

**Decree No 151 of July 16, 2012 ,  
on the adoption of the Rules of Organization and Procedure of State Fund Agriculture**

THE COUNCIL OF MINISTERS  
DECREES:

**Single Article.** Adopts the Rules of Organization and Procedure of State Fund Agriculture

Prime Minister: **Boyko Borisov**  
Secretary General of the Council of Ministers: **Rosen Zhelyazkov**

**RULES OF ORGANIZATION AND PROCEDURE  
OF  
STATE FUND AGRICULTURE**

**Chapter One  
GENERAL PROVISIONS**

**Art. 1.** These Rules govern the organization and operation of State Fund Agriculture, hereinafter referred to as “the Fund”, as well as the functions of its organizational units.

**Art. 2. (1)** The Fund is a legal entity with Headquarters in Sofia. The Fund is a public institution operating with an off-budget account.

(2) The Fund:

1. performs the functions of a Paying Agency from the date of issue of the accreditation act;
2. allocates tied loans and provides state aid in the field of agriculture with funds from the national budget;
3. performs the functions of SAPARD Agency, in accordance with the Multi-Annual Financing Agreement (MAFA);
4. performs the functions of a Certifying Body under the Operational Program for the Bulgarian Fisheries Sector;
5. performs the functions under Council Regulation (EC) 485/2008 on scrutiny by Member States of transactions forming part of the system of financing by the European Agricultural Guarantee Fund (EAGF).

**Art. 3.** The Fund operates according to the principles of lawfulness, transparent and effective management, accessibility, responsibility and coordination.

**Chapter Two  
MANAGEMENT  
Section I  
General Provisions**

**Art. 4.** The Fund’s managing bodies are:

1. Managing Board;
2. Executive Director.

**Section II  
Managing Board**

**Art. 5. (1)** The Managing Board consists of 11 members.

(2) The Minister of Agriculture and Food is a member by right and chair of the Board.

(3) The Executive Director is a member of the Board by right.

(4) Four members are appointed by the Minister of Agriculture and Food. The Minister of Finance, Minister of Economy, Energy and Tourism, Minister of Environment and Waters, Minister of Labour and Social Policy and Minister of Regional Development and Public Works each nominate one of their deputies to the Board.

(5) The members of the Managing Board have equal rights and obligations and are responsible for the management of the Fund.

**Art. 6. (1)** The Managing Board sets the main guidelines and performs the general governance and control of the Fund’s activities, in accordance with the applicable national and EU legislation.

(2) The Managing Board:

1. elects the Executive Director upon proposal by the Minister of Agriculture and Food and with the approval of the Prime Minister;
2. determines the number of deputy executive directors of the Fund, elects them and decides on their spheres of competence;
3. sets out the terms and procedures for administration of the Fund’s resources, in line with state aid regulations, as follows:
  - a) establishes rules for provision of loans, guarantees and subsidies;
  - b) adopts programmes for implementation of the Fund’s activities, pursuant to Art. 12 of the Agricultural Producers Support Act (APSA), and guidance on their realization;
  - c) decides on signing agreements with local commercial banks under Art. 16 of APSA;
4. takes decisions on setting up credit panels at national and regional level, and determines their members and powers;

5. determines the powers of the Executive Director for taking decisions on the signing of contracts for granting state aid to agricultural producers;
6. takes decisions on donation, management and lease of the fixed tangible assets of the Fund;
7. adopts the annual report on the Fund's activities;
8. adopts the draft of and the report on the annual chart of accounts;
9. exercises control on the appropriate spending of the Fund's resources for state aid;
10. sets quota for production of sugar and quota for production of isoglucose under Art. 10g APSA;
11. adopts rules of procedure of the Fund;
12. takes decisions on any other issue concerning the Fund's operation, if provided for by a legal act or considered necessary.

(3) For the purpose of implementing the Multi-Annual Financing Agreement between the European Commission on behalf of the European Community and the Republic of Bulgaria (Special Pre-Accession Programme for Agriculture and Rural Development in Bulgaria – SAPARD) (publ. SG No 90 of 2001; amended and supplemented SG No80 of 2002, SG No 57 and 91 of 2003, SG No 60 and 65 of 2005 and SG No 52 of 2006), hereinafter referred to as the "Multi-Annual Financing Agreement", the Managing Board, as the managing body of the SAPARD Programme:

1. collects information on the monitoring and assessment of the Programme and reports it to the Monitoring Committee and the European Commission (EC);
2. is responsible for the effective and precise coordination and reporting of the abovementioned monitoring and assessment of the Programme;
3. develops a system for gathering of financial and strategic information regarding the progress of the Programme and forwards this information to the EC;
4. draws up a programme implementation report and after receiving the approval of the Monitoring Committee sends it to the EC;
5. is in charge of informing the relevant national authorities about necessary administrative changes, when these changes are required by virtue of an EC decision for modification and supplementation of the Programme;
6. annually consults and informs the EC, after discussions with the Monitoring Committee, about ongoing and forthcoming initiatives for informing the public about the Community's role in the Programme and its results;
7. guarantees, together with the SAPARD Agency, the effective monitoring of the Programme implementation and reports to the Monitoring Committee;

**Art. 7.** The members of the Managing Board must not disclose any official or commercial secret of the Fund or its contractors, including loan receivers, which has come to their knowledge therefrom.

