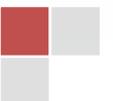


Report on the implementation of
the Public Financial Management
Reform Program 2016-2020 for
the period December 2015 - June
2016



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ABBREVIATIONS AND ACRONYMS

AA	Audit Authority for EU funds
AFCOS	Group for combating irregularities and fraud in dealing with EU funds
BRA	Business Registers Agency
GFS	Government Finance Statistics Manual
DBU	Direct budget users
SE	State companies
SAI	State Audit Institution
EC	European Commission
ERP	Economic reform program
ESA	European system of national and regional accounts
EU	European Union
BSL	Budget System Law
IBU	Indirect budget users
IPSAS	International Public Sector Accounting Standards
IA	Internal audit
ISSAI	International Standards of Supreme Audit Institutions
IT	Information and Communication Technology
PC	Public company
MEFP	Memorandum of Economic and Financial Policies
IMF	International Monetary Fund
MTBF	Medium-term budgetary framework
NCTS	New computerized transit system
IV	Initial value
OECD	Organization for Economic Cooperation and Development
OLAF	European Anti Fraud Office
PEP	Pre-accession economic program
PEFA	Public Expenditure and Financial Accountability
PIFC	Manual for risk management and risk assessment in the public sector
TA	Tax Administration
PAR	Public administration reform
WB	World Bank
SBA	Stand-by arrangements
SIGMA	Support for Improvement in Governance and Management
PDA	Public Debt Administration
PPO	Public Procurement Office
PFM	Public Finance Management
MA	Managerial accountability
FAD	Fiscal Affairs Department (IMF)
FMIS	Financial Management Information Systems
FMC	Financial Management and Control
CAAT	Computer-aided audit tools
CHU	Central harmonization unit

INTRODUCTION

The Public Financial Management Reform 2016-2020 (hereinafter the "Program") was adopted by the Government of the Republic of Serbia on 28 November 2015 and amended in December 2015.

The aim of the Program is to provide a comprehensive framework for planning, coordination, implementation and monitoring of progress in the activities of public finances, in order to improve macroeconomic stability, ensure efficient and practical use of public resources and improve the quality of services provided by the state administration in the Republic of Serbia, while improving transparency and the overall functionality of the public finance management and the fulfillment of the preconditions for EU accession.

Over the past decade the connection and sequence of implementation of reform activities in the various subsystems of public finance management have not been coordinated, which led to uneven progress in several key areas. Therefore, it was decided to prepare a comprehensive program of reform of public financial management, which will serve as the main guideline for the period from 2016 to 2020 to strengthen the legal and institutional framework and system for the management of public finances in line with EU requirements and international standards.

The Program itself is based on a draft Report on the repeat public expenditure and financial accountability assessment (PEFA) from 2015, the Report of the SIGMA program on the management of public finances for 2015 and the Report of the Fiscal Affairs Department of the IMF (FAD) in March 2015, the Memorandum of economic and financial policies (MEFP) concluded in the framework of the Stand-by arrangement (SBA) with the IMF, reports on the progress of the Republic of Serbia published by the European Commission as well as the requirements of the process of accession negotiations. Funds have been provided from the budget of the Republic of Serbia for the implementation of the Program, as well as from donors (EU, WB, IMF, OECD, USAid, UNDP and the governments of Germany, Switzerland, Sweden and the UK) and others.

The program has been prepared during 2015 by the Working Group for drafting and monitoring the implementation of the Program. Technical assistance provided by the European Commission and SIGMA was crucial to the formulation and evaluation of the costs of measures, results and activities. The draft of the program was presented by the Minister of Finance dr Dusan Vujović to the representatives of civil society, as well as to a donor community at a special meeting in October 2015.

II RELATIONSHIP WITH STRATEGIC DOCUMENTS

The Public Financial Management Reform Program 2016-2020 takes into account all the relevant documents in the field of European integration, starting from the Stabilisation and Association Agreement between the European Communities and their Member States, on the one hand, and the Republic of Serbia, on the other hand (hereinafter: SAA), as well as all relevant national strategic documents in this area. The program is in compliance with all the commitments taken over by the Government of the Republic of Serbia during the process of EU accession negotiations.

The Government of the Republic of Serbia signed a Memorandum of Economic and Financial Policies (MEFP) with the IMF in early 2015, in which it presented the economic policies that the Government of the Republic of Serbia intends to implement in the context of stand-by precautionary arrangement (SBA) in the period from 2015 to 2017 in order to face the economic challenges. MEFP determines the foundations and provides the framework within which the implementation of the reform of public finances in the medium term will take place, as part of the overall reforms of public administration, but at the same time it contains some of the key themes and elements that occur in all the sub-systems of public finance management.

Reform of public finances is one of the key pillars of the Public Administration Reform (PAR), and as such is embedded in the PAR Strategy and Action Plan for the implementation of the PAR Strategy for the period 2015-2017. Key activities in the areas of planning and budget preparation, financial control and public procurement are further defined in the third specific objective of the Action Plan for the implementation of PAR, which was adopted in March 2015. The current Program complements the PAR strategy with objectives described in detail and activities defined under the six pillars. It also defines a strategic framework for more detailed strategies in specific sub-areas of public finance, such as the strategy of internal financial controls in the public sector.

The Public Financial Management Reform Program is, in most areas, supported by detailed strategies made by the appropriate authorities, such as the Tax Administration transformation program, Strategy for the resolution and prevention of arrears, the National Anti-Corruption Strategy, Public Procurement Development Strategy in the Republic of Serbia for the period from 2014 to 2018, and so on. In addition, the government's reform strategy is complemented by the strategy, according to the constitution of an independent State Audit Institution, for harmonization of the work of these institutions with *INTOSAI* standards.

In addition, the importance of public financial management is emphasized in the European Commission Guidelines for the development of the Economic Reform Program - ERP for the period from 2016 to 2018, and for the period 2017-2019,. In addition to the topic of public finances being present in the first three chapters of the *ERP* document, one of the priority areas within the framework of Chapter 4 - structural reform priorities for the period 2016-2018 -

relates to the area of public finance management. In *ERP* 2016-2018, in this area two priority structural reforms have been selected, which are directly derived from the Public Financial Management Reform Program 2016-2018, as follows: 1. Transformation of Tax Administration and 2. Improvement of capital investments. The Joint conclusions of the economic and financial dialogue between the EU and the Western Balkans and Turkey, the EU Council for Economic and Financial Affairs of 12 May 2016, it is recommended that Serbia continue to strengthen the management of public finances by improving the budget process and capacity building of the Tax Administration. The preparation of a new *ERP* document for the period 2017-2019 is underway, in which this area will again be in the focus, and the foregoing recommendations will be taken into account.

Special Group on Public Administration Reform, co-chaired by the European Commission and the Ministry of State Administration and Local Self-Government of the Republic of Serbia, will continue to serve as an appropriate instrument of communication, coordination and reporting on public financial management reform in the Republic of Serbia. The third meeting of the Special Group on public administration reform, as a special supervisory body to monitor the implementation of the Stabilisation and Association Agreement with the primary task of monitoring the implementation of the Public Administration Reform Strategy and the accompanying Action Plan was held on 10 March 2016 in Belgrade. At this meeting the realization of the Program of Public Financial Management from 2016 to 2020 was presented. The public financial management reform was discussed with the European Commission and within the framework of the meeting of the Committee for the implementation of the Stabilisation and Association Agreement on 12 April 2016 in Brussels. This area is regularly reported to the European Commission in the Annexes to the Progress Report. Certain areas of the Program will also be further processed in the framework of appropriate negotiation chapters. This type of cooperation will be continued in the future.

III COORDINATION MECHANISM FOR THE IMPLEMENTATION OF THE PROGRAM

The Program Steering Committee, the Working Group and the Government monitor the implementation of the Program, and all relevant stakeholders will be regularly informed on the progress of its implementation. The preparation of reports on the implementation of the Program are planned twice a year.

The Working Group, which was officially formed in February 2015 and chaired by the Minister of Finance, consists of representatives of the following relevant institutions: Ministry of Finance (*including the Department for Macroeconomic and Fiscal Analyses and Projections, the Budget Department, the Department for International Cooperation and European Integration, the Fiscal*

System Department, Department for Customs System and Policy, Department for Internal Control and Internal Audit, Department for control of public funds, Department for Management of EU Funds, Tax Administration, the Treasury Administration, Public Debt Administration and Customs Administration), the National Assembly Committee on Finance, State Budget and Control of Public Spending, State Audit Institution, Ministry of State Administration and Local Self-Government, Public Policy Secretariat of the Republic of Serbia, Public Procurement Office, Audit Authority Office of EU Funds and the European Integration Office of the Republic of Serbia. The Working Group was formed as a key technical body whose role is to define the scope and specific reform measures and activities, and to coordinate their implementation within the framework of relevant institutions involved in the implementation, monitors progress in the implementation of the objectives of the Program and report to the Steering Committee of the Program.

The Program Steering Committee has the task of political coordination at a high level under the chairmanship of the Minister of Finance. A pillar coordinator is responsible for each pillar of the Program - two state secretaries of the Ministry of Finance responsible for certain areas, as well as the President of the State Audit Institution and President of the National Assembly Committee on Finance, State Budget and Control of Public Spending (excluding results of 18.2) for the pillar of external control of public finance.

Technical Secretariat of the Program is in the International Cooperation and European Integration Sector of the Ministry of Finance. The degree of implementation is monitored through regular communication between the Technical Secretariat and members of the Working Group. The Technical Secretariat is responsible, inter alia, for preparing semi-annual and annual reports on the implementation of the Program.

The first semi-annual report on the implementation of the Program provides an overview of the activities planned for the period from 1 December 2015 to 30 June 2016. The methodology used for the preparation of reports is based on the methodology used for monitoring the implementation of the Public Administration Reform Strategy Action Plan. Activity status is shown in corresponding colors - green for realized activities; yellow for activities that are partially executed, explaining the reason for the delay and specifying a time limit by which the activity will be carried out; red for the activities that have not been carried out on time, mandatory stating of the reasons for the delay, envisaged steps and defining a time frame for their implementation.

In the period from 1 December 2015 to 30 June 2016, in accordance with the Action Plan which is an integral part of the Public Financial Management Reform Program 2016-2020, the implementation of 16 activities grouped under nine results, ie seven measures is planned. **Out of the 16 planned activities, six were completed within the stipulated period, five were partially implemented, while five activities were not realized.**

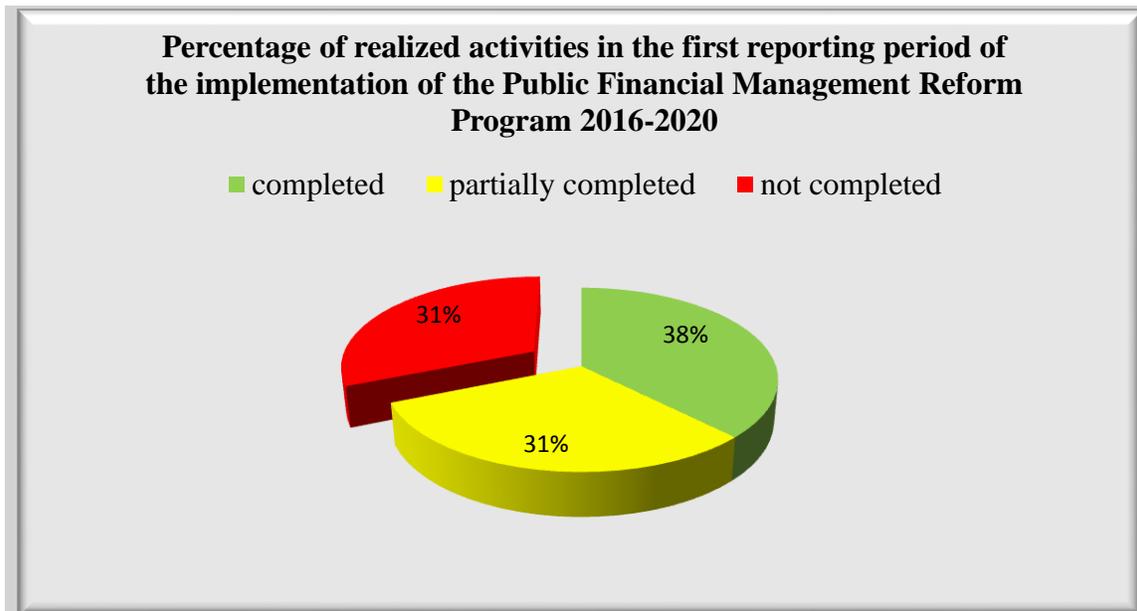


Chart 1 – Graphic representation of realized activities from December 2015- June 2016

IV PROGRAM FINANCING

Funds for the implementation of the activities envisaged in the Action Plan of the Program shall be provided mainly from the budget of the Republic of Serbia, as well as donors and loans.

Significant EU support from IPA 2015 is planned, through sector budget support (SBS) for the Public Administration Reform Sector. An integral part of this sector is the area of public finance reform, so that a significant portion of the funds will be committed to the support for this area. Through the SBS program, provision of 80 million budgetary aids is planned for the Public Administration Reform Sector (70 million euros of direct budget support and 10 million euros for technical assistance). Within the framework of technical assistance funds, the allocation of funds in the amount of three million euros is planned for technical assistance in the implementation of the Public Financial Management Reform Program from 2016 to 2020. The signing of the financing agreement for this SBS is expected by the end of 2016. SBS funds will be withdrawn from 2016 to 2019, in the form of fixed and variable tranches, and for a withdrawal of variable tranches, it is necessary to implement the relevant indicators that have been agreed with the European Commission.

