for certification unqualified (unmodified opinion);

2. audit opinion for certification unqualified with remarks (unmodified opinion);

3. audit opinion for certification unqualified (qualified opinion)

(9) The reasons for formation of an audit opinion in a financial audit shall be determined by the internationally recognized audit standards.

(10) The draft audit report and the opinion under Para. 8 shall be checked and approved by the relevant director of directorate, who fulfills the procedure of quality control under Art. 46.

(11) The draft audit report and of the audit opinion shall be submitted to the head of the audited organization or to persons, authorized by him. The head of the audited organization and/or persons, authorized by him may give written opinions on the submitted draft audit report and audit opinion, providing additional evidences and/or additional written explanations within 14 day term from the submission.

(12) With a written request of the head of the audited organization and/or of persons, authorized by him, the responsible deputy president may extend the term under Para. 11 by 7 days.

(13) The BNAO deputy president shall draw up a grounded conclusion on the opinions under Para. 11 within 14 day term from receiving them, by which he shall approve the final audit report and the audit opinion under Para. 8, p. 1 or 2. The final audit report and audit opinion shall be submitted within 7 day term to the audited organization.

(14) In the cases of an audit opinion for certification unqualified, of refusal for certification or refusal for expressing an opinion, the deputy president shall draw up a grounded conclusion on the opinions under Para. 11 within 14 day term from their receiving. Within 3 day term from drawing up the conclusion, the deputy president shall introduce for discussion at a BNAO session the report, the audit opinion, the opinions under Para. 11 and the grounded conclusion. The BNAO with its decision shall adopt a final audit report and audit opinion on the basis of a thorough assessment of the evidences, opinions under Art. 11 and the conclusion, where it may adopt or reject completely or partially the conclusion and the proposals made to it, or reject completely or partially the conclusion and the recommendations to it and adopt , amend or repeal completely or partially findings, conclusions assessments and recommendations in the audit report and the form of audit opinion.

(15) The BNAO shall submit to the head of the audited organization the final audit report and the audit opinion under Art. 14 within 7 day term from their adoption.

(16) In case of refusal for certification or refusal of expressing opinion, the BNAO shall notify the Minister of Finance, who may undertake measures under Art. 107 of The Act on Public Finances. Where the audit refers to a second level budgetary spending unit, the audit opinion shall be submitted to the relevant first level budgetary spending unit.

Applying the Administrative – Procedure Code

Art. 55. (1) For unsettled issues in the procedure under Art. 38 – 54, respectively the provisions of Chapter Two, Five and Seven of the Administrative – procedure Code shall be applied.

(2) The final audit reports and opinions shall not be subject to disputes in a judicial procedure.

Reports with Opinions on Reports on Budget Implementation

Art. 56. (1) The Council of Ministers, the National Insurance Institute, the National Health Insurance Fund and BNB shall produce to the BNAO within 7 day term from their approval, reports on the implementation of the state budget, of the budget of the state social security, of the budget if the National Health Insurance Fund and the budget costs of BNB.

(2) The BNAO shall draw up reports with opinions on the reports under Para. 1 not later than 3 months after their receiving.

Notifications to Competent Bodies for Undertaking Measures

Art. 57. (1) In case of data for damages and breaches in implementation of budgets and of accounts for EU funds, or of management of property, which are not a crime, the BNAO shall submit the audit report to the relevant competent body for seeking property or administrative penal responsibility. The relevant body shall be obliged within 14 day term from receiving the audit materials or the audit report to assign performance of the needed actions for seeking responsibility.

(2) The body under Para. 1 shall notify the BNAO president within the term of up to 2 months from receiving the audit materials, or the audit report about the measures, undertaken on them.

(3) The BNAO shall announce the received notifications, as well as the failure to be fulfilled the obligations for notification.

Notification in case of Data for Crime

Art. 58. (1) In case of data for a crime, the BNAO shall submit the audit report and its materials to the prosecution office.