**Art. 8.** (1) The meetings of the Managing Board are convened by the chair. The chair of the Managing Board convenes meetings when necessary, at least once every three months.

(2) The meeting of the Managing Board is considered regular, if attended by at least 2/3 of its members personally.

(3) The decisions of the Managing Board are taken by open vote with a majority of 2/3 of its members. The members cannot authorize other persons to represent them.

(4) Minutes are kept for each meeting of the Managing Board and they are signed by all attending members.

**Art. 9.** The chair of the Managing Board:

1. convenes and chairs the meeting of the Board;
2. approves the agenda of the meeting;
3. appoints a member of the Board to act as a chair in his/her absence;
4. in his/her capacity of Minister of Agriculture and Food proposes to the Board to elect an Executive Director, after the approval of the Prime Minister;
5. in his/her capacity of Minister of Agriculture and Food signs an employment contract with the Executive Director of the Fund;
6. in his/her capacity of Minister of Agriculture and Food, in coordination with the Minister of Finance, submits to the Council of Ministers within the set deadlines the annual chart of accounts for approval, as well as any changes therein;
7. by 30 April submits to the Council of Ministers a report on the Fund's operation during the previous year;
8. in his/her capacity of Minister of Agriculture and Food, submits the annual report on the work of the Paying Agency to the Council of Ministers for approval.

### Section III

#### Executive Director

**Art. 10.** The Executive Director:

1. represents the Fund;
2. organizes and manages the activities of the Fund in performing all his/her functions pursuant to Art. 2, paragraph 2;
3. implements the decisions of the Managing Board;
4. ensures the management and preservation of the Fund's property;
5. annually draws up and presents to the Managing Board a report on the Fund's operation in the previous year;
6. by 31 March draws up and submits to the Minister of Agriculture and Food an annual report on the work of the Paying Agency;
7. takes decisions for approval or rejection of projects under the schemes and measures for support within the Common Agricultural Policy (CAP), applied by the Paying Agency;
8. approves the structure of the administrative units and the positions and nominal staff sheets;
9. exercise the functions of an appointing authority regarding the civil servants and of an employer in respect of the officials working under service contracts in the administration of the Fund;
10. signs contracts with the members of the credit panels, which are not in service or employment relations with the Fund;
11. approves the rules of procedure of the organizational units of the Fund;

12. issues Internal Rules for protection of the data in the integrated information system under Art. 30, paragraph 5 of APSA;
13. organizes, coordinates, manages and controls all activities, which support and accompany the core activity of the Fund;
14. periodically submits reports and information on the Fund's operation to the Managing Board;
15. determines the Fund's officials in charge of carrying out inspection under Art. 10(i), paragraph 2 of APSA and issuing acts of infringements pursuant to Art. 50, paragraph 1 of APSA;
16. performs other functions assigned by law, in respect of the Fund's operation;
17. determines by an order the subordination of the directorates in the specialized administration at the Headquarters;
18. handles all issues falling outside the exclusive competence of the Managing Board;
19. The Executive Director immediately notifies the chair of the Managing Board about new circumstances considered significant for the operation of the Fund.

**Art. 11.** (1) The Executive Director can delegate by an order some of the powers assigned to him/her by the Managing Board, with regard to taking decisions and/or signing contracts for financial support, to the deputy executive directors and to the directors of regional offices of the Fund.

(2) The Executive Director can delegate by an order the powers assigned to him/her by the EU or national legislation, including decision-making, opinion on submitted applications and/or signing of financing contracts, to the deputy executive directors and to the directors of the regional offices of the Fund, depending on their territorial competence.

(3) In the absence of the Executive Director, a duly authorized by him/her deputy executive director acts as such within the scope of the powers explicitly assigned to the latter.

### **Chapter Three**

## **ORGANIZATION**

### Section I

#### **General provisions**

**Art. 12.** (1) The Fund is organized in Headquarters and in 28 regional offices.

(2) The total number of officials in the organizational units of the Fund is 1600 regular positions.

(3) The distribution of the total number under paragraph 2 is specified in the Appendix to these Rules.

(4) The administration of the Headquarters is organized in 7 general administration directorates, 10 specialized administration directorates, financial controllers, information security officer, Internal Audit Directorate, Integrated Administration and Control System (IACS) Unit, Inspectorate, Certification of Expenditure under the Operational Programme for the Bulgarian Fisheries Sector Unit.

### Section II

#### **Deputy Executive Directors**

**Art. 13.** (1) The deputy executive directors assist the Executive Director in the performance of his/her functions and are directly responsible for the respective organizational units and activities, in accordance with their sphere of competence, determined by a decision of the Managing Board.

(2) The deputy executive directors are in charge of the respective tasks of the territorial structures of the Fund, in compliance with their spheres of competence.

(3) The deputy executive directors act as Executive Director under the terms and conditions of Art. 11.

(4) The authorization of the deputy executive directors by name and sphere of competence under paragraph 1 is made through an order of the Executive Director.

(5) If absent, a deputy executive director is replaced by another deputy executive director pursuant to an explicit order of the Executive Director of the Fund.

(6) The deputy executive directors perform all other functions and tasks specified in their job descriptions.

