

LAW OF THE INTERNAL AUDIT IN THE PUBLIC SECTOR

Prom. SG. 27/31 Mar 2006, amend. SG. 64/8 Aug 2006, amend. SG. 102/19 Dec 2006, amend. SG. 43/29 Apr 2008, amend. SG. 69/5 Aug 2008, amend. SG. 71/12 Aug 2008, amend. SG. 110/30 Dec 2008, amend. SG. 42/5 Jun 2009, amend. SG. 44/12 Jun 2009, amend. SG. 78/2 Oct 2009, amend. SG. 80/9 Oct 2009, amend. SG. 82/16 Oct 2009, amend. SG. 99/15 Dec 2009, amend. SG. 54/16 Jul 2010, amend. SG. 8/25 Jan 2011, amend. SG. 98/13 Dec 2011, amend. SG. 50/3 Jul 2012, amend. SG. 15/15 Feb 2013, amend. and suppl. SG. 101/22 Dec 2015

Chapter one. GENERAL PROVISIONS

Art. 1. This law shall provide the essence, the principles and the range of the internal audit in the organisations of the public sector called hereinafter "the organisations", the statute and the functions of the structures and the persons who implement it, as well as the audit activities in funds and programmes of the European Union.

Art. 2. The chief of the organisation shall be responsible for the establishing and the functioning of adequate and efficient systems for financial management and control and he shall be assisted by internal audit.

Art. 3. (1) The internal audit shall be independent and objective activity for conceding confidence and consultancy, designated to bring benefit and improve the activity of the organisation.

(2) The internal audit shall assist the organisation to achieve its goals by applying systematic and disciplinary approach for assessment and improvement of the effectiveness of the processes for risk management, control and management.

Art. 4. The internal audit shall be implemented in compliance with standards for internal audit, Ethical code of the internal auditors and observing the following principles:

1. independency and objectivity;
2. competence and professional care;
3. decency and confidentiality.

Chapter two. ESSENCE, RANGE AND ORGANISATION OF THE INTERNAL AUDIT

Art. 5. The internal audit shall assist the organisation to achieve its goals by doing the following:

1. identify and assess the risks in the organisation;
2. assess the adequacy and the effectiveness of the systems for financial management and control with regard to:
 - a) the identification, assessment and management of risk by the chiefs of the organisation;
 - b) the compliance with the legislation, the internal acts and the contracts;
 - c) the reliability and the comprehensiveness of the financial and the operative information;
 - d) the effectiveness, the efficiency and the economy of the activities;
 - e) the preservation of the assets and the information;
 - f) the fulfilment of the tasks and the achieving of the goals;
3. give recommendations for improvement of the activities in the organisation.

Art. 6. The internal audit shall be implemented through fulfilment of concrete audit engagements for giving confidence or consultancy.

Art. 7. (1) The audit engagements for giving confidence shall be expressed in conceding of objective assessment of the proofs by the internal auditor with objective to be conceded independent opinion or conclusion about process, system or other object of the audit.

(2) (amend. – SG 54/10) The objective and the range of each audit engagement for giving confidence shall be determined by the chief of the internal audit.

(3) The audit engagement for giving confidence shall be implemented basically through: audit of the systems, audit for compliance, audit of the fulfilment, audit of the information systems and technologies and review of the status.

Art. 8. (1) The audit engagement for consultancy shall be expressed in giving advice, opinion, training etc., designated to improve the processes of risk management and control without the internal auditor to undertake managerial responsibility for this. The audit engagement for consultancy shall be implemented on initiative of the chief of the organisation.

(2) (amend. – SG 54/10) The goal and the range of each audit engagement for consultancy shall be defined jointly with the chief of the organisation.

Art. 9. The internal audit under this law shall be implemented in:

1. (amend., SG 15/13, in force from 01.01.2014) the budget organisations under the Public Finance Act as well as municipal enterprises;

2. (revoked, SG 15/13, in force from 01.01.2014)

3. (revoked, SG 15/13, in force from 01.01.2014)

4. (revoked, SG 15/13, in force from 01.01.2014)

5. the organisations disposing with resources guaranteed by the Republic of Bulgaria;

6. the organisations disposing with resources from funds and programmes of the European Union;

7. the commercial companies of art. 61 of the Commercial Law and the state enterprises of art. 62, para 3 of the Commercial Law;

8. (revoked, SG 15/13, in force from 01.01.2014)

Art. 10. (1) The chief of the organisation shall be responsible for the introduction and the guaranteeing of the adequately functioning of the internal audit in compliance with the requirements of this law.