(2) The prosecution bodies shall notify currently the BNAO about the undertaken actions on the submitted materials under Para. 1.

(3) The BNAO shall not disclose data in the cases under Para. 1 by the time the penal procedure is finalized.

(4) In case of data for a crime in the management of the accounts for EU funds, with BNAO decision, the audit materials or the audit report shall also be submitted to the specialized bodies for prevention and fight with fraud and corruption of the EU.

Disclosure of Audit Reports

Art. 59. (1) The BNAO shall disclose the audit reports which are not secret protected by the law, including the accounts for EU funds, as well as the opinions under Art. 56.

(2) The disclosure shall be made on the BNAO internet site.

(3) Audits shall not be disclosed before the final audit report under Art. 48 and Art. 54, Para. 13 and 14.

(4) The reports and opinions under Art. 56, Para. 2 shall be disclosed after their introduction in the National Assembly.

Disclosure of Other Circumstances

Art. 60. The BNAO shall disclose on its internet site obligations, failed to be fulfilled under Art. 40,, the recommendations, failed to be fulfilled, the refusal for dismissal of position under Art. 52, as well as other circumstances, defined by BNAO decision.

Audit Reports of Funds from EU Funds and Programmes and on Implementation of International Acts

Art. 61. Reports on performed audits, including the audit evidences, of the accounts for EU funds and implementation of international acts under Art. 6, Para. 2, p. 9 shall be provided to the European Court of Auditors and to the European Commission.

Chapter six.

ACCOUNTABILITY AND CONTROL OVER THE BNAO ACTIVITY

Introduction of Reports to the National Assembly

Art. 62. (1) The BNAO shall introduce to the National Assembly:

1. reports with opinions on reports about fulfillment of the state budget, the budgets of the state social security, the National Health insurance Fund budget and the budget costs of BNB for the previous year;
2. opinion reports for performed audits of budgets systems or with significant results of the relevant budgets and the other public funds and activities;
3. audit reports for performed audits under decision of the National Assembly.

(2) The National Assembly shall examine the reports under Para. 1, p. 1 and 3 within 3 month term from their introduction.

(3) Upon request of the National assembly or its commission, the BNAO shall produce concrete audit reports.

Proposals for Examination of Audit Reports

Art. 63. The BNAO may make proposals to the National Assembly and its commissions about examination of audit reports with significant importance for improvement of the budget discipline and management of the budget and/or other public funds and activities.

Report on the BNAO activity

Art. 64. (1) Within the term of up to 30 September of the current year, the BNAO shall introduce to the National Assembly a report on its activity for the previous year.

(2) The report shall be published on the BNAO internet site.

Audit of the BNAO Annual Financial Statement

Art. 65. (1) The BNAO annual financial statement shall be audited by an independent commission, which shall include at least 2 registered auditors.

- (2) The number and composition of the commission under Para. 1 shall be defined by the National Assembly.
- (3) The commission report on the statement under Para. 1 shall be introduced to the National Assembly with the report on the BNAO activity for the relevant year.
- (4) The BNAO president may give a written opinion on the report under Para. 3m which shall be attached to it and shall be introduced to the National Assembly.
- (5) The report under Para. 3 shall be disclosed after its adoption by the National Assembly with the opinion under Para. 4.
- (6) The costs on the audit performance under Para. 1 shall be at the expense of the BNAO budget.

Chapter seven.

ADMINISTRATIVE – PENAL PROVISIONS

Art. 66. (1) For a breach under Art. 40, Para. 1 and 2 and Art. 57, Para. 2 the guilty persons shall be punished by a fine of BGN 1000 to 5000.

(2) In case of a repeated breach under Para. 1, the fine shall be from BGN 2000 to 10 000

(3) In case of hindrance of the check under Art. 40, Para. 4, the person shall be imposed by a property sanction in the amount of BGN 2000 to 10 000.

Art. 67. (1) The acts for finding breaches shall be drawn up by the auditors, and the penal decrees shall be issued by the president or by an official, authorized by him.