(7) The assignment of a sphere of competence to each deputy executive director under paragraph 1, as well as any change therein, aiming at improvement of the Fund's operation, must guarantee that the accredited rules and procedures of the SAPARD Programme and the Paying Agency will not be modified so as to lead to national accreditation.

### Section III

#### **Secretary General**

**Art. 14.** (1) The Secretary General carries out the administrative management of the Fund administration in execution of the laws.

(2) The Secretary General manages, coordinates and controls the functioning and operation of the administration, as follows:

1. coordinates the operational relations of the Fund with the administration of the Council of Ministers, the Ministry of Agriculture and Food, the Ministry of Interior, other ministries and administrative structures and non-governmental organizations;

2. handles the coordination between the organizational units of the Fund;

3. organizes the update of the internal acts of the Fund in line with amendments to the applicable legislation and the decisions of the Managing Board;

4. organizes and coordinates the drawing up of statements, reports, information materials, report notes and inquiry replies by the organizational units of the Fund;

5. controls the document flow by monitoring the movement of documents and ensures the keeping of deadlines set in the decisions of the Managing Board and the orders of the executive director of the Fund;

6. coordinates and controls the management of human resources in the Fund;

7. coordinates and controls the maintenance and management of the Fund's property;

8. performs other functions, assigned to him/her by the executive director.

#### Section IV Information security officer

**Art. 15.** (1) The information security officer is directly subordinated to the executive director of the Fund and implements the tasks, assigned to him/her by virtue of the Classified Information Protection Act (CIPA) and its implementing acts.

(2) The information security officer:

1. organizes and monitors the implementation of CIPA provisions and other legal acts and applies the rules for the levels of protection of classified information;
2. controls the fulfillment of the security requirements for the automated information system and the activities related to the cryptographic protection of classified information;
3. develops a plan for protection of classified information by physical and technical means and monitors its implementation;
4. makes regular checks of the records and flow of materials and documents containing classified information, as well as keeps a register of all cases of unauthorized access and measures taken;
5. organizes and implements the clearance procedure for access to classified information and keeps a register of screened persons;
6. develops and updates a plan for protection of classified information in times of war, martial law or other extraordinary conditions;
7. organizes and implements the training of Fund officials in protection of classified information.

#### Section V Internal audit directorate

**Art. 16.** (1) The Internal Audit Directorate is a functionally independent unit, separate from the other organizational units in the Fund, which operates under the Public Sector Internal Audit Act (PSIAA), the internationally recognized standards of professional practice in internal auditing and the standards of internal audit in the public sector. The function of the directorate involves independent and impartial assessment for providing assurance and consulting, intended to benefit and improve the operation of the Fund. The directorate helps the organization achieve its goals through applying a systematic and disciplined approach for evaluation and improvement of the effectiveness of the processes of risk management, control and management.

(2) The Internal Audit Directorate is administratively directly subordinated to the executive director.

(3) The Internal Audit Directorate makes internal audit of all structures, programmes, activities and processes in the Fund related to financing of registered agricultural producers with state aid, SAPARD funds and aid under the European Agricultural Fund for Rural Development (EAFRD), European Agricultural Guarantee Fund (EAGF) and European Fisheries Fund (EFF), as well as structures, activities and processes concerning the general administration.

(4) The Internal Audit Directorate:

1. plans, executes and reports on the internal audit work in line with the provisions of PSIAA, the Multi-annual Financing Agreement concerning the implementation of the SAPARD Programme in the Republic of Bulgaria, international auditing standards, EU legislation, the code of conduct of internal auditors, the internal audit charter and the methodology for internal audit in the public sector approved by the Minister of Finance;
2. on the basis of risk analysis develops a 5-year strategic plan and an annual plan of activities, which are approved by the executive director;
3. draw up an audit plan for each audit engagement, containing the scope, objectives, duration and distribution of resources for its implementation, the audit approach and techniques, the type and volume of inspections;
4. submits to the executive director with an independent and impartial evaluation of the state of the audited systems for financial management and control;
5. evaluates the processes of risk identification, assessment and management, introduced by the executive director;
6. checks and evaluates: conformity with the legislation, internal acts and contracts; reliability and comprehensiveness of financial and operational information; the established organization for security of assets and information; the effectiveness, efficiency and cost-effectiveness of activities; implementation of tasks, contracts, commitments and achievement of objectives;
7. assists the executive director at the request of the latter, by advising, providing training etc. for the purpose of improving the processes of risk management and control, without assuming managerial responsibility thereof;
8. reports to and discusses with the executive director and heads of the audited units the results of each completed audit engagement and submits an audit report;
9. gives recommendations in audit reports about the improvement of the adequacy and effectiveness of financial management and control systems, assist the executive director in developing action plans and makes follow-up of the implementation of recommendations;
10. draws up and submits to the executive director an annual report on the internal audit pursuant to art. 40 of PSIAA;
11. ensures the enhancement of the professional qualification of internal auditors and establishes relations with the internal audit units in public sector organizations with the aim of exchanging good practices;
12. assesses whether the internal control activities and procedures in the Fund are adequate against fraud or unauthorized obtaining of funds under the national support schemes, the SAPARD Programme and the EU funds related to CAP.