German Corporation for International Cooperation (GIZ) through the project "Public Finance Reform" provides continuous and significant support in different areas of the program, and the main areas in which support will be concentrated in the future refer to Tax Administration, Budget Inspection Department, Budget Sector as well as support to capacity building of the Fiscal System Sector, Sector of Macroeconomic and Fiscal Analyses and Projections and Customs Administration. Great support during the preparation and implementation of the Program, in addition to the European Commission (IPA, TAIEH) is also provided by the World Bank, the International Monetary Fund, the OECD and SIGMA. The Fiscal Affairs Department of the IMF has prepared a number of reports in this area in the 2015/2016 on budget preparation and reporting, the Law on the budget system and management of public investment. Regional advisor for public finance reform (IMF/SECO) and residential advisor for public finance reform (IMF/EU) are at the disposal of the Ministry of Finance. In addition, support from TAIEX, as well as UNDP will also be provided. Also, significant support in the reform of this area will be provided by the USAid, the Government of Sweden, Switzerland, Great Britain, and others. Most support from the donor community in the future will be necessary for specialized technical assistance in key areas and IT support (equipment and software).

Overview of funds from all sources that are designed to reform the public finances are also shown in the form of a pilot project of the sector document Medium Term Expenditure Framework (MTEF) for the public administration reform sector, which was prepared within a package of documents for sector budget support (SBS) EU from IPA2015.

V IMPLEMENTATION OF THE PROGRAM ACTION PLAN

Measure 1 - TO IMPROVE THE CREDIBILITY OF MACROECONOMIC FORECASTING

As part of this measure, implementation of the activity within the **result 1.1. *Strengthened capacities of the Ministry of Finance for improved macroeconomic forecasting and improved methodological approach*** was initiated, in part referring to strengthening the capacities for carrying out macro-fiscal sustainability analyses. Trainings concerning fiscal sustainability have been organized (the first training was in May while the second was in June 2016). Special attention was paid to topics such as medium term objectives, fiscal framework and ageing of population. Data were collected for the Republic of Serbia and Medium Term Objective – MTO calculated, as well as costs of ageing of population, in accordance with projections of demographic trends in the Republic of Serbia.

Within this measure, in part referring to the **result 1.2** – *Ensured administrative and technical capacities of managing the EU own resources*, one work position for coordination and management of EU own resources system was filled within the Department for Macroeconomic and Fiscal Analyses and Forecasts, which is the unit responsible for implementation of this activity, as it was foreseen for the beginning of process of establishing coordinating body for management of EU own resources system. In May 2016 GIZ project was organized a seminar where colleagues from the Ministry of Finance of the Republic of Croatia (coordinating body and representative of the Customs Administration of the Republic of Croatia) presented the EU own resources system management. Department for Macroeconomic and Fiscal Analyses and Forecasts participated, within its jurisdiction, in drafting Negotiation Position for Negotiation chapter 33 – Financial and Budgetary Provisions.

As part of this measure, the Customs Administration of the Ministry of Finance is one of the partner institutions for the implementation of **result 1.2** - *Ensured administrative and technical capacities of managing the EU own resources*. The deadline for achieving the set objective is the second quarter of 2017. Strengthening the capacity of the Customs Administration for participation in preparing negotiating position for Chapter 33 - Financial and budgetary legislation has been carried out through the organization of *TAIEX* workshop¹ and through participation in the workshops of the Ministry of Finance which were organized by GIZ project. In this way, from the aspect of the Customs Administration, implementation of the corresponding activity for this result has started.

Measure 3 – TO FURTHER IMPLEMENT MULTI-ANNUAL PROGRAM BUDGETING ACROSS ALL LEVELS OF GOVERNMENT

The Budget Department of the Ministry of Finance is in charge of the implementation of this measure. From a total of five planned activities of the Program Action Plan, four were planned to be implemented in the first half of 2016, one of which has been fully implemented, two have been partially implemented, while one activity has not been realized.

In the context of the **result 3.1**, the **third activity** - *Process analysis, monitoring and control of program budgeting and defining recommendations for improvement* has been realized within the deadline.

Within the said result, the **fourth activity** - *Improving the methodology of the program budget and the preparation of new guidelines in accordance with the recommendations* has not been

¹A *TAIEX* workshop was organized entitled "Establishing a system of traditional own resources"

implemented in the second quarter of 2016, but the deadline for realization has been moved to the third quarter of 2016. The reason for deviation from the plan is the need for additional consultations to create modules for reporting on the program budget. A key step towards improving the methodology of program budgeting, which would contribute to achieving the goal, is the newly created module for reporting.

The delay in the implementation of activities is reflected in the process of implementing the following activities under result 3.1., which leads to a shift of deadlines for the implementation to the third quarter of 2016.

The fifth activity of result 3.1, which relates to *Conducting training for civil servants to improve the program budget*, can not be achieved on schedule, given that the improved methodology of program budgeting has not yet been adopted.

For the sixth activity - Implementation of the budget cycle for 2017 in line with an improved methodology, the Budget Sector states that the spring part of the budget cycle has not been implemented according to the updated methodology. It is expected that the autumn budget cycle be implemented under the new methodology.

Measure 5 - TO IMPROVE BUDGET PLANNING

Under this measure, the Public Policy Secretariat of the Republic of Serbia (PPS), in addition to Budget Department of the Ministry of Finance, is responsible for result 5.3 and the activity which refers to – *Improved coordination and alignment of budget planning and execution of budget beneficiaries through compliance and alignment with the Methodology for Mid-Term Institutional Planning*, provided by the PFM Action Plan, to be implemented in late 2018. This activity has been partially realized in terms of drafting the legislation package consisting of the working version of the Law on the planning system in the Republic of Serbia and two accompanying decrees - Decree on mid-term planning and Decree on methodology of management of public policies, analyzing the effects of public policies and regulations and the content of individual policy documents, which will regulate the planning system in the Republic of Serbia and management of public policies². Consultations with relevant institutions are in progress, and the working versions of the acts are continuously being improved. It is planned that the new Government, formed on August 11th 2016, will initiate a public hearings of prepared acts package, and that immediately after the adoption of the comments - the final drafts will be forwarded to the Government for consideration and adoption.

²<http://www.rsjp.gov.rs/pripremljen--paket-propisa-o-planiranu-i-upravljanu-javnim-politikama/t>

Measure 6 - TO IMPROVE OPERATIONAL CAPACITIES FOR PUBLIC INVESTMENT COORDINATION AND BUDGET PLANNING

For results within this measure is the responsibility of the Budget Department of the Ministry of Finance. From a total of two planned activities, one is planned to be realized in this reporting period, but this did not happen for justifiable reasons.

The reason for the deviation, i.e. that the following activity has not been realized within the framework of the **result 6.1 - *Implement an institutional strengthening process of the Budget Department, and increasing its staff to increase its operational capacity and performance on budget preparation and coordination, on monitoring budget execution and in compiling detailed budget execution reports*** is the fact that the fiscal consolidation measures, wage bill restrictions and prohibitions of employment have been introduced. It is necessary to announce competitions to fill the jobs which would strengthen the administrative capacity of the relevant sector.

In the context of the **result 6.2, the activity - *Implement an institutional strengthening process of public administration bodies (ministries and their departments/administrations/inspectorates, special organizations and governmental services) for conducting necessary analysis, planning and budgeting by introduction of analytical and planning units***, it is envisaged to be implemented at the end 2017. The PPS is a partner institution responsible for implementation of the aforementioned activity. In the past, PPS has worked on the construction of its own and analytical capacities of other bodies of state administration with the aim of planning, preparation, implementation and monitoring of the implementation of public policies based on evidence and relevant data. All trainings that were held by the employees of SPP in cooperation with the Human Resources Management Service (HRMS) were also aimed at, inter alia, improving the analytical capacity of the state administration bodies, as well as the skills of civil servants in terms of better planning. In cooperation with HRMS, training programs for the preparation and execution of the budget, medium-term planning and monitoring of the implementation, evaluation and reporting in the management of public policies have been prepared, as part of the Program of general continuous professional development of civil servants for 2016³. Bearing in mind that PPS is continuously working on promoting the importance of the establishment of analytical capacity within the state

³http://suk.gov.rs/sr/strucno_usavrsavanje/arhiva2016/ (trainings related to the management of public policies that are precisely designed for civil servants who carry out analytical affairs and planning in state administration bodies, regulatory impact assessment, the role of managers in strategic and financial management and coordination of public policies in public administration, management of the legislative process, as well as a mentoring program for managers from different state administration bodies on the subject of the management of public policies)

administration, PPS will, in the coming period, in cooperation with the HRMS, implement additional training and carry out all necessary activities that will improve analytical capacity in the state administration bodies. Once adopted, the legislation package mentioned at the activities within result 5.3, training programs, "mentoring" and "coaching" will be further improved in order to fully reflect the solutions provided by the adopted laws, and civil servants adequately prepared to apply and implement the adopted the decisions and provisions. It is planned to carry out the activity in early 2017, instead of until the end of the fourth quarter of 2017.

Measure 7 – TO IMPROVE REVENUE COLLECTION

The Tax Administration is responsible for the implementation of measure 7, except for the result 7.3 whose implementation is the responsibility of the competent Customs Administration.

In order to implement **result 7.1. - I Tax Administration Transformation Strategy implemented**, the activity of *strengthening management and the basic Tax Administration functions, improving organizational structure and business processes, improving services to tax payers* was partially carried out, given that it was intended to be completed by the end of 2020. So far, the competent administration of the Ministry of Finance has proposed a new organizational structure, the further development of electronic services has been enabled, the Strategy of provision of services to taxpayers and establishment of the appropriate organizational unit is being created; a project is underway to improve the function of collection and establish the automatization process of regular and coercive collection; design of the new tax accounting; initiatives to redesign the system of human and material resource management have been started; the construction project *Data Warehouse – DWH* has been proposed, which is a unique database which would be funded from *IPA2014* unallocated funds.

In order to realize **result 7.2 – Voluntary compliance with tax legislation, guidelines, and procedures improved** and the implementation of the activity *Perform an analysis of (i) the legislation, including criminal legislation, guidelines, and administrative/operational procedures; (ii) information to assess tax liabilities; and (iii) impediments to contest administrative ruling on tax liability which need to be clarified.* , the Ministry of Finance established two working groups consists of representatives from the Ministry of Finance and the Tax Administration in March 2016:

1. Working Group for the analysis of legal solutions in the area of tax procedure and tax administration, whose task is to analyze and propose amendments or the new Law on tax procedure and tax administration;

2. Working group for the analysis of legal solutions in the field of personal income tax, whose task is to analyze and propose amendments to the Law on personal income tax.⁴

A tax police sector has proposed the amendments to the following regulations and directives: Article 229 of Tax evasion - CC RS, Article 229a Avoidance of withholding tax - CC FRS, Art. 173a Unfounded disclosure of the amount for tax refund and tax credit - LTPTA, Article 162 of the CPL, Article 4 of the draft Law on organization and jurisdiction of state bodies in combating organized crime and corruption, as well as the creation of the new Code of Conduct of the Tax Police. Proposed legislative changes were not planned, but they are rather derived from the perceived problems in operational treatment of Tax Police inspectors. The deadline for the implementation of these activities under the Program Action Plan is the fourth quarter of 2017.

The revision of the Methodological guidelines for recording traffic through fiscal cash registers is underway. This provides for the partial realization of the second activity within **result 7.2**, which is the *review the Tax Auditors' workflow and standard operating procedures to verify if their functions and prerogatives are clear in order to minimize discretionary decisions.*

The third activity of the mentioned result, relating to *Improve clarity and usefulness of tax liabilities information by establishing a dedicated taxpayer services Department/unit within the STA*, began with the establishment of a Working Group within the Tax Administration, whose task is the introduction new and the improvement of existing services to taxpayers, the establishment of organizational units for the provision of services to taxpayers, increasing the functionality of the contact center, development of programs for newly registered taxpayers and other work on improving services to taxpayers. The deadline for the implementation of the activity is the fourth quarter of 2017.

Within measure 7, the Customs Administration is responsible for the **result 7.3 – The Customs system improved and modernized**. Within this result, there are three activities for which the deadline is the fourth quarter of 2018. For the third activity entitled *Modernizing the Customs Laboratory*, the first draft of the proposal of the project "Creating conditions for strengthening the capacity of the laboratory of the Customs Administration of the Republic of Serbia" has been prepared, which was approved from the funds of unallocated IPA2013 and the Customs Administration in budget for 2016 provided funds for the co-financing of this project.

Within **result 7.4 - The appeals mechanisms are improved**, the receipt and outcome of resolving complaints in second instance proceedings are monitored through regular monthly reporting of

⁴Published checklists at: <http://www.purs.gov.rs/aktuelnosti/Ostalo/3525/inspekcijski-nadzor---kontrolne-liste.html> .

regional departments for second instance proceedings (Belgrade, Novi Sad, Niš and Kragujevac) and the Department for second instance proceedings and administrative practice. These organizational units submit their monthly reports by the 10th of the month for the previous month to the Sector for tax legal affairs and coordination.

In order to improve efficiency in the work and uniformity in treatment in 2016, meetings are organized with regional departments for second instance proceedings. The distribution of cases in the departments for second instance proceedings is carried out taking into account the date of filing of appeals, the number and size of the case. The target value of the indicator "Percentage of adopted appeals in relation to the total number of resolved appeals" for the year 2015 is determined in the amount of 36.2% and the said indicator in 2015 amounted to 36.6%. The target value of the indicator "Percentage of adopted appeals in relation to the total number of resolved appeals" for the year 2016 is determined for 35.5% and the said indicator in the first quarter of 2016 amounts to 33.92% in the second quarter of 2016 amounted to 31.61%. The target value of the indicator "Percentage of adopted appeals in relation to the total number of resolved appeals" in the second quarter of 2016 amounts to 31.61%.