(2) Within the range of the internal audit shall be all structures, programmes, activities and processes in the organisation.

Art. 11. (1) (amend. – SG 54/10) The internal audit in the public sector shall be carried out by an internal audit unit consisting of a chief of the unit and internal auditors who are directly subordinated to the chief of the respective organisation and are its employees.

(2) (new – SG 54/10) The internal audit activity may be designated to natural persons, who are employees of the respective organization. The said persons must meet the requirements set out in Art. 21, para 1.

(3) (prev. text of para 2 – SG 54/10) The internal audit shall be carried out in compliance with the requirements of this law and the acts for its implementation issued by the Minister of Finance.

Art. 12. (1) An internal audit unit shall be established in:

1. the administration of the President, the National Assembly, the Council of Ministers, the ministries, the National Insurance Institute and the National Health Insurance Fund;

2. the Supreme Judicial Council and the Audit Office;

3. (amend. – SG 54/10) the municipalities which budget exceeds 10mln levs;

4. (amend., SG 15/13, in force from 01.01.2014) the administrations of the first level budget administrators out of these of item 1 and 3 which budget exceeds 5 mln levs;

5. (amend. – SG 71/08; amend., SG 15/13, in force from 01.01.2014) the second level budget administrators enumerated in the appendix.

(2) (suppl. – SG 54/10; amend., SG 15/13, in force from 01.01.2014) An internal audit unit shall also be established in other organisations – state budget administrators with decision of the Minister of Finance after risk assessment, carried out by a first level budget administrator.

(3) (new – SG 54/10) In addition to the cases referred to in para 1 and 2 the internal audit activity may be carried out pursuant to Art. 11, para 2.

Art. 13. (1) (amend. – SG 54/10) The internal audit unit shall carry out the internal audit of all structures, programmes, activities and processes, including the administrators with resources of the European Union and the administrators of lower degree in the organisation.

(2) (new – SG 54/10) The internal audit unit shall also perform internal audit in the trade companies referred to in Art. 61 of the Commercial Law, at the state-owned enterprises under Art. 62, para 3 of the Commercial Law and at the medical establishments - enterprises with mixed state and municipal share in the capital, where independent internal audit units have not been set up in the said organisations.

(3) (prev. text of para 2 – SG 54/10) The internal audit unit of an organisation, responsible for the management of interdepartmental programmes or projects, shall coordinate the work of the internal audit units of the organisations participating in these programmes or projects.

(4) (prev. text of para 3, amend. – SG 54/10; amend., SG 15/13, in force from 01.01.2014) In relation to implementation of an audit engagement for providing assurance the internal audit unit of the first-level budget administrator appropriations can audit the second-level budget administrators in which an independent internal audit unit has been established, as well as those of their lower-level budget administrators. The audits shall be carried out following a written notification and endorsement by the managing body of the structures and the persons wherein the audits are to be carried out.

(5) (prev. text of para 4 – SG 54/10; amend., SG 15/13, in force from 01.01.2014) The internal audit unit of the first level budget administrator shall implement observation and coordination of the activity of the units of the second level budget administrators.

Art. 14. (1) The chiefs of the organisations of art. 12, para 1, items 1, 2, 4 and 5 shall observe the following requirements for minimum number of the internal audit unit:

1. at budget of the respective organisation up to 10 mln levs including the managed resources from funds and programmes of the European Union – not less than two internal auditors, including the chief of the internal audit;

2. at budget of the respective organisation from 10 to 50 mln levs including the managed resources from funds and programmes of the European Union – not less than 4 internal auditors, including the chief of the internal audit;

3. at budget of the respective organisation over 50 up to 100 mln levs including the managed resources from funds and programmes of the European Union – not less than 6 internal auditors, including the chief of the internal audit;

4. at budget of the respective organisation over 100 mln levs including the managed resources from funds and programmes of the European Union – not less than 10 internal auditors, including the chief of the internal audit.

(2) (amend. – SG 54/10) The internal audit at municipalities shall be carried out by at least two internal auditors, including the head of internal audit.

(3) (amend., SG 15/13, in force from 01.01.2014) At determining the minimum number of the internal audit unit from the budget of the primary administrators shall be deducted the resources, provided in

the budget, of the secondary administrators in which independent internal audit unit are being established.

(4) The trainee auditors shall not be included in the minimum number of the internal audit units determined in para 1 and 2.

Art. 15. The commercial companies f art. 61 of the Commercial Law and the state enterprises of art. 62, para 3 of the Commercial Law may establish internal audit unit upon decision of their management bodies.