#### Section VI Integrated administration and control system unit

**Art. 17.** (1) The Integrated Administration and Control System unit is directly subordinated to the executive director and is a functionally independent structure, which maintains and develops the services provided by the integrated information system for administration of the

financing from EU funds related to CAP and CFP. The unit is responsible for the set up, maintenance and control on the application of rules and procedures for implementation of the abovementioned activities.

(2) The Integrated Administration and Control System unit performs the following tasks:

1. identifies the need and draws up proposals for update and upgrade of the system through: scope expansion by upgrading existing modules and functions and adding new ones, establishment of links and data integration with registers of external systems, integration with the established connections with users etc.;
2. jointly with the officials in the specialized administration of the Fund analyzes, prioritizes and summarizes the received requests for modifications;
3. introduces changes in the system or assigns this to an external body;
4. controls the activities related to introduction of changes and the quality of their implementation and takes measures in case of irregularities;
5. performs the operational tasks concerning the organization and management of contracts with external contractors of outsourced activities;
6. documents the process of system modification;
7. monitors and analyzes the capacity of the system, draws up proposals for module improvement as regards user interface, links between registers, options for automated control;
8. prepares regular reports for the executive director concerning the functioning of the system, the use of the individual modules, and makes proposals for their improvement;
9. writes and maintains instruction manuals for operation of the integrated system; maintains and stores the exploitation documentation of IACS;
10. monitors, controls and manages the access of users to the Integrated Administration and Control System;
11. organizes the coordination with all support teams of the system and users of IACS services in and outside State Fund Agriculture.

## Section VII

### Financial Controllers

**Art. 18.** (1) The financial controllers are independent from the other organizational units in the Fund.

(2) The financial controllers:

1. perform preliminary control with regard to the legality of all documents and activities related to the financial functions of the Fund – headquarters, in conformity with the instructions of the Minister of Finance;
2. take part in the organization, set up and functioning of the financial management and control systems;
3. assist the decision-making process of the executive director by giving opinions and recommendations.

## Section VIII

### Inspectorate

**Art. 19.** (1) The inspectorate is an independent unit in the structure of the Fund, which is directly subordinated to the executive director and is in charge of the administrative control.

(2) The work of the inspectorate aims at full and detailed clarification of the inspected cases and proposal of measures for their solution for the purpose of:

1. prevention and correction of infringements in the functioning of the administration;
2. independent and impartial evaluation of the activities of the administration;
3. improvement of the functioning of the administration.

(3) The inspectorate operates in accordance with internal rules approved by the executive director.

(4) The inspectorate:

1. executes complex, planned, thematic, extraordinary checks and follow-up of structures, activities and processes in the Fund;
  2. evaluates the corruption risk and proposes measures for its reduction;
  3. collects and analyzes information and carries out inspections for discovering infringements, corruption cases and ineffective work in the Fund;
  4. monitors the respect of laws, by-laws and internal acts on the organization of the work of Fund officials;
  5. proposes disciplinary procedure in case of discovered malpractice in office, as well as breaches of the Code of Conduct of public administration officials;
  6. carries out inspection of reports on illegal or wrongful acts or omissions on the part of Fund officials;
  7. exercises control and performs inspections under the Prevention and Disclosure of Conflicts of Interest Act (PDCIA);
  8. sends signals to prosecution authorities, when upon inspection it discovers data about committed crime;
  9. makes proposals for new acts or amendments to existing internal acts regulating the organization of work in the Fund;
  10. performs other functions related to administrative control, arising from legal acts or assigned by the executive director;
- (5) In executing their functions the inspectors have the right to demand documents, data, information and other information carriers from the inspected entities, which are necessary for the purposes of the inspection.
- (6) The inspectorate submits an annual activity report to the executive director.

## Section IX

### Certification of Expenditure under the Operational Programme for the Bulgarian Fisheries Sector Unit

**Art. 20.** The Certification of Expenditure under the Operational Programme for the Bulgarian Fisheries Sector Unit acts as the Certifying Body of the Operational Programme for the Bulgarian Fisheries Sector.

**Art. 21.** The Certification of Expenditure under the Operational Programme for the Bulgarian Fisheries Sector Unit is independent from the other organizational units in the Fund.

**Art. 22.** The Certification of Expenditure under the Operational Programme for the Bulgarian Fisheries Sector Unit:

1. prepares and sends to the European Commission certified statements of expenditure and applications for payments;
2. assures that the received information about the procedures and checks carried out with respect to expenditures, specified in the statements of expenditure, comprises an adequate basis for certification;
3. considers, for certification purposes, the results of all audits, carried out by or within the competences of the Audit Authority;
4. maintains the accounting records of expenditures in electronic form and declares them to EC;
5. keeps records of amounts due to be recovered and of refused amounts as a result of total or partial refusal of project financing;
6. certifies that:
  - a) the statements of expenditure are accurate, prepared by means of reliable accounting systems and based on traceable accompanying documents;
  - b) the declared expenditures conform with the applicable national legislation and Community regulations and are made in relation to the projects selected for financing in accordance with the criteria applicable to the programme and complying with national and EU legislation.

## Section X

### General administration

**Art 23.** The general administration of the Fund is organized in:

1. Human Resources Directorate;
2. Administrative and Economic Services Directorate;
3. Public Relations, Protocol and Coordination Directorate;
4. Public Procurement Directorate;
5. Fraud Prevention Directorate;
6. Law Directorate;
7. Information Technologies Directorate.