A one-stop shop system of business registration has been fully established with the Business Registers Agency, and there is a possibility of filing a registration form for the VAT and applying for lump sum taxation in the case of a newly established business entity, which means that the first activity has been partially implemented under **result 7.5 - *The appropriate links between different databases within Tax Administration and between the Tax Registration System and other registration systems established.*** The assessment of the need for data exchange and the possibility of connecting the Tax Administration with other databases and sectors of the Ministry of Finance are underway.

The second activity related to the ***Assessment of internal procedures at Tax Administration to control and ensure that the Tax Registry is regularly updated,*** has been partially realized within the reporting period, given that the Single register of taxpayers is updated on the basis of data taken from the BRA, within the framework of the one-stop shop system, and for taxpayers who do not register through the BRA, the update procedure is manual. Electronic services for the exchange of data with other registration authorities (Commercial Court, chambers, ministries, etc.) have not been established.

With regard to the third activity – ***Establishment of IT facilities (ESI) in connection to the process of EU integration (requests of Chapter 16)*** the proposal was forwarded to **DG TAXUD** the topic within the IT mission, which will be implemented in the coming period, is Technical assistance in the development of the Strategy implementation of interoperability and interconnectivity of the Tax Administration of the Republic of Serbia based on the best practices in project management, which would include general and specific strategic objectives, with the

establishment of lists, priorities and organization of projects relating to the construction of European Information Systems, as well as defining the roles and responsibilities of the participants, with an assessment of the timing and the necessary budget.

Activities under **result 7.7 - *Improved risk management practices*** have been partially realized by the development of the risk analysis criteria for the VAT and the development of risk analysis for the control of tax income. Since 2010, the Sector for Control prepares an annual plan of tax control. Choosing payers by sectors and branches of activities is performed by applying the criteria of risk analysis. The emphasis is on fiscally generous taxpayers. The monitoring of the implementation of operational (monthly) plans is done on a daily or monthly basis, based on recorded control in the Application of field control. The deadline for the implementation of activities is the fourth quarter of 2017.

Based on the Annual control plan, operational (monthly) control plans are made, applying the criteria of risk analysis. The realization of plans in the form of actual effects of control, consumed effective hours of work of inspectors carrying out the controls and the extent of the realization of the plan shall be monitored through the application of field control. Justification of the following criteria is evaluated based on control, through entered irregularities and observations during the controls.

In order to implement **result 7.8 - *Improved tax arrears and control information systems and oversight***, the implementation of a collection system is underway in the framework of the Integrated Tax Administration information system, which should be completed by 31 December 2016 and applied from 1 January 2017. This system will allow, among other things, faster and more efficient implementation of regular and enforced collection of tax debt by OUTA, as well as other activities of collection and tax accounting, what will certainly have an impact on reducing the tax debt. The activity has been partially implemented, given that the deadline is the first quarter of 2018.

In June 2016, Minister responsible for finance formed the Working Group for preparation of amended text of the draft Law on fiscal cash registers and related by-laws.

Namely, based on detailed analysis of the implementation of the Law on fiscal cash registers in practice, the main identified shortcomings of the current legal solutions are set out.

Given that the circumstances regulating the specified area have changed considerably since the adoption of this law, which is applicable from 1 January 2005, it is necessary to revise the mentioned area through legislative changes in order to create conditions for reducing the gray economy and increase the inflow of funds in the State Budget by returning money in legal flows, needs for more legal security in the sense that the activities for which there is no obligation to

register individually achieved turnover should be legally regulated, and especially taking into account the development of technology.

Measure 9 – TO IMPROVE CAPACITIES FOR PUBLIC DEBT MANAGEMENT

This measure is the responsibility of the Public Debt Administration (PDA), but is not included in the reporting period of the implementation of the Program Action Plan. Regardless of the set deadlines, the competent institution is working intensively on the implementation of all seven goals in the context of the said measure.

For **result 9.1**, activity - *Procurement, design, customization and implementation of software for the public debt management including an appropriate model to improve public debt risk management, scenario analyses, stress tests and other relevant analyses*, which is planned to be realized early next year, PDA is to start with the development of an information system for public debt management at the end of the year. The contractor was selected in a tender conducted by the United Nations Development Program - *UNDP*, and the project is being implemented thanks to the financing of the Swedish International Development Cooperation Agency (*SIDA*) under the supervision of *UNDP*. Its implementation will enable the biggest operational problem in the work of PDA to be overcome. Implementation of the project will be followed by the *USAID* project consultants.

Date of implementation of **result 9.2** and the activity - *Development and implementation of methodology for carrying out long term public debt sustainability analyses*, has been moved from the first to the fourth quarter of 2017, given that the necessary resources for the start of the activity have not been provided. Negotiations are underway of the PDA with the *World Bank Treasury* and *SECO*, as potential funders for the realization of the set goal.

In the context of **result 9.3**, the implementation of activity - *Creating and implementing the new organization of Government securities primary market by introducing the primary dealers system*, is being worked on intensively by the PDA, developing markets and creating "benchmark" emissions of government bonds as a precondition for the introduction of primary dealers. The deadline for the completion is the first quarter of 2018.

In order to achieve **result 9.4** and activity - *Preparation of documentation and implementation of the legal framework for financial derivatives transactions*, the mission of the World Bank and the Swedish Debt Office has been carried out within the stipulated time, (June 2016). In collaboration with these two institutions, the framework for the creation of bylaws or a decree has been established.

The initial step towards the implementation of activities under **result 9.5 - *Strengthening capacity and preparation of legislation related to the asset under management***, is the appointment of a Committee for the management of public debt and financial assets of RS funds, which are under management⁵. Rulebook on the tasks, functioning and organization of the Committee has been submitted to the Minister of Finance for an opinion.

For **result 9.6** and the activity - ***Monitoring of project loans – establishing of a new system***, intended to be implemented in the first quarter of 2017, it is necessary to also improve the monitoring of implementation of projects financed from project loans and coordination of activities in this field, at the level of the Ministry Finance.

In the context of the **result 9.7, activity** that relates to ***Conducting training for civil servants to improve the human capacity of the Public Debt Administration***, has been partially implemented in the form of PDA staff training, in cooperation with the Swedish Debt Office, while training has been carried out in the area of operations with financial derivatives in cooperation with the World Bank. Also, employees participate in training sessions organized by SIC.

Measure 11 - TO IMPROVE STRATEGIC AND LEGISLATIVE FRAMEWORK FOR IMPLEMENTING PUBLIC INTERNAL FINANCIAL CONTROL

Within **result 11.1**, whose activities are the responsibility of the Department for internal control and internal audit, the deadline for the implementation of the second activity: ***Reviewing the SIGMA Assessment on the Legal Framework and Organizational and Institutional Capacities for Consolidating the system for Financial Management and Control and Indirect Management of EU Funds under IPA II, establishing a Working Group for the preparation of a Road Map for the consolidation of FMC and the Management and Control System under indirect Management for IPA II***, is the second quarter of 2016. The draft Development Strategy of Internal financial control in the public sector 2016 – 2020 has been prepared, which is the basis for the development of the road map. It is expected that these activities will be implemented by the end of the fourth quarter 2016.

⁵Pursuant to Art. 11, paragraph 4 of the Law on Public Debt and the decision of the RS Government, a decision on has been adopted on the formation of a Committee for the management of public debt and RS financial assets which are under management: <http://www.slglasnik.info/sr/28-15-03-2016a/33352-odluka-o-imenovanju-komiteta-za-upravljanje-javnim-dugom-i-sredstvima-finansijske-iovine-republike-srbije-pod-upravljanjem.html>

Measure 12 – TO ENHANCE THE IMPLEMENTATION OF FINANCIAL MANAGEMENT AND CONTROL

For **result 12.2**, whose activities are the responsibility of the Department for internal control and internal audit, a cycle of five-day basic training in financial management and control was carried out for 76 participants who are users of public funds in April 2016. In April 2016, the following training sessions were also carried out: one-day training with the support of PLAC project entitled "Establishment of risk management processes" for 26 participants from the Ministry of Finance and its administrations; one-day training with the support of PLAC on the topic "The role of internal audit in the establishment of risk management processes" for 32 participants from the Ministry. Central Harmonization Unit (CHU) has conducted a two-day training and workshop with the support of the United Nations Development Program (UNDP) funded by the Swiss Agency for Development and Cooperation (SDC) on the topic: Guidelines for risk management for 40 participants from ministries and organizations of mandatory social insurance from 19 May to 20 May 2016. The manual "Guidelines for Risk Management" was published. Through training and workshops, practical examples for the establishment and development of financial management and control systems and procedures for risk management were given, which will lead to improvements in the quality of FMC at PFU. Progress is monitored through annual reports on the state of FMC in public funds users to be provided in March of the current year for the previous year.

Measure 14 - TO FURTHER STRENGTHEN THE LEGISLATIVE FRAMEWORK, INSTITUTIONAL AND OPERATIONAL CAPACITIES OF AUDIT AUTHORITY OFFICE OF EU FUNDS

Within the set rates, the competent institution for the implementation is the Audit Authority Office of EU Funds. Of the three planned activities, two have been partially implemented, while one activity is foreseen to be completed in the second quarter of 2016.

The reason for moving the deadlines for implementing result **14.1** and the first activity - *Prepare and adopt the optimal legislative acts for the (re)institutionalization of the Audit Authority Office of EU funds*, are the recent parliamentary elections in the RS and the existence of Technical Government that is not empowered to issue or to adopt legislation and bylaws. The Office has prepared the legal framework for reinstitutionalization and submitted it to the Ministry of State Administration and Local Self-Government in January 2016, so that it can submit it to the Government for approval as a proponent.

In the context of **result 14.1**, the third activity – *Ensure the appropriate number of competent staff for executing the scope of responsibility of the Audit Authority Office of EU fund in line with an updated Workload Analysis*, expected to be realized in the third quarter of 2017, is

carried out continuously. By February 2016, the Office filled 80% of jobs. Four employees received the status of certified internal auditors in the public sector, which contributes not only to the strengthening of administrative capacity, but also to the existence of well-organized and efficient Office. A project of technical assistance (TA) "Capacity Building Support AA" has also been prepared.

Measure 15 – TO IMPROVE IRREGULARITY MANAGEMENT, ANTI-FRAUD COORDINATION AND COOPERATION AND PROTECTION OF FINANCIAL INTERESTS OF THE EUROPEAN UNION

The Department for control of public funds of the Ministry of Finance is responsible for the implementation of measure 15. Three out of four activities within the measure 15 have not been implemented during this reporting period, although they were planned in the Program Action Plan.

In the context of the **result 15.1**, the activity - *Conduct an assessment of the current legislative framework for the Budget Inspection in order to identify and plug the gaps to ensure full functionality of the Budget Inspection in line with the EU requirements and SIGMA recommendations*, has not been implemented in due time, but it has been postponed for the fourth quarter of 2016, due to the fact that recommendations of the European Commission and SIGMA representatives have not been submitted to the Budget Inspection yet.

Budget inspection started achieving the set objective within **result 15.2 - *Ensure the appropriate number of competent staff for executing Inspection Services***, by hiring one inspector, in accordance with the number of classified jobs, while training in this field is conducted at scheduled intervals.

Result 15.3, the second planned activity - *Increase the number of employees at AFCOS*, which is the responsibility of the Group for combating irregularities and fraud in dealing with EU funds of the Ministry of Finance (AFCOS) was implemented on time, in accordance with the Rulebook on internal organization and job classification of the Ministry. The third activity within the specified results - *Preparation and endorsement of an Administrative Cooperation Arrangement (ACA) between the Ministry of Finance and OLAF* has been partially realized. The fulfillment of the set target is expected by the end of 2016, and the reason for the delay is further harmonization of final version of the Agreement with representatives of OLAF.

Activity within **result 15.4 - *Preparation, consultation and adoption of a national Anti-Fraud Strategy in line with the accession requirements under Chapter 32*** has not been implemented within the prescribed period. Realization of this activity has been postponed for IV quarter of

2016 by when it is expected that the final version of the Strategy will be harmonized with representatives of OLAF and submitted to the Government for opinion and adoption.

Measure 16 – TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING

The Treasury Administration, as an administrative body within the Ministry of Finance responsible for the management of public funds of the Republic of Serbia, has a lead role for the implementation of two activities under **result 16.3**, which were realized in due time.

The first activity was conducted by sending a letter to all users who need to record their obligations into the *RINO* system, in accordance with the law.

The third activity within **result 16.3** was realized within the deadline. In accordance with the Law on terms of settlement of financial obligations in commercial transactions⁶, the *RINO* system has been extended, so that it applies to transactions between public sector entities as of 1 January 2016. Supervision over the implementation of the Law is carried out by the Sector for Budget Inspection.

Also, the activity *Extend the coverage of the FMIS system on a step-by-step basis to IBBs, including them in the accounting and reporting framework as they are brought into the system.*, within the framework of **result 16.1**, has been partially realized through the involvement of judicial authorities (courts and public prosecutor's offices) in the *FMIS* system as of 1 January 2016, and the deadline for implementation of activities is the first quarter of 2018. In order to fully implement the activity, the necessary preparatory activities are being carried out for the planned indirect involvement in *FMIS* from 1 January 2017.