Art. 16. (1) The chief of the organisation shall ensure independence of the internal auditors at planning, implementing and reporting of the results of the internal audit and he cannot assign to the chief of the internal audit and to the internal auditors fulfilment of other functions and activities different from the activity for internal audit.

(2) The chief of the internal audit unit shall report directly to the chief of the organisation with which shall be guaranteed the functional and the organisational independence of the internal audit.

Art. 17. The chief of the organisation and the other officials in it shall be obliged to render cooperation to the internal auditors at fulfilment of their activity and they shall not have the right to go by their or others' commercial or official secret as well as to refuse access to all assets of the organisation.

Art. 18. (amend. and suppl. – SG 54/10) The chief of the organisation may form an audit committee including employees and persons external for the organisation with a Master's degree and at least 4 years of experience in the field of financial management and control, the internal or the external audit.

(2) (new – SG 54/10) An audit committee can be set up at municipalities by a decision of the Municipal Council.

(3) (prev. text of para 2, amend. – SG 54/10) The audit committee shall approve rules of operation within one month from its formation.

(4) (new – SG 54/10) The rules of operation of the audit committee at municipalities shall be endorsed by the municipal council.

(5) (prev. text of para 3, amend. – SG 54/10) The audit committee shall support the internal audit by giving statement on the statute of the internal audit unit, the strategic and the annual plans for the activity for internal audit, acquaint and express opinion on the annual report on the activity for internal audit and all important issues connected with the internal audit.

Chapter three.

STATUTE OF THE INTERNAL AUDITORS

Section I.

Requirements for appointment

Art. 19. (1) The internal auditors shall be appointed by the chief of the organisation with employment or official legal relation.

(2) As internal auditors shall be appointed persons meeting the following requirements:

1. to be legally capable persons;
2. to have not been convicted for intentional indictable offence and to have not been derived by court order from the right to take the respective position;
3. to have graduated higher education and acquired educational – qualification degree "master" or "bachelor";
4. (amend. – SG 54/10) to have a certificate "internal auditor in the public sector" issued by the Minister of Finance after having successfully passed the exam as referred to in Art. 53 or to hold a valid

internationally accredited certificate for internal auditor.

Art. 20. (1) The persons who do not meet the requirements of art. 19, para 2, item 4 may be appointed as trainee auditors for term of two years.

(2) Within the term of para 1 the auditors probationer must fulfil the requirements of art. 19, para 2, item 4 after which he may be appointed as internal auditor.

Art. 21. (1) The chief of the internal audit shall be appointed with employment or official legal relation and he must met the requirements of art. 19, para 2, items 1, 2 and 4 and the following additional requirements:

1. to have graduated higher education and acquired education – qualification degree "master";
2. to have at least three years practice n the field of internal or external audit.

(2) As chief of the internal audit cannot be appointed person when:

1. he has worked in the organisation during the last year with employment or official legal relation except as internal auditor or employee of inspectorate under art. 46 of the Law of administration;
2. he has worked during the last two years with employment or official legal relation except as chief of the organisation or its subordinated structures;
3. (suppl. – SG 42/09) his spouse, a cohabitant, relative of direct line without limitation, of lateral line up to forth degree inclusive or by marriage up to forth degree inclusive, work or have worked at managerial position in the organisation during the last two years.

(3) The circumstances of para 2 shall be declared in writing by the candidate for chief of the internal audit before the chief of the organisation at the appointing.

(4) (new – SG 54/10) The head of internal audit unit shall be equivalent in rank to the "Director of Directorate" position on the respective administrative level.

(5) (prev. text of para 4, amend. – SG 54/10) The appointing and the discharge of the chief of the internal audit in the organisations of art. 12, para 1, items 1, 3 and 4 and para 2 shall be carried out after written consent by the Minister of Finance.

(6) (prev. text of para 5, amend. – SG 54/10) The pronouncing of decision by the Minister of Finance of para 5 shall be implemented in 14 days term after receiving the request.

(7) (prev. text of para 6 – SG 54/10) The Minister of Finance cannot refuse the appointing of person who meets the requirements of para 1 and 2.

Section II.

Rights and obligations

Art. 22. (1) The chief of the internal audit and the internal auditors shall have right to:

1. free access to the management, the whole staff and all assets of the organisation in connection with the implementation of the audit activity;
2. access to the whole information, including classified information, according to the level of their access as well as to all documents, including electronic preserved in the organisation and necessary for the implementation of the audit activity;
3. require from the responsible officials information, statements, documents and other information necessary in connection with the audit activity.

(2) The chief of the internal audit and the internal auditors shall get the necessary cooperation by the management and the staff of the organisation at the implementation of audit.