**Art. 24.** The Human Resources Directorate:

1. prepares and updates the position and nominal staff sheets;
2. organizes the process of appointment of officials, draws up all acts concerning the opening, modification and termination of service and employment relations of officials in conformity with the legislation in force;
3. opens, keeps and stores the service and employment dossiers of Fund officials;
4. organizes the work concerning the recruitment and selection of staff;
5. develops an annual plan for training, professional qualification and re-qualification of officials;
6. organizes the elaboration and update of job descriptions of Fund officials;
7. applies systems for performance appraisal, payment and promotion of Fund officials;
8. consults top officials and other officials in the Fund on issues related to human resources management;
9. organizes, administers and coordinates all activities concerning the management of human resources in the Fund;
10. assists the Fund management in the lawful application of the legal acts in the field of human resources;
11. prepares internal documents concerning the organization of work in the field of human resources management;
12. organizes and provides the overall administrative service of Fund staff in the field of human resources.

**Art 25.** Administrative and Economic Services Directorate:

1. provides transport services to Fund officials, representatives of international institutions and delegations in Sofia and the country in connection with the official functions of the Fund;
2. handles the technical maintenance of the Fund's car fleet;
3. organizes and controls the proper use of Fund vehicles, issues individual orders for using Fund vehicles, draws up reports on consumed fuel; submits the requests for using Fund vehicles for approval and prepares schedules for their use;
4. handles the administrative and economic activities in the Fund and the maintenance of the buildings thereof;
5. controls the good condition of the utility systems – lighting, heating, electricity, water supply;
6. organizes and controls the construction and repair works and makes proposals for elimination of disorders;
7. provides the necessary furniture and office materials;
8. controls the proper spending of funds for administrative and economic services;
9. controls the access to the Fund premises; the admission regime and the physical security;
10. handles the security and fire alarm systems;
11. monitors the fulfillment of obligations by external contractors with respect to rental, supply and service contracts signed with the Fund;
12. keeps a register of the fixtures in the Fund;
13. keeps a register of the concluded contracts for rental of real estate and own buildings;
14. organizes and implements the record-keeping, archiving and storage of the correspondence and documentation in compliance with the National Archive Fund Act, bylaws and internal acts regarding its implementation;
15. makes checks in the records and prepares certified copies of documents, kept in the archive of the record-keeping unit or the Fund;
16. handles the courier services in the headquarters of the Fund.

**Art. 26.** Public Relations, Protocol and Coordination Directorate:

1. implements the information policy of the Fund by planning and coordinating its realization, analyzes the information about the fund released in the mass media;

2. organizes the provision of information in compliance with the constitutional rights of the citizens; informs the public about the functions, programmes and activities of the fund;
3. organizes the participation of Fund officials in public events, provides methodological guidance and coordinates the relations of the organizational units of the Fund with the public;
4. works in coordination with the public relations units of the Council of Ministers, the Ministry of Agriculture and Food and other ministries and administrations;
5. executes administrative control and monitors the completion of tasks, assigned by resolution of the Executive Director, Deputy Executive Directors and General Secretary, within set deadlines,;
6. summarizes the information to be discussed by the Managing Board and prepares reports on implementation of its decisions;
7. makes and provides translation and interpreting, participates in the preparation of documents with international character, concerning the operation of the Fund;
8. handles the official correspondence of the Executive Director and organizes and coordinates the formal meetings of Fund representatives with external bodies and institutions.

**Art. 27. Public Procurement Directorate:**

- 1 organizes and coordinates the procedures for awarding public contracts;
2. plans public procurement on an yearly basis and draws up a schedule thereof;
3. prepares the documentation for participation in procurement procedures in accordance with the technical specifications of the object of procurement and specific requirements to bidders, submitted by the respective directorate concerned;
4. keeps a register of completed public procurement procedures;
5. is responsible for preparing and sending the information in accordance with the provisions of the Public Procurement Act (PPA);
6. organizes the signing of public contracts;
7. organizes the storage of procurement documentation until the completion of the tender procedure, as well as the subsequent submission of documentation in the archives of the Fund;
8. develops and submits for approval by the Executive Director of internal rules for procurement procedures of the Fund and monitoring of their implementation;
9. keeps an electronic register of procurement procedures under the PPA and a register of public contracts awarded by State Fund Agriculture;
10. represents the Fund in court proceedings related to completed procurement procedures pursuant to PPA;
11. expresses opinion and carries out activities on issues relating to the legality of procurement.

**Art. 28. (1)** The Fraud Prevention Directorate has powers in the field of prevention of potential wrongful disbursement of EU funds and national budget funds, as well as handling of cases of already granted aid to natural and/or legal persons who have applied for financing from the EU funds and the national budget.