Measure 17 - MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING

Result 17.1, *Completeness and coverage of accounting information improved through the implementation of Accrual Accounting based on IPSAS standards*, has set 15 activities, and provides for the realization of three activities in the first half of 2016. The Treasury has carried out two activities in full, while one has been partially realized. The fifth activity was realized before the planned date.

⁶Official Gazette of the RS, no. 119/2012 and 68/2015

The first activity - *Establish a government sector accounting standard setting council*, was partially implemented due to technical mandate of the Government of RS. The Responsible Management has prepared a draft decision on the establishment of the Committee (Council) for the introduction of international accounting standards for the public sector as well as the draft text of amendments to the Law on the budget system as the basis for the establishment of the Committee. Decisions on the composition and establishment of the Committee and adoption of amendments to the text of the Law on the budget system are expected in late 2016 or early 2017.

Another activity of the mentioned result – *Develop a gap analysis between current accounting practices and accrual IPSAS* has been realized within the deadline, due to the fact that the mentioned mismatch analysis was prepared in the context of reports of technical assistance of the IMF.

The third activity - *Preparing a realistic road map towards full accrual accounting in the government sector*, was also implemented on schedule, with technical assistance from the IMF. The report of technical assistance of the IMF in July 2016 recommended that the RS Government formally adopt the road map for the transition to accrual accounting. Adoption is expected in the fourth quarter of 2016.

A pro forma financial statement was prepared for the Republic budget for 2015, in accordance with the IPSAS standards for the central government. The document was drafted before the scheduled deadline, i.e. the second quarter of 2019.

Measure 18 – TO STRENGTHEN COVERAGE AND QUALITY OF EXTERNAL AUDITS

Within measure 18, the State Audit Institution (SAI) is responsible for **three results**, namely: **18.1** The State Audit Institution (SAI) carries out financial, compliance and performance audits as mandated by the Law and in line with the ISSAIs standards; **18.3** Internal quality control and quality assurance function within the SAI fully developed and operational; **18.4** Systemic follow-up of implementation of audit recommendations improved. Deadlines for the implementation of these results are set in the period from the fourth quarter of 2017 to the end of 2020.

SAI has already taken specific actions for the said results, which means that they have already been partially realized at the moment.

For **result 18.1**, whose deadline is the fourth quarter of 2020, SAI adopted an Audit Program for 2016 on 28 December 2015 and the realization of audit started. The list of subjects where the audits began based on the Program can be found on the official website of the SAI. Amendments to the Audit Program were adopted at the 6th session of the Institution Council on 8 July 2016.

The Audit Program was amended by adding an entity – transport company "Lasta AD Belgrade" to the Sector for audit of public enterprises, companies and other legal persons founded by users of public funds or in whose capital or management the users of public funds are involved, and specifying the topic for audit of expediency "The efficiency and cost-efficiency of applying the negotiated procedure without publication of a call for proposals" at the Sector for the expediency of business.

In addition to the audit manual adopted in April 2015, during the 2016 SAI has also made:

- Guidelines for post-audit procedure;
- Guidelines for assessing forms of violations of the obligation of good business of audit entities;
- Instructions the for preparation of reports on the audit of financial statements and regularity of operations;
- Checklists for quality control of audit of financial statements and regularity of operations.

In order to ensure the continued implementation of audits in accordance with the law, ISSAI standards and audit manuals, SAI has, through internal instructions and guidelines, further regulated the post-audit procedure and through the adoption of appropriate forms and instructions, it has directed the staff in conducting audits.

In March 2016, SAI organized a three-day internal training for practical application of the audit manual for all (new) employees.

In April 2016, SAI hosted and participated in regional workshops on audit opinions, organized within the activities of the Network of Supreme Audit Institutions of the candidate countries and potential candidates.

In April 2016, employees of the Sector for audit of expediency and the Sector for methodology and quality control, successfully attended training for trainers in the field of expediency audit.

In June 2016, a three-day internal training of SAI on materiality, risk assessment and sampling was organized for the state and authorized state auditors. In September and October 2016, two more advanced training on issues of materiality, risk assessment and sampling are planned, which will be held by external experts and representatives of the European Court of Auditors.

The institution is actively involved in the Second project of parallel expediency audit, conducted by the Network of Supreme Audit Institutions of candidate countries and potential candidates. In February and June 2016, the first and second workshop within the framework of this project were held.

The European Court of Auditors organizes five-month internships each year for auditors from the supreme audit institutions of the candidate countries for EU membership. This type of organization has existed since 1999 and is considered an important instrument for access to the audit of EU funds for auditors from the Supreme Audit Institutions of future Member States. SAI regularly participates in five months internship program at the European Court of Auditors.

In addition to membership in INTOSAI and EUROSAI, SAI is a member of EUROSAI Working Group on Audit and Ethics, the Working Group on IT and the Working Group for the revision of accidents and disasters and actively participates in their work.

For activity 18.2, which is not under direct jurisdiction of SAI, whose deadline is the fourth quarter of 2017, SAI submitted the comment on the Draft report on the mission to the Technical Mission of the IMF in October 2015, for amendments to the Budget System Law. The comment contained a proposal for the movement of the deadline for submission of the Draft Law on the execution of the budget of RS to an earlier date in the year, in order to provide input for the audit at an earlier stage of the budget process, in order to extend the time that SAI has at its disposal to carry out the audit of the Draft Law on the execution of the budget of the Republic of Serbia (Article 78). The comment reads: "so that SAI would be able to comply with the requirement that the execution of the budget includes the external audit report, the deadline for formal submission of financial statements SAI should be 30 April and the deadline for submission of financial statements, with the report on the revision, to the National Assembly should be 30 September. In analogy with this, we should consider changes and deadlines for submission of financial statements at the level of local authorities. The deadline for formal submission of financial statements of local authorities SAI should be 31 March and the deadline for submission of financial statements, with the report on the audit, to local government councils should be 15 August."

For activity 18.3, with the implementation deadline at the end of 2017, in April 2016 supreme state auditor was appointed in the Sector for audit methodology and quality control. This sector, which currently has three employees, has passed all SAI organized internal trainings.

For activity 18.4, with the implementation deadline of third quarter 2018, SAI has, in order to monitor the audit, set up a database in which data is entered on the audits performed. To enable the use of this database for the establishment of a database on the recommendations contained in the audit, the existing database is filled with audit data from previous years and the current audit and the analysis of its functioning for future improvements.

Measure 19 – TO STRENGTHEN PARLIAMENTARY SUPERVISION OVER PUBLIC FINANCES

Within measure 19, **result 19.1**, the first activity - *Making the necessary organizational arrangements to deliberate external audit work and establishing clear written procedures for deliberation of audit reports with deadlines for deliberation and taking action for Committee for Finance, Budget and Control Over Use of Public Resources of the National Assembly*, the realization was started by the National Assembly, in the form of carrying out the necessary organizational preparations for the consideration of external audit and the establishment of clear written procedures for the consideration of the report on the audit with deadlines for examination and treatment of the Committee. In the future, a subcommittee for the consideration of the reports of the audits performed by the SAI⁷ will prepare a draft decision that will define a clear procedure for the consideration of audit reports, the treatment of the Committee and the terms in which these reports will be considered. By mid-September, procedures will be made. The Committee on Finance, State Budget and Control of Public Spending of the National Assembly shall, in one of the sessions that will take place in early October, adopt the relevant decision, which will enable carrying out this activity within the deadline.

For the second activity within the aforementioned result - *Organize meetings of the Committee for Finance, State Budget and Control of Public Spending in the form of hearing for discussion of audit reports*, the beginning of implementation is conditioned by the adoption of clear written procedures for reviewing audit reports. According to the action plan of the Program, the deadline for the implementation of the activity is the third quarter of 2017. In consultation with representatives of SAI and USAID, the Committee on Finance, State Budget and Control of Public Spending of the National Assembly plans to organize the first meeting in the form of listening by the end of this year.

⁷The Committee on Finance, State Budget and Control of Public Spending of the National Assembly established the Subcommittee for considering the report of the audit activity of the SAI, as its working body at the meeting held on 21 July 2016.

VI CONCLUSION

When considering the submitted contributions from the relevant institutions and organizational units, it is noted that significant steps have been taken towards the realization of planned activities and achievement of planned results. In addition, it is noted that there is a significant number of activities that have been partially or fully implemented before the planned deadlines. One of the key challenges in the realization of certain activities is the fact that, during one half of the reporting period, a technical mandate of the Government was in effect, which led to a short deviation, especially when it comes to the adoption of laws or bylaws.

The Report on the Implementation of the Public Financial Management Reform Program 2016 - 2020 is an important aspect of ensuring the successful implementation of the program and the planned reform steps, and as an important document for the approval of Sector Budget Support of the European Union from IPA funds for all areas and sectors in which it is provided or will be provided in the future, bearing in mind that developed public finances are one of basic conditions of sectoral allocation of EU budgetary support, apart from the macroeconomic situation. In the future, signing of a financing agreement is planned between the Government of the RS and the European Commission on the sectoral budgetary support for the Sector of public administration reform. On this occasion, this report shall represent a confirmation of commitment to public finance reform in the Republic of Serbia.

Tabulation of implementation of activities by institution/organization units can be found below.

Institution/Organization unit	Completed	Partially completed	Not completed
MoF, Budget Department	1	2	2
MoF, Treasury Administration	4	1	/
MoF, Department for control of Public funds	1	/	3
Audit Authority Office of EU Funds	/	1	/
MoF, Department for internal control and internal audit	/	1	/
TOTAL:	6	5	5

Table 1: Overview of the total number of activities and levels of realization by responsible institutions/organizational units

The next report on the implementation of the public financial management reform on an annual level (for 2016 as a whole) will be prepared in early 2017.

In the next reporting period, which will include activities whose deadline for realization is III and IV quarter of 2016, the plan is to implement 18 activities within 13 results, i.e. eight measures. The largest number of the activities mentioned relate to the improvement of the policy and legislative framework for the implementation of internal financial controls in the public sector; improvement of public procurement; improvement of the management of irregularities, coordination and cooperation on combating fraud and the protection of the financial interests of the European Union; improvement of the program budgeting process; establishment of a single platform for planning capital projects and methodologies for the analysis and planning of public investment; improved monitoring and reporting on due arrears; improved coverage and completeness of accounting information through the implementation of accrual accounting under IPSAS standards; and the strengthening of parliamentary supervision over public finances. In addition to the activities for which the deadlines are III and IV quarter of 2016 in the Public Financial Management Reform Program, the report will include activities from the previous period, which have been partially implemented or not implemented on time.

By the end of the year, a revision of the Program is planned in the area of costs and indicators of implementation, but also in order to harmonize the planned activities. The finalization of the vertical Functional analysis of the Ministry of Finance is underway, on the basis of which a corresponding action plan will be prepared for the implementation of recommendations, which will also be taken into account during the revision of the Program.

VII TABLE OF IMPLEMENTATION OF THE ACTION PLAN

MEASURE 1										
TO IMPROVE THE CREDIBILITY OF MACROECONOMIC FORECASTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
1.1 Strengthened capacities of the Ministry of Finance for improved macroeconomic forecasting and improved methodological approach	Procurement, customization and implementation of the Bridge Model to improve GDP forecasting	1 st quarter 2017							MoF/ Department for Macroeconomic and Fiscal Analyses and Projections	
	Strengthened the capacity for carrying out long term fiscal sustainability analyses	4 th quarter 2017		Series of workshops was started (detailed in the narrative part)						

MEASURE 1	TO IMPROVE THE CREDIBILITY OF MACROECONOMIC FORECASTING									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
1.2 Ensured administrative and technical capacities of managing the EU own source scheme	Strengthen the capacity of the coordinating body and all other institutions involved in revenue collection for correct calculation, accounting, forecasting, collection, payment and control of own resources	2 nd quarter 2017	Dedicated staff in the partner institutions appointed. Methodology for calculation, accounting, forecasting, collection, payment and control of own resources adopted (2017)	One work position for coordination and management of EU own resources system was filled within the Department for Macroeconomic and Fiscal Analyses and Projections, and one seminar was organized on the relevant topic (detailed in the narrative part)	Strengthening the capacity of the Customs Administration for participation in preparing Negotiating position for Chapter 33, has been carried out through the organization of TAIEX workshop and through participation in the workshops organized by MoF.				MoF/ Department for Macroeconomic and Fiscal Analyses and Projections	Tax Administration Customs Administration Treasury Administration

MEASURE 2										
TO IMPROVE THE COVERAGE OF THE NATIONAL BUDGET										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
2.1 Institutional coverage of the national budget expanded	Gradual and systematic inclusion of own sources and budget beneficiaries into the national budget	4 th quarter 2020	Reliable financial plans of Indirect Budget Beneficiaries included in the national budget (2018) <i>IV: Courts, public prosecutors and judiciary institutions included (beg.2016)</i> <i>TV: Prisons, cultural institutions included (2017)</i> <i>TV: Social protection institutions included (2018)</i>						MoF/Budget Department	Indirect Budget Beneficiaries

MEASURE 2										
TO IMPROVE THE COVERAGE OF THE NATIONAL BUDGET										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
2.2 Expanded coverage of external sources of funding in the national budget	Gradual and systematic inclusion of donor assistance in the national budget and budget execution documentation	4th quarter 2020	Percentage of external funds included in the national budget and budget execution documentation 2018 compared to the baseline value in 2016						MoF/Budget Department	European Commission Bilateral Donors European Integration Office