Art. 23. (1) The internal auditors after coordination with the chief of internal audit and the chief of the organisation shall have right to implement checks in structures and persons out of the organisation in which

they implement their activity.

(2) The structures and the persons of para 1 must be connected with the activity of the organisation and/or received budget resources or resources from programmes and funds of the European Union.

(3) The checks of para 1 shall be implemented if necessary for fulfilment of concrete audit engagement.

(4) The checks of para 1 shall be implemented after preliminary notification and coordination with the management of the structures and the persons where they will be implemented.

Art. 24. The chief of the internal audit apart from the rights of art. 22 shall also have the following rights:

1. to report to the chief of the organisation all issues connected with the implementation of the audit activity;

2. to propose to the chief of the organisation to appoint expert when special knowledge and skills connected with the fulfilment of the activity for internal audit are necessary;

3. to have access to the chairman and the members of the audit committee of art. 18 if there is such formed and to participate in its sessions;

4. (amend. – SG 54/10) to determine the objectives, the range, the frequency, the audit procedures and the resources necessary for the fulfilment of all audit engagement.

Art. 25. The chief of the internal audit and the internal auditors shall be obliged to observe the standards for internal audit, the Ethics code of the internal auditors, the status of the internal audit unit and the methodology for internal audit in the public sector approved by the Minister of Finance.

Art. 26. The chief of the internal audit and the internal auditors shall be obliged not to divulge and concede the information that has become known to them at or on the occasion of the implementation of their activity except in the cases provided in a law.

Art. 27. (1) (prev. text of Art. 27 – SG 54/10) The chief of the internal audit shall be responsible for the overall activity of the internal audit unit including to:

1. (suppl. – SG 54/10) prepare and present for coordination by the chief of the organisation and by the chairperson of the audit committee of art. 18 if there is such formed, draft of statute of the internal audit unit, strategic and annual plan for the activity for internal audit;

2. organise, coordinate and distribute the tasks for fulfilment among the internal auditors according to their knowledge and skills;

3. approve the plans for the concrete audit engagements;

4. follow the fulfilment of the annual plan for the activity for internal audit and the applying of the methodology for internal audit in the public sector in the unit he manages;

5. prepare and present for approval by the chief of the organisation plan for the professional training and development of the internal auditors with objective to be maintained audit staff with sufficient knowledge, skills, experience and professional qualification;

6. develop specific methodology when such is necessary for implementing of the activity of internal audit unit;

7. organise the assessment of each new system for financial management and control as well as each change of structures and functions in the organisation.

(2) (new – SG 54/10) The chief of the internal audit at the municipality shall submit the strategic and the annual plan for the internal audit activity for endorsement to the municipal council.

Art. 28. (1) (prev. text of Art. 28 – SG 54/10) The chief of the internal audit shall be obliged before

the chief of the organisation as well as before the audit committee of art. 18, if there is such formed, to:

1. (amend. – SG 54/10) present annual report on the activity for internal audit;
 2. (amend. – SG 54/10) report the results from the audit engagements, all cases of detected indications of fraud, the recommendations given and the undertaken activities for improvement of the activity of the organisation;
 3. present reports on the fulfilment of the annual plan for the activity for internal audit;
 4. report on the adequacy of the resources for internal audit;
 5. report about all cases when the activity of the chief of the internal audit and the internal auditors has been restricted;
 6. coordinate the interaction with the external auditors.
- (2) (new – SG 54/10) The chief of the internal audit at the municipality shall present the reports under para 1, items 1, 3 and 4 to the municipal council.

Art. 29. (1) The chief of the internal audit shall develop and apply programme for the quality assurance of the audit activity including internal and external assessments.

(2) The internal assessments shall include current reviews of the work of the internal audit unit and periodical reviews implemented by self assessment or assessment by other persons, who know the practice for internal audit and the standards for internal audit and meet the requirements of art. 19.

(3) (suppl. – SG 54/10) The external assessments shall be implemented at least once in 5 years by persons out of the organisation who have a certificate "internal auditor in the public sector" or a valid internationally accredited certificate for internal auditor.

(4) (new – SG 54/10) The external assessments under para 3 shall be carried out under terms and following a procedure set out by the Minister of Finance.

Art. 30. (1) At identification of fraud detectors the internal auditors shall immediately report to the chief of the internal audit who shall immediately notify the chief of the organisation and give proposal for undertaking of measures and notifying the competent bodies.

(2) (amend. – SG 54/10) When the chief of the organisation does not undertake actions in 14-days term from the reporting of para 1 the chief of the internal audit shall notify the competent bodies and the audit committee of art. 18 if there is such formed.