**(2) The Fraud Prevention Directorate:**

1. carries out planned inspection based on risk analysis concerning criteria about misuse of funds from the EU and national budget;
2. carries out checks upon notification or suspicion of infringement and its consequences and undertakes the necessary action;
3. in case of suspected indictable offence the directorate draws up a justified opinion for the Executive Director on the necessity of notifying the competent authorities, prepares notifications and provides cooperation to these authorities;
4. analyzes the current information obtained in the line of duties, prepares a 6-month and annual report to the Executive Director and proposes measures for prevention of violations;
5. keeps and updates a central register of reported irregularities concerning misuse of national budget funds or European funds;
6. coordinates and controls the actions of the structural units in the Fund for fulfillment of requests by competent authorities relating to the investigation of reported fraud/irregularities;
7. makes proposals and gives opinion, recommendations and guidance for actions to be taken in case of discovered illegal activities which affect the financial interests of the Community and the national budget;
8. proposes to the Executive Director additional inspection checks in case of established infringements resulting from an error, negligence or deliberate breach of the rules for granting financial aid by Fund officials or organizational units.

**Art. 29. (1)** The Law Directorate exercises ex-ante, ongoing and ex-post control on the lawfulness of the acts and activities of the organizational units of the Fund

**(2)** The Law Directorate is responsible for the legal aspect of the Fund's functions for providing financial support from the national budget and the SAPARD Programme, as well as its functions as a Paying Agency, as follows:

1. draws up and provides legal opinion to the Executive Director of the Fund and to the organizational units;
2. takes part in the elaboration, amendment, supplementation and coordination of draft legal acts, and makes proposals thereon, in order to establish general binding legal provisions regulating the Fund's operation;
3. participates in the procedures for staff recruitment in the Fund, giving opinion on the lawfulness of acts related to the opening, modification and termination of employment relations;
4. represents the Fund in court;
5. takes necessary legal action to collect the amounts wrongly paid and overpaid in the form of state aid, SAPARD funding, payments under CAP and CFP schemes and measures from the EU and national budget, as well as the fines and other financial sanctions provided for by EU legislation;
6. facilitates and manages the organizational units of the fund in the performance of their duties by providing legal opinion to ensure their legitimate activity;
7. has the right to exercise ex-post control on the fulfillment of obligations by the organizational units of the Fund in respect of the legal aspect of the Fund's operation;

8. analyzes the information received in the line of duties and proposes changes in the programmes, principles and mechanisms of financial support, with a view to ensuring their lawfulness;
9. expresses legal opinion and performs activities on all issues concerning lawfulness in the implementation of the Fund's functions;
10. organizes the update of the internal regulations of the Fund in accordance with the adopted changes in the legislation and the decisions of the Managing Board;
11. monitors the changes in EU legislation applicable in the field of CAP and CFP, state aid and the SAPARD Programme and notifies the relevant structures of the Fund;
12. approves draft decisions, agreements, contracts, transactions and other documents relating to the Fund's activities, concluded on behalf of the Fund or with legal consequences for the Fund, prepared by the organizational units of the Fund;
13. approves in conformity with law individual administrative acts and contracts for aid under the CAP schemes measures applied by the Paying Agency.

**Art. 27.** (1) The Information Technologies Directorate (IT) is responsible for the implementation of the Fund's information strategy. It manages methodically all organizational units in the Fund as regards the use of information systems, computer and office equipment and communications and ensures the smooth performance of the major functions of the Fund. The directorate maintains the information systems, infrastructure and databases and monitors the observance of instructions on equipment operation and information security, as follows:

1. administers and maintains all computer systems, peripheral and communication equipment, software, databases, structured cable systems and electrical power backup of the computer equipment, integrated as the information infrastructure of the Fund and its units, in perfect working order;
2. participates in strategic planning processes in the field of information technologies in the Fund; it is responsible for the construction and operation of the corporate IT architecture and documents all changes therein;
3. to maintain the basic functions of the Fund, the Directorate provides all Fund officials with the necessary equipment, communications, software etc. in terms of the information technologies, implements planned prophylaxis and modifications of existing equipment and systems; it tests the changes before their implementation in the productive environment;
4. designs, sets up and introduces the internal IT infrastructure in accordance with the requirements for efficiency and draws up the network and communication strategies, plans and designs;
5. manages and coordinates the administrative units of the Fund in the field of the information technologies as well as the relations with external organizations concerning the information technologies;
6. is responsible for and controls the execution of procedures and policies and the implementation of the best practices in the field of the information technologies and security;
7. examines, implements and monitors the compliance with EU standards and directives concerning the requirements of the organization and the operation of the information systems of similar institutions; is responsible for and carries out information exchange of the best practices of the paying agencies in the EU by participating in trainings, seminars and conferences;
8. determines the compatible software of the work stations, their configuration and installations, maintains the operation of the databases and organizes the officials' access to them;
9. manages, monitors and controls all information processes in the Fund in terms of compliance with the rules and standards of the Information Security System (ISS), the Information Security Management System (ISMS) and the Quality Management System (QMS), records all discovered violations and periodically informs the management of the Fund about them, and offers adequate measures in accordance with the introduced standards ISO 27001:2005 and ISO 9001:2008, draws up policies and procedures for the respective systems;
10. controls and is responsible for the contacts and relations with external contractors related to the activity of the Fund and falling within the competences of the Directorate, monitors the proper and timely execution of the contracts, verifies the quality and accepts the implementation, confirms the executed work and approves documents connected with the implementation of the contracts;
11. controls the information assets at all levels and makes recommendations regarding the protection of the data, included in the integrated information system and determines the adequate levels of physical and logical security;
12. provides systematic and methodical assistance for work with the computer systems and software, draws up policies and procedures for the respective systems;
13. ensures fast reaction in case of problems in the internal IT infrastructure and participates in the development, testing and implementation of the contingency plan in times of disasters and emergencies;
14. describes the exploitation procedures for first level service of users; monitors and carries out preventive activities to avoid problems;
15. is responsible for the regular creation of back up of data of the directorates in the headquarters and regional offices on magnetic media or in electronic form.
16. monitors the availability and the updating of the full documentation concerning the allocation of computer equipment to Fund officials, operation manuals and software and the regular submission of this information to the financial and accounting department;
17. maintains the functionality of the databases used by the Fund's officials; creates archives and performs retrieval testing, monitors the workload of the equipment and communications supporting the respective databases, monitors the necessity of expansion and improvement of the systems for database management;
18. considers the requests for changes or users' projects, analyses the requirements and relevance of technologies, then processes and implements quality and cost effective solutions related to the internal IT infrastructure;
19. analyses and offers to the management changes of the information infrastructure aiming at achieving higher levels of the information technologies in terms of business tasks and information security;
20. coordinates and guides the preparation of technical specifications and terms of reference for technical equipment purchase and for the development of new specific software and monitors their timely realization;
21. provides the software and hardware necessary for the work of the officials in the Fund on its own initiative or upon written justification of the need by the relevant directorates and gives rationale in written form for each request of this type;
22. coordinates with the organizational units of the Fund necessary changes in the information system and the need of new infrastructural resources and assists the other directorates in solving specific tasks;
23. organizes and controls the experimentation and testing of new methods, products and technologies, makes recommendations for upgrades to increase the quality of IT infrastructure and security;
24. examines the sources of information from the IT database of the Ministry of Agriculture and Food and, where justified, provides for the operational needs of the Fund's directorates data specified by types, parameters, frequency of collection, options for analysis and summary, and