MEASURE 3										
TO FURTHER IMPLEMENT MULTI-ANNUAL PROGRAM BUDGETING ACROSS ALL LEVELS OF GOVERNMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
3.1 Improved process of program budgeting	Procurement and customization of software for the management of public finances, which connects the planning, execution and control	4th quarter 2016	Percentage of compliance of program structures of budget users with Guidelines for the preparation of the Program Budget IV: % to be determined after adoption of Guidelines TV: To be determined						MoF/Budget Department	General Secretariat of the Government, Public Policy Secretariat of the Republic of Serbia, Human Resource Service of the Government
	Customization of the software for the management of public finances in order to ensure the appropriate interface with the module for Public Policy Planning	2nd quarter 2017								

MEASURE 3										
TO FURTHER IMPLEMENT MULTI-ANNUAL PROGRAM BUDGETING ACROSS ALL LEVELS OF GOVERNMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
Continuation 3.1 Improved process of program budgeting	Process analysis, monitoring and control of program budgeting and identify recommendations for improvement	1st quarter 2016	Percentage of compliance of program structures of budget users with Guidelines for the preparation of the Program Budget	completed					MoF/ Budget Department	General Secretariat of the Government, Public Policy Secretariat of the Republic of Serbia, Human Resource Service of the Government
	Improving the methodology of the program budget and preparation of the new guidelines in accordance with the recommendations	2nd quarter 2016	<i>IV: % to be determined after adoption of Guidelines</i> <i>TV: To be determined</i>	partially completed		Further consultations on the development of a module for reporting on program budgeting	A module for reporting on program budgeting developed	3rd quarter 2016		

MEASURE 3										
TO FURTHER IMPLEMENT MULTI-ANNUAL PROGRAM BUDGETING ACROSS ALL LEVELS OF GOVERNMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
Continuation 3.1 Improved process of program budgeting	Conducting training for civil servants to improve the program budget	2nd quarter 2016.	Percentage of compliance of program structures of budget users with Guidelines for the preparation of the Program Budget IV: % to be determined after adoption of Guidelines TV: To be determined	not completed		Improved methodology for program budgeting not completed	Improved methodology for program budgeting completed	3rd quarter 2016	MoF/Budget Department	General Secretariat of the Government, Public Policy Secretariat of the Republic of Serbia, Human Resource Service of the Government
	Implementation of the budget cycle for 2017 in line with the improved methodology	2nd quarter 2016.		partially completed		The spring part of the budget cycle has not been implemented according to the updated methodology because the improved methodology still not completed. The autumn budget cycle will be implemented under the new methodology.	Improved methodology for program budgeting completed	3rd quarter 2016		

MEASURE 4										
TO IMPROVE PUBLIC INVESTMENT PLANNING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
4.1 A single platform for Capital Projects Planning and methodology for public investment analysis and planning established	Evaluation of proposed public investment projects by budget beneficiaries and drafting an implementation plan	4th quarter 2016	Percentage of budget execution of capital projects approved according to the new methodology <i>IV: 0% (2016)</i> <i>TV: To be determined in 2017</i>						MoF/Budget Department/ Unit for evaluation of capital projects	Budget users European Integration Office Public Policy Secretariat
	Monitoring the implementation of approved capital projects and proposing measures to improve the planning and implementation of public investment project	2nd quarter 2017								

MEASURE 4										
TO IMPROVE PUBLIC INVESTMENT PLANNING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
Continuation 4.1 A single platform for Capital Projects Planning and methodology for public investment analysis and planning established	Harmonization of procedures for planning, evaluation and selection of all capital projects regardless of the source of financing (national and local budgets, EU funds and other sources), and reporting	4th quarter 2016							MoF/Budget Department Unit for evaluation of capital projects	Budget users European Integration Office Public Policy Secretariat

MEASURE 5										
TO IMPROVE BUDGET PLANNING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	I Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
5.1 Improved data on the fiscal impact of legislative initiatives	Develop methodologies for medium-term baseline estimates and costing of new policies, set up the legislative framework and provide training	4th quarter 2018	<p>New methodology for baseline estimates and policy costing adopted <i>IV: 0 (2015)</i> <i>TV: 1 (2017)</i></p> <p>Percentage of estimates based on new methodology <i>IV: 0% (2017)</i> <i>TV: TBD</i></p>						MoF/Budget Department	Budget users

MEASURE 5										
TO IMPROVE BUDGET PLANNING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
5.2 Improved planning of public funds through increased alignment with the Budget Calendar	Improved coordination and alignment of planning and programming of external assistance with the Budget Calendar	4 th quarter 2020							MoF/Budget Department	European Integration Office European Commission Bilateral donors

MEASURE 5	TO IMPROVE BUDGET PLANNING									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
5.3 Improved Mid-Term Planning of the budget beneficiaries through increased alignment with the Methodology for Mid-Term Institutional Planning	Improved coordination and alignment of budget planning and execution of budget beneficiaries through compliance and alignment with the Methodology for Mid-Term Institutional Planning	4 th quarter 2018	Methodology for Mid-Term Institutional Planning adopted (2016) Percentage of Mid-Term Plans of budget beneficiaries based on new methodology IV:0% (2016) TV: 100% (2018)		Developed legislation package consisting of: draft version of the Law on the planning system in the Republic of Serbia and two accompanying decrees Decree on mid-term planning and Decree on methodology of management of public policies, analyzing the effects of public policies and regulations and the content of individual policy documents (detailed in narativ part of Report)	Consultations with relevant institutions are in progress regarding to the draft versions of the the Law on the planning system in the Republic of Serbia and two accompanying decrees.	Finalisation of consultations, conducting public hearings and adoption of the Law and Decrees	New Government , which was established on 11 August 2016, will initiate a public hearings of prepared legislation package, and after the adoption of the comments - the final drafts of the documents will be forwarded to the Government for consideration and adoption	MoF/Budget Department/ Public Policy Secretariat	Budget users

MEASURE 6 TO IMPROVE THE OPERATIONAL CAPACITIES FOR PUBLIC INVESTMENT COORDINATION AND BUDGET PLANNING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
6.1 The operational capacity of the Budget Department improved	Implement an institutional strengthening process of the Budget Department, and increasing its staff to increase its operational capacity and performance on budget preparation and coordination, on monitoring budget execution and in compiling detailed budget execution reports	2nd quarter 2016	The Budget Department fully staffed <i>IV: 67% (2015)</i> <i>TV: 100% (2016)</i>			Increasing the number of employees wasn't completed regarding to fiscal consolidation measures, wage bill restrictions and prohibitions of employment	Job competitions announcement.		MoF/Budget Department	

MEASURE 6										
TO IMPROVE THE OPERATIONAL CAPACITIES FOR PUBLIC INVESTMENT COORDINATION AND BUDGET PLANNING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones to implement the activity, with the recommendation	Expected time of implementation of activities		
				partially completed						
				not completed						
6.2. Analytical and Planning units in Public Administration Bodies introduced to support budget planning linked to policy planning	Implement an institutional strengthening process of public administration bodies (ministries and their departments/ administrations/ inspectorates, special organizations and governmental services) for conducting necessary analysis, planning and budgeting by introduction of analytical and planning units	4th quarter 2017	Analytical and Planning units introduced (2017) Percentage of public administration bodies that introduced analytical and planning units <i>IV:0% (2016)</i> <i>TV: to be determined</i>		In the previous period PPS worked on building their own and analytical capacities of other state administration bodies with aim of planning, preparation, implementation and monitoring of the implementation of public policies based on evidence and relevant data (details in the narrative part of the Report)	Necessary regulations have not been adopted governing the analytical and planning-study tasks in the state administration which, inter alia, should provide for the establishment of units for analytical tasks.	The formulation and adoption of amendments of Decree on Principles for internal organization and systematization of jobs in ministries, special organizations and government services and other regulations governing the state administration tasks, and organization of trainings.	1st quarter 2017.	MoF	General Secretariat of the Government Public Policy Secretariat Budget Beneficiaries Ministry of Public Administration and Local Self-Government

MEASURE 7	TO IMPROVE REVENUE COLLECTION									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
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				not completed						
7.1 Tax Administration Transformation Strategy implemented	Strengthening strategic management and the basic Tax Administration functions, improving organizational structure and business processes, improving services to tax payers	4th quarter 2020	Percentage of achieved activities of the Strategy <i>IV: 15% (2015)</i> <i>TV: 52% (2016)</i> <i>TV: 61% (2017)</i> <i>TV: 63 % (2018)</i> <i>TV: 67% (2019)</i> <i>TV: 100% (2020)</i>		Specific activities envisaged under the TA Programme were initiated in prescribed timeframe (details in the narrative part of the Report)					
7.2 Voluntary compliance with tax legislation, guidelines, and procedures improved	Perform an analysis of (i) the legislation, including criminal legislation, guidelines, and administrative/operational procedures; (ii) information to assess tax liabilities; and (iii) impediments to contest administrative ruling on tax liability, which need to be clarified.	4th quarter 2017	Percentage share of total regular (voluntary) tax collection against total tax revenues estimated in budget <i>IV 2014: 85%</i> <i>TV 2016: 86%</i> <i>TV 2017: 87%</i>		Two working groups were established in March 2016: Group for the analysis of legal solutions in the area of tax procedure and TA and Group for the analysis of legal solutions in the field of personal income tax.				TA	MoF

MEASURE 7	TO IMPROVE REVENUE COLLECTION									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
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				not completed						
Continuation 7.2 Voluntary compliance with tax legislation, guidelines, and procedures improved	Perform an analysis of (i) the legislation, including criminal legislation, guidelines, and administrative/operational procedures; (ii) information to assess tax liabilities; and (iii) impediments to contest administrative ruling on tax liability, which need to be clarified.	4th quarter 2017	Percentage share of total regular (voluntary) tax collection against total tax revenues estimated in budget <i>IV 2014: 85%</i> <i>TV 2016: 86%</i> <i>TV 2017:87%</i>		A tax police sector has proposed the amendments to: Article 229 of Tax evasion - CC RS, Article 229a Avoidance of withholding tax - CC FRS, Art. 173a Unfounded disclosure of the amount for tax refund and tax credit - LTPTA, Article 162 of the CPL, Article 4 of the draft Law on organization and jurisdiction of state bodies in combating organized crime and corruption, as well as the developing of the new Code of Conduct of the Tax Police.	Proposed legislative changes were not planned, but they are rather derived from the perceived problems in operational treatment of Tax Police inspectors.	The initiative for this amendments are given by Tax Police through the Sector for legal affairs and tax coordination. Meetings and consultations with representatives of the Ministry of Justice was held, result of its a proposal to amend the above, and further steps in the implementation of the proposed legislative changes are not in jurisdiction of the Tax Police		TA	MoF

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
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				not completed						
Continuation 7.2 Voluntary compliance with tax legislation, guidelines, and procedures improved	Review the Tax Auditors' workflow and standard operating procedures to verify if their functions and prerogatives are clear in order to minimize discretionary decisions.	1st quarter 2017			The revision of the Methodological guidelines for recording traffic through fiscal cash registers is underway. defined inspectors treatment under Article 131 LTPTA				TA	MoF
Continuation 7.2 Voluntary compliance with tax legislation, guidelines, and procedures improved	Improve clarity and usefulness of tax liabilities information by establishing a dedicated taxpayer services Department/unit within the TA	4th quarter 2017			A working group within the TA were established whose task is the introduction of new and improvement of existing services to taxpayers (details in the narrative part of the Report)					

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
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				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
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7.3 The Customs system improved and modernized	Implementation of ERIAN (Risk Management System), an expert system-module whose goal is an on-line evaluation of declarations processed by the declaration processing systems according to specifications of risk models (Risk profiles) created by risk analysts in ERIAN repository of risk profiles	4 th quarter 2018	Percentage of discrepancy of actual collection against approved budget estimate <i>IV 2014: TBD</i> <i>TV 2017: TBD</i> <i>TV 2018:TBD</i> <i>Increase of Tax collection as a % of GDP</i> <i>IV 2014:TBD</i> <i>TV 2016:TBD</i> <i>TV 2017:TBD</i>		It is necessary to consider ways of financing the procurement of services (ICT systems) in the result output of which depends initiation of activity				Customs Administration	MoF

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				not completed						
Continuation 7.3 The Customs system improved and modernized	Upgrading anti-corruption measures	4th quarter 2018.			Deadlines for the activity " Upgrading anti-corruption measures " are defined in the Action Plan for Chapter 23 and it will be implemented through Negotiation Chapter 23				Customs Administration	MoF

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
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				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continuation 7.3 The Customs system improved and modernized	Modernizing the Customs Laboratory	4th quarter 2018			The first draft of the project "Creating conditions for strengthening the capacity of the customs laboratories of the Republic of Serbia"				Customs Administration	MoF

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
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				not completed						
7.4 The appeals mechanisms are improved	Conducting a review of the independent appeals function. The main outcome of this activity should be: (i) establishing an M&E system for appeal cases and (ii) providing means for the dissemination of resolutions including the elapsed time, and the number and size of cases.	4th quarter 2018	% of the adopted appeals in comparison with total number of appeals completed <i>IV: 37,71%</i> <i>TV: 2015. - 36,2%;</i> <i>TV: 2016. - 35,5%;</i> <i>TV: 2017. - 34,8%;</i> <i>TV: 2018. - 34,1%.</i>		The receipt and outcome of resolving complaints in second instance proceedings are monitored through regular monthly reporting of regional departments for second instance proceedings. In order to improve efficiency in the work and uniformity in treatment in 2016, meetings are organized with regional departments for second instance proceedings. (details in narative part od the Report)				TA	MoF