(2) Drawing up acts, issuance, appeal and implementation of the penal decrees shall be carried out by the Act on Administrative Breaches and Punishments.

Additional provisions

§ 1. In the meaning of this act:

1. "Audit" is a check up, including the actions of collection and analyzing the financial and non-financial information for assessment of management of the budget and other public means and activities of the accountability in the audited site in view to their improvement.
2. "Financial Audit" is expression of independent audit opinion as far as the annual financial statement of the budget organization gives a true and fair impression for its financial status and property in compliance with the identified general frame for financial accountability.
3. "Compliance Audit" is the check up of the systems for financial management and control, including the internal audit and of the management decision in relation to the organization, planning, management, accounting and control of the budget and other public means and activities in the audited organization in view to observation of the requirements of the normative acts, internal acts and contracts.
4. "Implementation Audit" is the check up of the planning, implementation and control activities at all levels of management of the audited site in view to their effectiveness, efficiency and economy, where:
 - a) "Effectiveness" is the grade of achieving the objectives of the audited site while comparing the real and expected results from its activity;
 - b) "Efficiency" is achieving maximum results from the used resources while performing the activity of the audited site;
 - c) "Economy" is the acquiring by the smallest costs the needed resources for performing the activities of the audited site while observing the requirements for quality of the resources.
5. "Audited organization" is each organization, which is subject to audit under the requirements of this act.
6. "Specific audits" are the audits, performed under the conditions and procedure of a special act. They may be combined audits, which combine the approaches of financial audit, compliance audit and implementation audit.
7. "Audited site" is the programme, activity or function within the frames of a certain audited organization, or within the frames of the public sector as a whole, which are subject to audit.
8. "Public funds" are the funds in the meaning of § 1, p. 1 of the Additional Provision of the Act on Financial Management and Control in the Public Sector.
9. "Public Assets" are public means, as well as all properties, which are state or municipal property or are subject to rights of budget organizations.
10. "Budget organizations" are all the legal person in the meaning of § 1, p. 5 of the Additional provisions of the Act on Public Finances.
11. "Financial control" is any form of control, related to management of public means and activities, carried out by specialized authorizations and procedures, including budget control, financial inspection control, tax control, customs control, etc.
12. "Repeated" is the breach, committed within 1 year term from the enforcement of the penal decree, by which the violator has been punished for the same beach in kind.
13. "Internationally recognized audit dtandards" are:
 - a) The audit standards, issued by the Committee for audit standards of the International Standards of the Supreme Audit Institutions (ISSAI);

b) The International Standards on Auditing, issued by the International Federation of Accountants - IFAC, appropriate for financial audit in engagements with included additional issues, specific for the budget organizations in the public sector.

Transitional and concluding provisions

§ 2. The Act on the Bulgarian National Audit Office (Publ., SG, N 35/2014.; amend., N 40 and 98/2014) shall be repealed.

§ 3. (1) Within the term of up to 1 month from the enforcement of the act, the National Assembly shall elect president, deputy presidents and members of the BNAO.

(2) By the time the president is elected, the elected president and members under the repealed Act on the Bulgarian National Audit Office shall fulfill their obligations.

§ 4. Within the term of up to 3 months from the election of a BNAO president, deputy presidents and members, the Rules of Procedure and Organization of the BNAO activity shall be adopted.

§ 5. Within the term of up to 1 month from adoption of the Rules of Procedure and Organization of the BNAO, a competition for appointment of directors of the directorates shall be conducted.

§ 6. The BNAO shall confirm and disclose the acts under Art. 20, Para. 5, p. 2 with the term of up to 6 months from its election.

§ 7. Unfinished audits and audits, on which the reports have not been submitted by the enforcement of the act, shall be finalized under this act.

§ 8. The BNAO current acts shall keep their action unless they contradict the requirements of this act.

The act has been adopted by the 43d National Assembly on 29 January 2015 and has been sealed by the official stamp of the National assembly.