creates the necessary infrastructure thereof;

25. studies all sources of information necessary for the operation of the directorates of the Fund outside the IT database of the Ministry of Agriculture and Food; where justified ensures the receipt of such information on the basis of regulated relations with the providing institutions;

26. develops the technical specifications and terms of reference for integration of new modules and expansion of systems, as well as controls the introduction of changes together with the directorates concerned;

27. organizes and controls external registers integration with the data in the information system together with the directorates concerned;

28. is responsible for reporting to the Executive Director and the management of the Fund any necessity of urgent changes concerning the performance of the infrastructure and the organization;

## Section XI

### Specialized administration of the headquarters of State Fund Agriculture

#### Organization and powers

**Art. 31.** The Specialized Administration of State Fund Agriculture is organized in:

1. Investment Support Schemes Directorate;
2. Short-Terms Support Schemes Directorate;
3. SAPARD Directorate;
4. Agricultural Market Mechanisms Directorate;
5. Direct Payments Directorate;
6. Contracting in Implementation of Rural Development Measures Directorate;
7. Payment Authorization in Implementation of Rural Development Measures Directorate;
8. Fisheries and Aquaculture Directorate;
9. Financial Management Directorate;
10. Technical Inspectorate Directorate.

**Art. 32.** The Investment Support Schemes Directorate:

1. is responsible for the implementation of loan schemes and state aid schemes, approved by the Managing Board of the Fund and developed and approved beforehand by the Ministry of Agriculture and Food, concerning the creation and acquisition of fixed assets in agriculture and rural areas;

2. organizes and implements the refinancing of commercial banks to ensure provision of tied loans for the creation and acquisition of fixed assets in agriculture and rural areas, under the arrangements determined by the Managing Board, including loans for the implementation of projects under the Rural Development Programme, as well as in other cases – by decision of the Managing Board;

3. processes and analyzes the applications for loan schemes and state aid schemes for the creation and acquisition of fixed assets in agriculture and rural areas and keeps an archive of all submitted and rejected requests from applicants;

4. monitors the proper and lawful spending of approved loans and state aid for creation and acquisition of fixed assets in agriculture and rural development and for fulfillment of the contractual obligations of borrowers and aid beneficiaries;

5. provides methodological help and control to the territorial structural units of the Fund in implementing their obligations concerning the loan and state aid schemes for creation and acquisition of fixed assets in agriculture and rural development;

6. analyzes the information and the results from the ex-post control executed by the territorial structural units of the Fund and proposes measures and actions to improve the activity;

7. processes and analyzes the findings of irregularities in the implementation of loan and state aid schemes for creation and acquisition of fixed assets in agriculture and rural development, as well as failures in the execution of contractual obligations of borrowers and aid beneficiaries, and prepares reasoned proposals to the Executive Director for the collection of receivables;

8. initiates the appropriate action to collect the receivables as provided for by law and under the established procedure;

9. controls the performance of the external contractors of the Fund under the agreements signed in connection with the implementation of the loan schemes and state aid schemes for the creation and acquisition of fixed assets in agriculture and rural areas;

10. manages and administers the long-term loans given for the creation and acquisition of fixed assets in agriculture and rural areas, including the credits under the investment programmes implemented by 31 December 2009;

11. maintains and administers an information system for provided investment loans and state aid for the creation and acquisition of fixed assets in agriculture and rural areas, which integrates the data about borrowers and beneficiaries, the amount allocated, the date of funding, the type of the investment or the ground for funding, as well as information whether the credits are serviced regularly, used as intended or declared due receivables;

12. monitors compliance, analyzes and estimates the limits under the relevant paragraphs of the chart of accounts, which provide the loans and state aid for the creation and acquisition of fixed assets in agriculture and rural areas.