MEASURE 7		TO IMPROVE REVENUE COLLECTION								
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
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				not completed						
7.5 The appropriate links between different databases within Tax Administration and between the Tax Registration System and other registration systems established	Processes mapping of the existing links among the Tax Administration and other registration systems and financial sector regulations, assessment of the ICT capabilities to interconnect different registries online; and preparation of a roadmap and timeline to address issues.	4th quarter 2017	Number of interactive data bases in the Tax administration <i>IV: 2(2015)</i> <i>TV: 3(2017)</i>		A one-stop shop system of business registration has been fully established with the Business Registers Agency, and there is a possibility of filing a registration form for the VAT and applying for lump sum taxation in the case of a newly established business entity.				TA	MoF/Customs Administration /Tobacco Administration

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
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				partially completed						
				not completed						
Continuation 7.5 The appropriate links between different databases within Tax Administration and between the Tax Registration System and other registration systems established	Assessment of internal procedures at Tax Administration to control and ensure that the Tax Registry is regularly updated	4th quarter 2017	Number of interactive data bases in the Tax administration <i>IV: 2(2015)</i> <i>TV: 3(2017)</i>		The Single register register of taxpayers is updated on the basis of data taken from the BRA, within the framework of the one-stop shop system, and for taxpayers who do not register through the BRA, the update procedure is manual.				TA	MoF/Customs Administration /Tobacco Administration
	Establishment of IT facilities (ESI) in connection to the process of EU integration (requests of Chapter 16)	4th quarter 2020			The proposal was forwarded to DG TAXUD that one of the topic within the IT mission, will be Technical assistance in the development of the Strategy implementation of interoperability and interconnectivity of the TA of the RS based on the best practices in project management (details in narrative part of the Report)					

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
7.6 More effective penalties system for non-compliant registration and declaration obligations developed	Revision and updating of the legislation, including Criminal legislation, regarding penalties for non-complaint registration and declaration obligations	4 th quarter 2018	increase in % of revenue collection <i>IV: (2015)</i> <i>TV: % (2018)</i>						TA	MoF

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
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				not completed						
7.7 Improved risk management practices	Implementation of the annual control plan based on identified risks and streamlining of headquarters control over the control plan focusing on large taxpayers improving the “strike rate” reviewing the allocation of auditors in order to ensure an optimal distribution of skills and implement an M&E system to enable managers to monitor performance.	4 th quarter 2017	% of controls with irregularities <i>IV: 33,06%2014</i> <i>TV 33,5% 2015</i> <i>TV 35% 2016</i> <i>TV 36% 2017</i>		Based on the Annual control Plan of tax audits are selected payers by sectors and branches of activity on the basis of risk analysis criteria. Developed the criteria of risk analysis for the VAT which is constantly improved and define a new one. In making the risk analysis for control of income tax.				TA	MoF

MEASURE 7										
TO IMPROVE REVENUE COLLECTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continuation 7.7 Improved risk management practices	Implementation of the annual audit plan based on the risk management criteria for the selection of cases for green, yellow, and red lanes, by improving risk profiling for authorized operators, implementing a quality control mechanism to ensure that the risk criteria have been properly applied at borders and an M&E system to enable managers to oversight performance.	4th quarter 2017	% of controls with irregularities <i>IV: 33,06%2014</i> <i>TV 33,5% 2015</i> <i>TV 35% 2016</i> <i>TV 36% 2017</i>		Based on the Annual control plan, operational (monthly) control plans were made, applying the criteria of risk analysis. The realization of plans in the form of actual effects of control, consumed effective hours of work of inspectors carrying out the controls and the extent of the realization of the plan shall be monitored through the application of field control. Justification of the following criteria is evaluated based on control, through entered irregularities and observations during the controls.				TA	MoF

MEASURE 7	TO IMPROVE REVENUE COLLECTION									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
7.8 Improved tax arrears and control information systems and oversight	Improve the control mechanisms to get updated information about arrears. Implement more effective late payment penalties in order to encourage on time payments. Implement an ITC system to support the debt management function.	1 st quarter 2018	The percentage of arrears against assessed tax liabilities <i>IV: % (2014)</i> <i>TV: Decrease (to be determined) % of arrears against assessed tax liabilities (2018)</i>		Effective penalties for delayed / late payments of public revenues would contribute to increasing the level of voluntary payment of tax liabilities; during the implementation of the Integrated Tax Administration information system which should be completed by the end of 2016, and applicable as of January 2017;. (more details in narrative part of the Report).				TA	MoF

MEASURE 8										
TO IMPROVE COMMITMENT CONTROL AND CASH MANAGEMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
8.1 Adequacy of approved budget quotas ensured and cash flow planning improved.	Instituting procedures which would enable Ministry of Finance to assess the reliability of reported cash needs by users of public funds with a view to ensuring adequacy of budget quotas and aggregate cash requirements and strengthening the daily, monthly and quarterly cash flow planning.	1 st quarter 2018	Expenditures on multi-year projects to not exceed approved budgets <i>IV: Variance between expenditures on multiyear projects and approved budgets (2017)</i> <i>TV: (to be determined) % of reduction in variance between expenditures on multiyear projects and approved budgets (2018)</i>						Budget users	MoF/Treasury Administration

MEASURE 8										
TO IMPROVE COMMITMENT CONTROL AND CASH MANAGEMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
8.2 Enhanced control over multi-annual contractual commitments	Analyses and implementing a systematic approach to approve records and monitor multi-annual contractual commitments.	4 th quarter 2018	Commitments recorded in the Treasury System within (to be determined) days of contract signature <i>IV: Percentage of commitments recorded in due time(2016)</i> <i>IV: Recorded commitments increased (2017)</i>						Treasury Administration	MoF

MEASURE 9										
TO IMPROVE THE CAPACITIES FOR PUBLIC DEBT MANAGEMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
9.1 Designed and implemented public debt management software	Procurement, design, customization and implementation of software for the public debt management including an appropriate model to improve public debt risk management, scenario analyses, stress tests and other relevant analyses	1 st quarter 2017	Operational Debt Management System software in place (2017) <i>IV: 0</i> <i>TV: 1</i>		The plan is that in the IV quarter of 2016, to start with development of information system for public debt management; project is being implemented thanks to the financing of the Swedish International Cooperation Agency (SIDA) under the supervision of UNDP. Its implementation will enable the biggest operational problem in the work of PDA to be overcome. Implementation of the project will be followed by the USAID project consultants.	Delayed approval of donations by the Swedish authorities.		IV quarter 2017.	PDA	MoF

MEASURE 9										
TO IMPROVE THE CAPACITIES FOR PUBLIC DEBT MANAGEMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
9.2 Established methodology for long term public debt sustainability analyses	Development and implementation of a methodology for carrying out long term public debt sustainability analyses	1 st quarter 2017	Developed Standardized methodology defined in the Internal Act of the PDA <i>IV: 0 (2015)</i> <i>TV: 1</i>		Unapproved source of financing from donations. Negotiations are underway with the World Bank Treasury and SECO.	Lack of donor funds		IV quarter 2017.		
9.3 Primary dealers system introduced	Creating and implementing the new organization of Government securities primary market by introducing the primary dealers system	1 st quarter 2018	Primary dealers system introduced <i>IV: 0</i> <i>TV: 1 (2018)</i>		It is the market development and the creation of benchmark issues of government bonds as a precondition for the introduction of primary dealers.				PDA	MoF

MEASURE 9										
TO IMPROVE THE CAPACITIES FOR PUBLIC DEBT MANAGEMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
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				not completed						
9.4 By-law for financial derivatives transactions adopted	Preparation of documentation and implementation of legal framework for financial derivatives transactions	1 st quarter 2017	By-law for financial derivatives transactions adopted (2017) <i>IV: 0</i> <i>TV: 1</i>		In June 2016, the WB and the Swedish Debt Office mission was carried out and in collaboration with these two institutions established the framework for the creation of bylaws ie decree	Lack of donor funds				
9.5 Asset under management procedures adopted	Strengthening capacity and preparation of legislation related to the asset under management	1 st quarter 2017	Asset under management procedures adopted <i>IV: 0</i> <i>TV: 1(2017)</i>		On the basis of Art. 11, paragraph 4 of the Law on Public Debt, Committee for the management of public debt and financial assets RS funds under management was established; The Rulebok of the tasks, organization and functioning of the Committee was delivered to the minister on consideration				PDA	MoF

MEASURE 9										
TO IMPROVE THE CAPACITIES FOR PUBLIC DEBT MANAGEMENT										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
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				partially completed						
				not completed						
9.6 Adopted by-law for projects' loans monitoring	Monitoring of projects' loans – establishing of new system	1 st quarter 2017	Adopted by-law for projects' loans monitoring <i>IV: 0</i> <i>TV: 1(2017)</i>		Improving monitoring of the implementation of projects financed from project loans is in progress, but it is also necessary to improve coordination of activities in this field at the MoF level.				PDA	MoF
9.7 More capable Public Debt Administration staff	Conducting training for civil servants to improve the human capacity of the Public Debt Administration	1 st quarter 2018	Increase in staff at the Public Debt Administration <i>IV: Number of filled job positions 31 (2016)</i> <i>TV: Increase in number of staff by 100 % in 2018</i>		PDA staff training, was performed in cooperation with the Swedish Debt Office and in cooperation with the World Bank training in the area of operations with financial derivatives was carried out				PDA	MoF

MEASURE 10										
TO IMPROVE PUBLIC PROCUREMENT LEGISLATION AND PROCEDURES										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
10.1 Procurement planning transparency improved	Mandatory publication of procurement plans on the Public Procurement Portal	4 th quarter 2016	Share of procurement entities that publish PP plans at the PP Portal in the total number of procurement entities that publish PP at the PP Portal <i>IV: 0</i> <i>TV: To be determined in 2016</i>							
10.2 The Public Procurement system is functionally and operationally upgraded	Provide training for officials and decision makers on Public Procurement Procedures	4 th quarter 2016	Number of certified officials for public procurement <i>IV: 1.810 (2015)</i> <i>TV: 2.300</i> Number of trainings for official and decision makers (20 participants) <i>IV: 2 (2015)</i> <i>TV: 2 (2016)</i> <i>TV: 2 (2017)</i> <i>TV: 2 (2018)</i>							PPO

MEASURE 10										
TO IMPROVE PUBLIC PROCUREMENT LEGISLATION AND PROCEDURES										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continuation 10.2 The Public Procurement system is functionally and operationally upgraded	Training/specialization of prosecutors and judges in public procurement area and more efficient investigation and sanctioning of irregularities in public procurement by judiciary.	4 th quarter 2016	Number of certified officials for public procurement <i>IV: 1.810 (2015)</i> <i>TV: 2.300</i> Number of trainings for official and decision makers (20 participants) <i>IV: 2 (2015)</i> <i>TV: 2 (2016)</i> <i>TV: 2 (2017)</i> <i>TV: 2 (2018)</i>						PPO	
	Implement an institutional strengthening process of the Public Procurement Office in order to increase its operational capacity	4 th quarter 2016	Number of employees increased <i>IV: 23 (2015)</i> <i>TV: 35 (2016)</i>							

MEASURE 11 TO IMPROVE THE STRATEGIC AND LEGISLATIVE FRAMEWORK FOR IMPLEMENTING PUBLIC INTERNAL FINANCIAL CONTROL										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
11.1 Medium term PIFC Development Strategy and Framework prepared and adopted	Implementing the Strategy for the Development of Public Internal Financial Control (PIFC) 2016-2019	4 th quarter 2019	Meeting the objectives of the Strategy <i>BV:0</i> <i>TV: 16</i>						Ministry of Finance/ CHU	State Audit Institution/Ministry of Public Administration and Local Self/Government /Public Fund Users
	Review of the SIGMA Assessment ⁸ , establish a Working Group for the preparation of a Road Map for the consolidation and update of the PIFC Strategy AP	2 nd quarter 2016	Road Map prepared and adopted (2016) <i>BV:0</i> <i>TV: 1</i>			The government has not adopted the Strategy for the development of internal financial control in the public sector 2016- 2020th	The draft Strategy for the development of internal financial control in the public sector 2016- 2020th is prepared	4 th quarter 2016		

⁸ SIGMA Assessment for consolidating the system for Financial Management and Control and Indirect Management of EU Funds under IPA II

MEASURE 11										
TO IMPROVE THE STRATEGIC AND LEGISLATIVE FRAMEWORK FOR IMPLEMENTING PUBLIC INTERNAL FINANCIAL CONTROL										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
11.1 Medium term PIFC Development Strategy and Framework prepared and adopted	Establishing a Working Group for the Harmonization, Coordination, Implementation and Monitoring of the Implementation of FMC and IA across public fund beneficiary institutions	4th quarter 2016	Working group established (2016) <i>BV:0</i> <i>TV: 1</i>						Ministry of Finance/CHU	
11.2 Improved legislative framework for Financial Management and Control (FMC)	Improving and updating the legislative framework to introduce Management Declarations, add more clarity, update information on Risk Management Procedures and define the system for Irregularity Management	4th quarter 2016	Adopted legal acts <i>BV: 0</i> <i>TV: 1</i>						Ministry of Finance/CHU	

MEASURE 11 TO IMPROVE THE STRATEGIC AND LEGISLATIVE FRAMEWORK FOR IMPLEMENTING PUBLIC INTERNAL FINANCIAL CONTROL											
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS			IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed	Achievement by the activity, along with a link to a document / attached document	The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities			
				partially completed							
				not completed							
11.3 Improved capacities of the Central Harmonization Unit	Conducting a functional review of the Central Harmonization Unit in order to improve its organizational, technical and administrative capacities in order to raise its functionality for implementing all the defined activities which fall within its scope of competency.	4th quarter 2016	Functional review of the CHU completed BV: 0 TV: 1						Ministry of Finance/CHU		