Art. 31. (1) The internal auditor can not fulfil audit engagement for giving confidence connected with activities and structures he has consulted or in which he has worked during the last year. The existence of these circumstances shall be declared by the internal auditor in writing before the chief of the internal audit.

(2) The chief of the internal audit and the internal auditors shall not have right to implement functions and activities in the organisation different from the activity for internal audit.

(3) (amend. – SG 54/10) Trainee auditors shall have all rights and obligations of internal auditors except the right to prepare and sign plans and reports connected with the fulfilment of concrete audit engagement independently.

(4) For not fulfilment of the obligations under this law the chief of the A and the internal auditors shall bear disciplinary responsibility.

Chapter four.

PLANNING, IMPLEMENTING AND REPORTING OF THE INTERNAL AUDIT

Art. 32. The planning of the internal audit shall be implemented on the basis of risk assessment and it shall be reflected in the three years strategic plan on which basis shall be prepared annual plan for the activity for internal audit.

Art. 33. (1) The strategic plan shall be worked out by the chief of the internal audit after discussion with the chief of the organisation and with other persons at managerial positions and it shall correspond to the long term objectives of the organisation and set the goals for strategic development of the activity for internal audit.

(2) The strategic plan shall be approved by the chief of the organisation and by the audit committee of art. 18 if there is such formed.

Art. 34. (1) The annual plan containing the concrete audit engagements shall be worked out by the chief of the internal audit after discussion with the chief of the organisation and the other persons at managerial positions.

(2) At planning of audit engagements connected with interdepartmental programmes or projects the annual plan shall be coordinated with the internal audit units of the organisations participating in these programmes or projects.

(3) (amend., SG 15/13, in force from 01.01.2014) The annual plan of the internal audit unit at second level budget administrator shall be coordinated with the annual plan of the internal audit unit of the superior administrator.

(4) (amend. – SG 54/10) The annual plan shall be approved by the chief of the organisation and by the chairperson of the audit committee of art. 18 if there is such formed.

Art. 35. The changes in the strategic and the annual plan shall be implemented on the basis of risk assessment on proposal by the chief of the internal audit and they shall be approved by the chief of the organisation and by the audit committee of art. 18 if there is such formed.

Art. 36. (amend. and suppl. – SG 54/10) Audit plan shall be prepared for each audit engagement for provision of assurance containing range, objectives, duration and distribution of the resources for fulfilment of the engagement.

Art. 37. The audit engagement shall be implemented by identifying, analysing assessment and documenting of sufficient information for expressing of opinion with regard to the set objectives.

Art. 38. (1) (amend. – SG 54/10) The results from the audit engagement shall be presented and discussed with the chief of the organisation and with the chiefs of the structures which activity has been audited.

(2) (amend. – SG 54/10) Audit report shall be prepared for the fulfilment of each audit engagement for provision of assurance containing abstract, objectives and range of the engagement, findings, conclusions and recommendations.

Art. 39. (1) (amend. – SG 54/10) The chief of the organisation shall endorse an action plan in relation to the provided audit reports which shall be presented to the chief of the internal audit.

(2) Checks for following the fulfilment of the recommendations from the audit engagements shall be included in the annual plan of art. 34 and shall be expressed in assessment of the adequacy, effectiveness and timeliness of the undertaken actions.

Art. 40. (1) The chief of the internal audit shall prepare annual report on the activity for internal audit containing:

1. the fulfilled audit engagements, the cases of restrictions in the range and the reasons for non fulfilment of the plan;

2. the basic conclusions about the functioning of the systems for financial management and control in the organisation and the given recommendations for improvement of the activity of the organisation;

3. the activities undertaken for fulfilment of the recommendations and the not fulfilled recommendations;

4. (amend. and suppl. – SG 54/10) the cases of breaches of statutory instruments, fraud detectors present and the actions undertaken by the chief of the organization and by the chief of internal audit;

5. proposals for development of the activity for internal audit.

(2) The annual report shall be conceded to the chief of the organisation and to the audit committee of art. 18 if there is such formed.

(3) (amend., SG 15/13, in force from 01.01.2014) The chiefs of the second level budget administrators at which there are established internal audit units shall send the annual reports of para 1 to the first level administrator till January 31 of the following year.

(4) (amend. – SG 54/10) The chief of the internal audit unit in the organisations of art. 12, para 1, items 1, 3 and 4 and para 2 shall prepare and present to the chief of the organization a summary annual report on the internal audit activity by 20 February of the following year.