MEASURE 11										
TO IMPROVE THE STRATEGIC AND LEGISLATIVE FRAMEWORK FOR IMPLEMENTING PUBLIC INTERNAL FINANCIAL CONTROL										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
11.4 Assessment of the Quality of Financial Management and Control improved	Further development of CHU software, customized and adjusted to the operational needs for analysis and preparation of Annual Report.	4th quarter 2017	CHU software operational (2017)						Ministry of Finance/CHU	
11.5 Improved coordination and implementation of training and professional development programs for officials and civil servants on FMC and IA	Reallocation of administrative and logistical activities with regards to the organization of trainings on FMC and Internal audit to the HRM Services	4th quarter 2016	Curriculum for FMC and IA completed by the HRM Services (2016) BV: 0 TV: 1						Ministry of Finance/CHU	

MEASURE 11										
TO IMPROVE THE STRATEGIC AND LEGISLATIVE FRAMEWORK FOR IMPLEMENTING PUBLIC INTERNAL FINANCIAL CONTROL										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
11.5 Improved coordination and implementation of training and professional development programs for officials and civil servants on FMC and IA	Establish coordination with internal control specialists, the academic community and professional organizations to upgrade training plans and certification schemes	4th quarter 2016	Number of academic institutions/professional organizations that have included the CHU curriculum in their education programs <i>BV: 0</i> <i>TV: > 1</i>						Ministry of Finance/CHU	
	Conduct an assessment for introducing international programs for the certification of IA	4th quarter 2016	Completed assessment for introducing international programs for the certification of Internal Auditors <i>BV: 0</i> <i>TV: 1</i>						Ministry of Finance/CHU	

MEASURE 12										
TO ENHANCE THE IMPLEMENTATION OF FINANCIAL MANAGEMENT AND CONTROL										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
12.1 Genuine understanding of FMC as a management tool for achieving the strategic goals of the institution achieved	Support managers of public fund beneficiary institutions to achieve a better understanding of FMC and contributes to the implementation of the strategic goals of their institutions through advisory services, workshops and training	Continuous	Percentage of public fund beneficiaries at the central level in which managers of internal organizational units report on the incurred expenditure in the corresponding part of the budget of the institution BV: 0% TV: 20% (2016)						Ministry of Finance	Public Fund Beneficiary Institutions

MEASURE 12										
TO ENHANCE THE IMPLEMENTATION OF FINANCIAL MANAGEMENT AND CONTROL										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
12.2 Strengthened role of FMC Coordinators and units coordinating Internal Control issues	Provide hands on training and advisory support to FMC Coordinators in drafting Business Process flow charts, assisting them in drafting customized Road Maps for the further implementation of FMC in their institutions and risk management procedures.	Continuous	Establish trainings to support Coordinators in drafting Business Process flow charts, assisting them in drafting customized Road Maps for the further implementation of FMC in their institutions and risk management procedures. BV: TBD TV: TBD		Planned trainings are carried out according to plan (detailed description in the narrative part of the Report)				Ministry of Finance	Public Fund Beneficiary Institutions

MEASURE 13										
TO SUPPORT THE INTRODUCTION AND FURTHER DEVELOPMENT OF THE INTERNAL AUDIT FUNCTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
13.1 Genuine understanding of the role and purpose of Internal Audit	Provision of training and advisory services to managers of public fund beneficiary institutions on Internal Audit	Continuous	<p>Increase in % of reports of state of play in Internal Audit</p> <p>BV: to be determined each year</p> <p>CV: increase in number of reports for 8% each year in comparison with previous year data</p>						Ministry of Finance/CHU	Public Fund Beneficiary Institutions

MEASURE 13										
TO SUPPORT THE INTRODUCTION AND FURTHER DEVELOPMENT OF THE INTERNAL AUDIT FUNCTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
13.2 Audit scope broadened to encompass audits of EU funded projects	Provide customized training to Internal Auditors in IPA beneficiary institutions for audits of EU funded projects completed through IPA	4th quarter 2017	Percentage of IPA beneficiary institutions submitting Internal Audit Reports from to the National Authorizing Officer (NAO) BV: To be determined (2016) TV: 100% (2017)						Ministry of Finance/CHU	Public Fund Beneficiary Institutions

MEASURE 13										
TO SUPPORT THE INTRODUCTION AND FURTHER DEVELOPMENT OF THE INTERNAL AUDIT FUNCTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
13.3 Cooperation between the Internal Audit Units in IPA Beneficiary Institutions and the Audit Authority for EU funds	Develop a systemic approach to cooperation between the IA Units in IPA beneficiary institutions and the Audit Authority for EU funds in order to ensure maximum and reliable audit coverage of EU funded assistance in Serbia	4th quarter 2017	BV: TBD TV:TBD						Audit Authority Office for EU Funds Ministry of Finance	Public Funds Beneficiary Institutions
13.4. Coverage of Certification Program for Internal Auditors in the Public Sector expanded	Develop a systemic outreach approach in order to increase the number of IA auditors at the local level and implement IA Certification programs at the local level and for staff of the Audit Authority for EU funds	4th quarter 2017	BV: TBD TV: TBD						Ministry of Finance	

MEASURE 13 TO SUPPORT THE INTRODUCTION AND FURTHER DEVELOPMENT OF THE INTERNAL AUDIT FUNCTION										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
13.5. Optimization of Audit resources achieved	Develop a systemic approach to horizontal audits based on analysis of complexity of audit scope and available resources (i.e. Introducing Groups of Auditors for auditing several public beneficiary institutions or groups of business processes/activities which are common to several/all public fund beneficiary institutions and produce the necessary tools.	4th quarter 2018	Development of guidelines for horizontal audits adopted by the Government <i>BV: To be determined (2017)</i> <i>BV: To be determined (2018)</i>						Ministry of Finance	Public Fund Beneficiary Institutions

MEASURE 14 TO FURTHER STRENGTH THE LEGISLATIVE FRAMEWORK, INSTITUTIONAL AND OPERATIONAL CAPACITIES OF AUDIT AUTHORITY OFFICE OF EU FUNDS										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
14.1 Operational capacities of the Audit Authority for EU funds improved	Prepare and adopt the optimal legislative acts for the (re)institutionalization of the Audit Authority for EU funds	2nd quarter 2016	New Legal framework adopted (2016) Required staffing levels achieved		The new legal framework was prepared and delivered to the MPALSG as proponents, in January 2016, to submit to the RS government for adoption	Technical Government.			Audit Authority for EU Funds	General Secretariat of the Government
	Conduct a functional review in order to improve its organizational, technical and administrative capacities in order to raise its functionality for implementing all the defined activities which fall within its scope of competency in line with the Framework Agreement for IPA II	1 st quarter 2017	BV: 44% Percentage of job positions filled in 2015 TV: 100% job positions filled in 2017							

MEASURE 14 TO FURTHER STRENGTH THE LEGISLATIVE FRAMEWORK, INSTITUTIONAL AND OPERATIONAL CAPACITIES OF AUDIT AUTHORITY OFFICE OF EU FUNDS										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS <i>(with Initial and Targeted Values)</i>	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
14.1 Operational capacities of the Audit Authority for EU funds improved	Ensure the appropriate number of competent staff for executing the scope of responsibility of the Audit Authority for EU fund in line with an updated Workload Analysis	3rd quarter 2017	New Legal framework adopted (2016) Required staffing levels achieved BV: 44% Percentage of job positions filled in 2015 TV: 100% job positions filled in 2017		By February 2016, Audit Authority Office for EU Funds filled about 80% of positions. Four employees received the status of certified internal auditors in the public sector. Project for technical assistance (TA) "Capacity Building Support AA "is prepared.				Audit Authority for EU Funds	General Secretariat of the Government

TO IMPROVE IRREGULARITY MANAGEMENT, ANTIFRAUD COORDINATION AND COOPERATION AND PROTECTION OF FINANCIAL INTERESTS OF THE EUROPEAN UNION												
MEASURE 15	RESULT	ACTIVITY	TIMEFRAME	INDICATORS (with Initial and Targeted Values)	ACTIVITY STATUS			IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
					completed	Achievement by the activity, along with a link to a document / attached document	The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities			
					partially completed							
					not completed							
15.1 The appropriate legislative framework for a PIFC compliant Financial Inspection in place	Conduct an assessment of the current legislative framework for the Budget Inspection in order to identify and plug the gaps to ensure full functionality of the Budget Inspection line with the EU requirements and SIGMA recommendations	2 nd quarter 2016	Number of legislative acts prepared and adopted BV: 0 TV: TBD (2016)	not completed		Waiting for the final EK report and SIGMA recommendation	Obtaining the final report EK and recommendations from SIGMA	4th quarter 2016	MoF / Division for controlling public funds / Budget Inspection			
	Prepare and adopt changes to the applicable legislative acts in order to enable a full legal mandate for the Budget Inspection to carry out its scope of competency	4th quarter 2016		partially completed								

TO IMPROVE IRREGULARITY MANAGEMENT, ANTIFRAUD COORDINATION AND COOPERATION AND PROTECTION OF FINANCIAL INTERESTS OF THE EUROPEAN UNION											
MEASURE 15	RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
					completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
					partially completed						
					not completed						
15.1 The appropriate legislative framework for a PIFC compliant Financial Inspection in place	Preparation and adoption of a Road Map for integrating the Budget Inspection for National Budget Funds and the AFCOS Group for EU funds	4 th quarter 2017	Road Map prepared and adopted BV: 0 TV: 1 (2017)				Road Map is under preparation	4 th quarter 2017	MoF / Departement for control of Public Funds / Budget Inspection/ AFCOS		
15.2 Improved capacities of the Budget Inspection to carry out the activities within its legal mandate	Ensure the appropriate number of competent staff for executing Inspection Services	4 th quarter 2017	Increase in number of staff employee and trainings BV: TBD in 2016 TV: 100% (2017)			In accordance with the number of systematized possitons in the second quarter of 2016, one inspector is employed. Trainings are conducted on a regular basis.		4 th quarter 2017	MoF / Departement for control of Public Funds / Budget Inspection/		

TO IMPROVE IRREGULARITY MANAGEMENT, ANTIFRAUD COORDINATION AND COOPERATION AND PROTECTION OF FINANCIAL INTERESTS OF THE EUROPEAN UNION											
MEASURE 15	RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
					completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
					partially completed						
					not completed						
15.3 Improved capacities of the Anti-Fraud Coordination Services (AFCOS) for performing administrative checks of Irregularity Signals (continued)	Preparation of Operational Procedures for conducting administrative checks of Irregularity signals related to EU funds assistance	3 rd quarter 2016	New Operational Procedures developed BV: 0 TV: 1						MoF / Departement for control of Public Funds/ AFCOS		
	Increase the number of staff at the AFCOS Group	2 nd quarter 2016	Increased number of staff BV: 2 TV: 5		The number of employees increased, in accordance with the number of systematized positions.						

MEASURE 15	TO IMPROVE IRREGULARITY MANAGEMENT, ANTIFRAUD COORDINATION AND COOPERATION AND PROTECTION OF FINANCIAL INTERESTS OF THE EUROPEAN UNION										
	RESULT	ACTIVITY	TIMEFRAME	INDICATORS (with Initial and Targeted Values)	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
					completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
					partially completed						
not completed											
15.3 Improved capacities of the Anti-Fraud Coordination Services (AFCOS) for performing administrative checks of Irregularity Signals (continued)	Preparation and endorsement of an Administrative Cooperation Arrangement (ACA) between the Ministry of Finance and OLAF	1 st quarter 2016.	ACA endorsed BV: 0 TV: 1	not completed			Draft Agreement prepared and submitted for comments to OLAF.	4 th quarter 2016.	MoF / Departement for control of Public Funds / AFCOS		

MEASURE 15	TO IMPROVE IRREGULARITY MANAGEMENT, ANTIFRAUD COORDINATION AND COOPERATION AND PROTECTION OF FINANCIAL INTERESTS OF THE EUROPEAN UNION										
	RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
					completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
					partially completed						
not completed											
15.4 Anti-Fraud Strategy adopted	Preparation, consultation and adoption of a national Anti-Fraud Strategy in line with the accession requirements under Chapter 32	2 th quarter 2016	Anti-Fraud Strategy adopted BV: 0 TV: 1(2017)	not completed			Preparation of the final draft of the Strategy is ongoing.	4 th quarter 2016	MoF / Departement for control of Public Funds / AFCOS		

MEASURE 16											TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	STATUS OF ACTIVITIES	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR			LEADING INSTITUTION	PARTNER INSTITUTION											
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities													
				partially completed																	
				not completed																	
16.1 The coverage and quality of budget execution and fiscal reports improved	Extend the coverage of the FMIS system on a step-by-step basis to IBBs, including them in the accounting and reporting framework	1 st quarter 2018	<p>Indirect Budget Beneficiaries included in the FMIS system</p> <p>TV: Courts, public prosecutors and judicial institutions included (beginning of 2016)</p> <p>Prisons, cultural institutions included (2017)</p> <p>Social protection institutions (2018)</p>		<p>Inclusion of the judicial authorities (courts and public prosecutors) in the FMIS system is made as of 01.01.2016. (Total: 247 users). Perform the necessary pre-activity for inclusion of planned indirect beneficiaries to the FMIS system from 01/01/2017.</p>				MoF/ Treasury administration	Indirect budget users											

MEASURE 16											TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS			Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION									
				completed	partially completed	not completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities											
16.1 The coverage and quality of budget execution and fiscal reports improved(continued)	Develop and fund a treasury developed roll out plan to ensure that IBBs have sufficient Information and Communications Technology (ICT) hardware, training and oversight arrangements to operate in the FMIS.	1 st quarter 2018	Indirect Budget Beneficiaries included in the FMIS system TV: Courts, public prosecutors and judicial institutions included (beginning of 2016) Prisons, cultural institutions included (2017) Social protection institutions (2018)								MoF/Tresory administration	Indirect budget users									

MEASURE 16 TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING

RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
16.1 The coverage and quality of budget execution and fiscal reports improved(continued)	Analyze and align in-year reporting requirements and practice with best practices for budget transparency.	4 th quarter 2017							MoF/Tresory administration	

MEASURE 16											TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION											
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities													
				partially completed																	
				not completed																	
16.1 The coverage and quality of budget execution and fiscal reports improved(continued)	Review and modify the reporting details used for in-year and year-end budget execution reports (including reporting on program budget execution when applicable).	4 th quarter 2017	Indirect Budget Beneficiaries included in the FMIS system TV: Courts, public prosecutors and judicial institutions included (beginning of 2016) Prisons, cultural institutions included (2017) Social protection institutions (2018)						MoF/Tresory administration	Indirect budget users											

MEASURE 16	TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
16.2. Financial monitoring and reporting of public enterprises improved	Prepare and publish a consolidated report on Public Enterprises	1 st quarter 2017	Percentage of PU included in consolidated report BV: TBD (2015)TV: TBD (2018)						MoF/Budget Department/	
	Gradual systematic extension of financial monitoring and reporting of Public Enterprises to the maximum possible extent	4 th quarter 2018							MoF/Budget Department	

MEASURE 16 TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
16.3 Monitoring and reporting on arrears improved	Issue a circular reminding to all budget users of their responsibility to record contracts as they are signed on the RINO and the FMIS systems.	2 nd quarter 2016	Number of contracts entered vs payment order BV: No contracts entered (2015) TV: All contracts entered (2016)		Circular reminder is sent to all budget users of their responsibility to record in the RINO system obligations in accordance with the Law				Tresory Administration	MoF

MEASURE 16 TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
16.3 Monitoring and reporting on arrears improved	Review and strengthen the penalty arrangements for failure to implement prescribed financial controls.	4 th quarter 2016			By Amendment of the Law of settlement of financial obligations in commercial transactions, the competence of supervision over the implementation of the Law, was transferred from Department for financial system to Tax Administration (detailed in the narrative part of the Report)				Department for Financial System / Tax Administration	

MEASURE 16	TO IMPROVE COVERAGE AND QUALITY OF BUDGET EXECUTION REPORTING									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
16.3 Monitoring and reporting on arrears improved(continued)	Extend the RINO system to include public-to-public transactions, and harmonize the coverage and definitions	1 st quarter 2016	Number of contracts entered vs payment order BV: No contracts entered (2015) TV: All contracts entered (2016)	completed	In accordance with the Law of settlement of financial obligations in commercial transactions, RINO system has been extended so that it applies to transactions between public sector entities as of 01.01.2016. Supervision over the implementation of the Law is done by Section for Budget Inspection				Treasury Administration	MoF

MEASURE 17										
MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendations	Expected time for implementation of activities		
				partially completed						
				not completed						
17.1 Completeness and coverage of accounting information improved through the implementation of Accrual Accounting based on IPSAS standards	Establish a government sector accounting standard setting council.	2 nd quarter 2016	Government sector accounting standard setting council established BV – 0 TV - 1 Gap Assessment Report prepared BV – 0 TV - 1		Draft decision on the establishment of the Commission for the introduction of international accounting standards in the state sector is prepared. As the basis for the establishment of the Commission, proposal of text amendments to the Law on the budget system is prepared.	Technical Government	Decisions on the composition and establishment of the Commission . Amendments to the Law on Budget System	4 th quarter 2016 or 1 st quarter 2017	Treasury Administration	MoF
	Develop a gap analysis between current accounting practices and accrual IPSAS.	2 nd quarter 2016	Road Map Prepared BV – 0 TV - 1 Number of laws and bylaws adapted BV – 0 TV - 6		Analysis prepared within the IMF technical assistance report					

MEASURE 17										
MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
17.1 Completeness and coverage of accounting information improved through the implementation of Accrual Accounting based on IPSAS standards(continued)	Preparing a realistic road map towards full accrual accounting in the government sector	2 nd quarter 2016	Government sector accounting standard setting council established BV – 0 TV - 1	completed	Roadmap prepared within the IMF technical assistance report. The IMF report from , July 2016, recommended that the Government formally adopts the road map for the transition to accrual accounting.		Adoption of the roadmap by the Government	4 th quarter 2016	Tresory Administration	MoF
	Revise regulatory framework for compliance with accrual accounting standards throughout government.	4 th quarter 2020	Gap Assessment Report prepared BV – 0 TV - 1 Road Map Prepared BV – 0 TV - 1 Number of laws and bylaws adapted BV – 0 TV - 6							

MEASURE 17										
MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continued	Prepare pro forma financial statements for 2015 in compliance with IPSAS for Central Government	2 nd quarter 2016	Pro – forma financial statements prepared BV – 0 TV - 5	completed	Prepared "pro forma" financial report for the RS budget in line with IPSAS cash basis standards				Tresory Adminstratin	MoF
	Prepare accounting policies in compliance with IPSAS 1,2,3, 5, 14, 24	4 th quarter 2016	Accounting policies prepared BV – 0 TV - 6							

MEASURE 17										
MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continued	Prepare for the year 2016: - financial statements for central government only in compliance with IPSAS 1, 2 - consolidated cash flow statement (i.e. including central government's controlled entities: DBBs, IBBs, EBFs, SOEs, social funds and health	2 nd quarter 2017	Financial statements and consolidated statements prepared BV – 0 TV - 2						Tresory Administration	MoF

MEASURE 17										
MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continued	Prepare for the year 2017: - financial statements for central government only in compliance with IPSAS 3, 5, 14, 24 incl. previous - consolidated cash flow statement	2 nd quarter 2018	Financial statements and consolidated statements prepared BV – 0 TV - 2						Tresory Administration	MoF
	Prepare accounting policies in compliance with IPSAS 9, 12, 20, 23, 25, 32	2 nd quarter 2018	Accounting policies prepared BV – 0 TV - 6							

MEASURE 17										
MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continued	Prepare for the year 2018: - financial statements for central government only in compliance with IPSAS 4, 19, 28, 29, 30, 36, 37, 38 incl. previous - consolidated cash flow statement	2 nd quarter 2019	Financial statements and consolidated statements prepared BV – 0 TV - 2						Tresory Administration	MoF

MEASURE 17										
MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
Continued	Prepare accounting policies in compliance with IPSAS 13, 16, 17, 18, 21, 22, 26, 27, 31, 33, 34, 35	2 nd quarter 2019	Accounting policies prepared BV – 0 TV - 12						Tresory Administration	MoF
	Prepare for the year 2019: - financial statements for central government only in compliance with 9, 12, 20, 23, 25, 32 incl. previous - consolidated cash flow statement	2 nd quarter 2020	Financial statements and consolidated statements prepared BV – 0 TV - 2							

MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING											
MEASURE 17	RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
					completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
					partially completed						
					not completed						
Continued	Prepare for the year 2020 (first-time compliance with all IPSASs): - consolidated financial statements in compliance with IPSAS 13, 16, 17, 18, 21, 22, 26, 27, 31, 33, 34, 35 incl. previous - separate financial statements	end of 2020	Financial statements and consolidated statements prepared BV – 0 TV - 2						Tresory Administration	MoF	

MOVING GRADUALLY AND SYSTEMATICALLY TOWARDS ACCRUAL BASIS ACCOUNTING											
MEASURE 17	RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
					completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
					partially completed						
					not completed						
Continued	Improvement of accounting solution in FMIS and other IT systems to support accrual accounting	1 th quarter 2017	Accounting solution support accrual accounting BV – not supporting TG – supporting accrual accounting							Tresory Administration	MoF
	Provide capacity building for accounting staff for the transition to Accrual Accounting	4 th quarter 2020	Number of accounting staff trained BV: 0% TV: 100%								

MEASURE 18	TO STRENGTHEN COVERAGE AND QUALITY OF EXTERNAL AUDIT									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
18.1 The State Audit Institution (SAI) carries out financial, compliance and performance audits as mandated by the Law and in line with the ISSAIs standards	Strengthening the external audit function in terms of reviewing and implementing the right mix of number of staff, their professional training and adopted methodology applying the computer assisted audit tools (CAATs), in order to increase audit productivity and coverage.	4th quarter of 2020	<i>IV: number of Audit products 173 (2015)</i> <i>products to TV: (2016): 188</i> <i>TV: (2017): 231</i> <i>TV: (2018): 247</i> <i>TV: (2019): 250</i> <i>TV: (220): 253</i>		In December 2015 SAI adopted Audit Program for 2016, which is in the implementation phase. The list of audite entities has been expanded (details in the narrative part of the Report)		Implementation of the SAI Strategic Plan for the period 2016-2020 and implementation of the Human Resource Plan.		SAI	Technical assistance GIZ within the project "The reform of public finances"

MEASURE 18	TO STRENGTHEN COVERAGE AND QUALITY OF EXTERNAL AUDIT									
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
18.2 Links between the budget process and final accounts audits improved	Analyze moving the deadline for submission of the draft Law on Final Account of the Budget of Republic of Serbia forward in the year to provide audit input earlier in the budget process to increase the time available for the SAI to audit the draft Law on Final Account of the Budget of Republic of Serbia.	4 th quarter 2017	The Budget System Law amended (2017)		The activity is not a direct responsibility of DRI, but it is initiated to the technical mission of the IMF for the purposes of amendments to the Law on Budget System in part related to the deadlines for the submission of the Draft Law on the execution of the budget of RS (more detail in the narrative part of the Report)				MoF/Budget Department	

MEASURE 18	TO STRENGTHEN COVERAGE AND QUALITY OF EXTERNAL AUDIT										
	RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
completed					The reasons of discrepancies from the plan		Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities			
				partially completed							
				not completed							
18.3 Internal quality control and quality assurance function within the SAI fully developed and operational	Sector for Audit Methodology and Quality Control which should be appropriately staffed and operational.	4th quarter 2017	Percentage of staff positions within sector for audit methodology and quality control BV (2015): 25% TV (2016): 75% TV (2017): 100% Number of who attended introductory training for quality control BV (2015): 0 TV (2016): 6 TV (2017): 8 Adopted internal Guidelines for quality insurance based on ISSAIs		In April 2016 , Supreme State Auditor in the Department of audit methodology and quality control was appointed. The sector, which currently has three employee passed all internal trainings organized by SAI.					SAI	

MEASURE 18	TO STRENGTHEN COVERAGE AND QUALITY OF EXTERNAL AUDIT										
	RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
completed					The reasons of discrepancies from the plan		Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities			
				partially completed							
				not completed							
18.4 Systemic follow-up of implementation of audit recommendations improved	Establishing a database of audit recommendations, facilitating the identification of systemic issues and enhancing the information basis for parliamentary oversight over the executive	3rd quarter 2018	Public registry of audit recommendations introduced BV (2015): 0 TV (2016): 1		SAI established a monitoring audit database that contains the data on completed audits. To enable the use of this database for the establishment of a database on the audit recommendations, the existing database is filled with audit data from previous years and the current audit. Also, analysis of its functioning for future improvements is made.					SAI	

MEASURE 19										
TO STRENGTHEN PARLIAMENTARY SUPERVISION OVER PUBLIC FINANCES										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	STATUS OF ACTIVITIES	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
19.1 Proper parliamentary oversight function ensured	Making the necessary organizational arrangements to deliberate external audit work and establishing clear written procedures for deliberation and taking action for Committee for Finance, State Budget and Control of Public Spending	3th quarter 2016	Procedure for deliberation of audit reports developed and adopted BV: 0 (2015) TV:1 (2016)		Subcommittee to consider the report of audit activity of the SAI was established, as working body, which is responsible for preparing draft decisions which will define clear procedures for reviewing audit reports (detailed in the narrative part of the Report)				The Committee on Finance, State Budget and Control of Public Spending of the National Assembly	SAI

MEASURE 19										
TO STRENGTHEN PARLIAMENTARY SUPERVISION OVER PUBLIC FINANCES										
RESULT	ACTIVITY	TIMEFRAME	INDICATORS	ACTIVITY STATUS	Achievement by the activity, along with a link to a document / attached document	IF THE ACTIVITY IS NOT COMPLETED IN PRESCRIBED TIMEFRAME, OR IT WAS STARTED			LEADING INSTITUTION	PARTNER INSTITUTION
				completed		The reasons of discrepancies from the plan	Key milestones necessary to implement the activity, with recommendation	Expected time for implementation of activities		
				partially completed						
				not completed						
19.1 Proper parliamentary oversight function ensured(continued)	Organize meetings of the Committee for Finance, State Budget and Control of Public Spending in the form of hearing for discussion of audit reports	3th quarter 2017	Number of hearings on the findings documented in the SAI audit report BV 2016: 0 TV 2017: 1 TV 2018: 2 TV 2019: 3 TV 2020: 4		Subcommittee to consider the report of the audit activity of the SAI was established, as working body, which is responsible for preparing draft decisions which will define clear procedures for reviewing audit reports (detailed in the narrative part of the Report)				The Committee on Finance, State Budget and Control of Public Spending of the National Assembly	SAI