(5) (new – SG 54/10) The chief of the organization shall forward the report under para 4 to the Minister of Finance till February 28 of the following year.

(6) (prev. text of para 5 – SG 54/10) The chiefs of the internal audit units in the organisations of art. 12, para 1, item 2 shall prepare and present to the chief of the organisation annual report on the activity for internal audit which shall be included in the report of art. 20, para 3 of the Law of financial management and control in the public sector.

Chapter five.

SPECIFIC AUDIT ACTIVITIES FOR FUNDS AND PROGRAMMES OF THE EUROPEAN UNION

Art. 41. The activities from this chapter shall include:

1. (amend. – SG 54/10, amend. – SG 101/15) systems audits, audits of operations and audits of reports for all operational programs co-financed by the European Regional Development Fund, the Cohesion Fund, the European Social Fund, the European Maritime and Fisheries Fund and the Fund for European Aid to the Most Deprived;

2. (amend. – SG 101/15) the publication of a declaration for completion of a program, co-financed by European Union funds.

Art. 42. (amend. – SG 101/15) The declaration shall be based on assessment of the systems for management and control, the results of the already implemented checks and when necessary – on additional checks of the transactions.

Art. 43. (amend. – SG 101/15) The activities of art. 41 shall be implemented in compliance with the International agreements for conceding resources by the European Union and the respective regulations of the European Union referring to the management and control of the conceded resources from the European Regional Development Fund, the Cohesion Fund, the European Social Fund, the European Maritime and Fisheries Fund and the Fund for European Aid to the Most Deprived.

Art. 44. (1) (revoked – SG 101/15)

(2) The Minister of Finance shall issue ordinance for the order and the way for implementing, coordination and harmonisation of the activities of art. 41.

Art. 45. (1) (amend. – SG 110/08, in force from 01.01.2009; amend. – SG 54/10) The auditors implementing the activities of this chapter must meet the requirements of art. 19, para 3, items 1 – 4.

(2) (amend. – SG 110/08, in force from 01.01.2009; amend. – SG 54/10) The chiefs of audit teams must meet the requirements of art. 19, para 2, items 1, 2 and 4, must have graduated higher education, acquired education – qualification degree "master" and at least two years practice in the field of audit of resources from the European Union.

(3) (new – SG 110/08, in force from 01.01.2009) In the ordinance under Art. 44, Para 2 the Minister of Finance may specify additional requirements to be met by the auditors under Para 1 and the chiefs of audit teams under Para 2.

Art. 46. The auditors implementing the activity under this chapter shall have the rights of art. 22 and may implement checks of structures and persons out of the organisation when this is necessary for fulfilment of the activities of art. 41.

Art. 46a. (new – SG 44/09, in force from 12.06.2009; revoked – SG 98/11, in force from 01.01.2012)

Chapter six.

COORDINATION AND HARMONISATION OF THE INTERNAL AUDIT

Art. 47. (1) The Minister of Finance shall be responsible for the coordination and the harmonisation of the internal audit in the organisations of art. 9.

(2) The Minister of Finance shall be assisted by Central harmonising internal audit unit which is directly subordinated to him for fulfilment of the tasks under this law.

(3) In the Central harmonising internal audit unit shall be appointed persons who meet the requirements of art. 21, para 1.

Art. 48. (1) The Council of Ministers shall on proposal by the Minister of Finance approve standards for internal audit in the public sector which shall correspond to the international standards for internal audit.

(2) The Minister of Finance shall:

1. (suppl. – SG 101/15) be responsible for the development and the updating of strategy and unified methodology for internal audit in the public sector and for auditing of programmes and funds of the European Union, in this number manuals for internal audit and directions for development of statute of the internal audit units;

2. approve Ethical code of the internal auditors.

Art. 49. (1) The Minister of Finance shall implement after preliminary written notification systematic observation in the ministries and the municipalities the applying of the requirements of this law and the acts issued on its basis with objective updating and further development of the methodology.

(2) The chiefs of the organisations of para 1 shall ensure cooperation at implementing of the systematic observation.

Art. 50. The Minister of Finance shall organise the creating and maintenance of data base about the internal audit units, register of the auditors successfully passed the examination for internal auditor in the public sector of art. 53 as well as register of the statutes of the internal audit units.

Art. 51. (amend. – SG 54/10) The Minister of Finance shall ensure, coordinate and support the

professional training of the chiefs of the internal audit and the internal auditors in the public sector and organise meetings and discussions on general issues connected with the strategy, the applying of the methodology and the fulfilment of the internal audit in the public sector.

Art. 52. (amend. – SG 54/10) The Minister of Finance shall work out annual report on the status of the internal audit in the organisations of art. 12, para 1, items 1, 3 and 4 and para 2 as part of the consolidated annual report on the status of the internal control in compliance with the requirements of art. 2, para 2 of the Law of financial management and control in the public sector.

Art. 53. (1) (prev. text of Art. 53 – SG 54/10) The Minister of Finance shall issue an ordinance for the order and the way for conducting and organising of examinations for acquiring certificate "internal auditor in the public sector".

(2) (new – SG 54/10) For sitting for an examination which grants certificate or duplicate for internal auditor in the public sector a fee shall be paid in the amount defined by a tariff, endorsed by the Council of Ministers.

Art. 53a. (new – SG 54/10) The Minister of Finance shall issue an ordinance for the terms, procedure and the manner of conducting external evaluations to ensure the quality of audit activity.

Art. 54. The Minister of Finance shall implement cooperation with institutions and persons in the field of internal and external audit from the country and abroad and exchange information about the development of the internal audit.

Chapter seven.

ADMINISTRATIVE PENAL PROVISIONS (NEW – SG 54/10)

Art. 55. (new – SG 54/10) The heads of internal audit units shall be fined by a penalty amounting from BGN 200 to BGN 600 if they fail to perform their duty as per Art. 40, para 1 and 4.

(2) (amend., SG 15/13, in force from 01.01.2014) The heads of the second level budget administrators who have received annual reports of internal audit activity and have failed to fulfil their duty to send the said reports to the first level budget administrator within the term fixed in Art. 40, para 3 shall be fined with a penalty amounting from BGN 200 to BGN 1000.

(3) Chiefs of organisations who have received summary annual reports of internal audit activity and have failed to fulfil their duty to send the forward reports to the Minister of Finance within the term set in Art. 40, para 5 shall be fined with a penalty amounting from BGN 200 to BGN 1000

Art. 56. (new – SG 54/10) (1) Acts for ascertaining of violations referred to in Art. 55 shall be drawn up by officials from the unit under Art. 47, para 2 designated by the Minister of Finance.

(2) The penal decrees for the violations referred to in Art. 55 shall be issued by the Minister of Finance.

(3) Ascertainment of violations, issuing, appeal and execution of the penal decrees shall be carried out under the terms and following the procedure set out in the Law for the Administrative Offences and Sanctions.

Additional provisions

§ 1. In the meaning of this law:

1. "Competence" is possession of the necessary knowledge, skills and other abilities by the internal

auditors for fulfilment of their individual responsibilities certified with certificate for successfully passed examination.

2. "Indicator for fraud" is mark from which substantiated conclusion can be made about deliberately untrue or imprecise presentation of facts.

3. "Ethics code" includes principles applicable in the profession and practice of internal audit as well as rules for conduct of the internal auditors. The Ethics code shall be applied for both the separate internal auditors and the organisations rendering services for internal audit.

4. "Statute of the internal audit unit" is internal act signed between the chief of the internal audit and the chief of the respective organisation which determines the objective, the authorities and the responsibilities of the internal audit.

5. "Budget" under art. 14 is the last budget approved for the organisation.

6. (new – SG 54/10) "Valid internationally accredited certificate for internal auditor" shall be the Certified Internal Auditor (CIA) and the Certified Government Auditing Professional (CGAP) certificates, the validity of which shall be attested by the by the issuer of the said certificates - Institute of Internal Auditors, the international professional association of internal auditors.

Transitional and concluding provisions

§ 2. (1) The internal auditors, employees of the Agency for state internal financial control who by the date of entering into force of the law have been delegated pursuant to art. 22, para 1 of the Law of the state internal financial control in the organisations of art. 12 and 14 shall be transferred to them observing art. 87a of the Law of the civil servant till May 1, 2006.

(2) If in the organisations of para 1 the respective positions have not been determined for taking by civil servant the official legal relations shall be transformed into employment and the persons shall be appointed with employment contract.

§ 3. In one week term after the law enters into force the Minister of Finance shall determine the body, respectively the persons of art. 44, para 1.

§ 4. In three months term after the law enters into force the Minister of Finance shall issue the ordinances of art. 44, para 2 and art. 53.

§ 5. In 6 months term after the law enters into force the Minister of Finance shall issue the directions for development of statute of the internal audit units of art. 48.

§ 6. (1) The requirement of art. 19, para 2, item 4 for the chiefs of the internal audit and the internal auditors shall enter into force two years after the ordinance of art. 53 enters into force.

(2) The requirement of art. 19, para 2, item 4 for the employees of the Central harmonising internal audit unit shall enter into force three months after the ordinance of art. 53 enters into force.

(3) Art. 20 shall enter into force two years after the ordinance of art. 53 enters into force.

§ 7. In three months term after the law enters into force the Minister of Finance shall present to the Council of Ministers the standards and approve the Ethics code of art. 48.

§ 8. In the Law of the Audit Office (prom. SG 109/01; amend. SG 45/02, SG 31/03, SG 38/04, SG 34, 105/05) in § 1, item 2 of the additional provision the following amendments shall be made:

1. Item "a" shall be changed to:

"a) "effectiveness" is the degree of achieving the goals of the audited subject comparing the actual

and the expected results of its activity;".

2. Item "b" shall be changed to:

"b) "efficiency" is the achieving of maximum results from the used resources at implementing the activity of the audited subject;".

§ 9. The fulfilment of the law shall be assigned to the Minister of Finance.

The law was passed by the 40-th National Assembly on March 17, 2006 and is affixed with the official seal of the National Assembly.

Transitional and concluding provisions
TO THE LAW ON THE STATE BUDGET OF THE REPUBLIC OF BULGARIA FOR 2009

(PROM. – SG 110/08, IN FORCE FROM 01.01.2009)

§ 104. This Law shall enter into force from 1 January 2009 except § 100, Item 7 which shall enter into force from 1 April 2009, if the conditions of § 102 have been fulfilled.

Concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW OF THE
INTERNAL AUDIT IN THE PUBLIC SECTOR

(PROM. – SG 78/09, IN FORCE FROM 02.10.2009)

§ 2. This Law shall enter into force from the date of its promulgation in the State Gazette.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW FOR TOURISM

(PROM. – SG 82/03, IN FORCE FROM 16.10.2009)

§ 59. This Law shall enter into force from the date of its promulgation in the State Gazette.

Transitional and concluding provisions
TO THE LAW FOR THE STATE BUDGET OF THE REPUBLIC OF BULGARIA IN 2010

(PROM. - SG 99/09, IN FORCE FROM 01.01.2010)

§ 84. The law shall enter into force from 1 January 2010, except for § 80, which shall enter into force from 15 December 2009.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW OF THE
INTERNAL AUDIT IN THE PUBLIC SECTOR

(PROM. - SG 54/10)

§ 30. The requirement to auditors carrying out specific audit activities under European Union funds and programmes to hold a Public sector internal auditor certificate shall become effective as of January 1, 2011.

§ 31. (1) Within 6 months from the entry into force of this Law the Minister of Finance shall issue the ordinance as per Art. 53a.

(2) Within 6 months from the entry into force of this Law the Council of Ministers shall endorse the tariff as per Art. 53, para 2.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW OF THE
FINANCIAL CONTROL AND MANAGEMENT OF THE PUBLIC SECTOR

(PROM. - SG 98/11, IN FORCE FROM 01.01.2012)

§ 5. This Law shall enter into force from 1 January 2012.

Transitional and concluding provisions
TO THE PUBLIC FINANCE ACT

(PROM. SG 15/13, IN FORCE FROM 01.01.2014)

§ 123. This Act shall enter into force on 1 January 2014 with the exception of § 115, which enters into force on January 1, 2013, and § 18, § 114, § 120, § 121 and § 122, which came into force on 1 February in 2013.

Appendix of art. 12, para 1, item 5

(amend. - SG 64/06; amend. - SG 102/06; amend. – SG 43/08; amend. – SG 69/08; amend. – SG 71/08, amend. – SG 78/09, in force from 02.10.2009, amend. – SG 80/09, amend. – SG 82/03, in force from 16.10.2009; suppl. – SG 99/09, in force from 01.01.2010; amend. – SG 8/11, in force from 25.01.2011; amend. – SG 50/12)

No	Name
1.	Agency for social support
2.	Agency for employment
3.	Agency "Customs"
4.	National Revenue Agency
5.	State agency "State reserve and war time stocks"
6.	(amend. - SG 64/06; revoked – SG 69/08)
7.	Agrarian Academy
8.	(amend. – SG 80/09) Executive Agency of Forests
9.	(amend. – SG 8/11) Bulgarian Food Safety Agency
10.	State fund "Agriculture"
11.	(revoked – SG 50/12)
12.	(del. - SG 102/06)
13.	(revoked – SG 82/03, in force from 16.10.2009)
14.	(deleted – SG 78/09, in force from 02.10.2009)
15.	Prosecution office of the Republic of Bulgaria
16.	Agency "Road Infrastructure"