13. analyzes the information obtained in carrying out its functional duties, reports the results of its activity and if necessary proposes changes in the principles and mechanisms of implementation of the loan schemes and state aid schemes for the creation and acquisition of fixed assets in agriculture and rural areas.

**Art. 33.** The Short-Term Support Schemes Directorate:

1. is responsible for the allocation of state aid under the short-term programmes of the Fund and the short-term credit schemes pursuant to the legislation in force;

2. processes and analyzes the applications for short-term support; maintains information registers for the applied short-term support schemes;

3. monitors the proper and lawful spending of approved loans and grants and the execution of contractual obligations;

4. provides methodological guidance and controls the regional offices in the fulfillment of their obligations concerning the Fund's short-term programmes;

5. performs ex-post control of the fulfillment of the obligations of the regional offices concerning the short-term programmes;

6. controls the performance of the external contractors of the Fund in connection with signed agreements on the short-term programmes;

7. analyzes the information received in the line of powers of the directorate, and proposes changes in the programmes, principles and mechanisms of the short-term support schemes.

**Art. 34.** The SAPARD Directorate:

1. is responsible for the execution of the SAPARD Programme in its implementing part;
2. assists other organizational units of the Fund and external institutions if they need information concerning the work of the directorate;
3. is responsible for the proper and lawful approval of the applications for financial support;
4. provides methodological guidance and controls the regional offices of the Fund as regards their obligations related to the SAPARD Programme;
5. performs ex-post control of the fulfillment of the obligations of the regional offices as regards the SAPARD Programme;
6. monitors the performance of obligations of external institutions with regard to the SAPARD Programme;
7. analyzes the information obtained in the line of its powers, draws up reports and proposes changes in the programmes, principles and mechanisms of implementation of the SAPARD Programme;
8. checks the legitimacy and legality of the public procurement procedures conducted under the national legislation in connection with the municipal measures of the SAPARD Programme.
9. is responsible for the execution of the SAPARD Programme in its paying part;
10. performs financial control of claims;
11. is responsible for approving the amounts requested for payment;
12. is responsible for the proper and lawful utilization of funds from the EU budget and from the national budget of Republic of Bulgaria;
13. monitors the implementation of agreed commitments by aid recipients;
14. updates the operating procedures and checklists related to the work of the directorate;
15. annually performs a risk analysis to identify the projects for on-the-spot check after payment;
16. is responsible for the processes of accounting of all income and expenses arising in connection with the implementation of the support schemes and measures under the SAPARD Programme, prepares and sends monthly, quarterly and annual reports to the National Fund Directorate of the Ministry of Finance;
17. receives all confirmed signals for irregularities and fraud and amounts payable concerning SAPARD directorate's activity in acquisition of European funds; starts a procedure for voluntary recovery of amounts due under the SAPARD Programme; submits to the Law Directorate the necessary information for the purpose of obtaining writs of execution, filing civil and criminal proceedings in order to protect the interests of the Fund;
18. keeps the Debtors' Ledger of amounts to be repaid to SAPARD directorate;
19. monitors the recovery of funds from the EU and national budget granted to unscrupulous recipients;
20. monitors the collection of receivables under the SAPARD Programme by the National Revenue Agency;
21. processes and stores information from the Law Directorate about the development of the ongoing civil and criminal proceedings in order to protect the interests of the Fund;
22. interacts with the relevant national and European authorities on matters related to reporting on irregularities and fraud and collection of receivables of SAPARD directorate;
23. reports annually through the National Fund directorate of the Ministry of Finance to the European Commission – DG Agriculture and Rural Development about discovered violations, fraud and amounts receivable, for the purpose of clearance of the accounts of the SAPARD Programme;
24. reports quarterly to the AFCOS Directorate (Coordination of fight against the infringements affecting the financial interests of the European Union) of the Interior Ministry the registered violations, fraud and amounts receivable, pursuant to Art. 17, paragraph 2 and 3 of the Regulation laying down the procedures for administration of irregularities under funds and programmes co-financed by the European Union, adopted by Decree No 285 of the Council of Ministers in 2009 (publ. SG No 97 of 2009, am. and suppl. No 5 and No 90 of 2010, No 7 of 2011 and No 6 of 2012), to the amount of over 4000 euros European funding, in order to be reported to the European Anti-Fraud Office (OLAF).

**Art. 35.** (1) The Agricultural Market Mechanisms Directorate performs the following functions for implementation of the Common Agricultural Policy under the respective measures and schemes, as follows:

1. regarding trade with third countries:
  - a) administers the system of export licenses and certificates of advanced fixing of export refunds, refund certificates for products outside Annex I of the Treaty on the functioning of the European Union and the guarantees thereof;
  - b) prepares proposals for authorization/rejection of export refunds of agricultural products from Annex I of the Treaty on the European Union and products outside Annex I (processed agricultural products);
  - c) prepares proposals for the release of guarantees on issued licenses, certificates of advanced fixing and refund certificates of products outside Annex I;
2. regarding arable crops market:
  - a) administers schemes for interventional buying up of arable crops, public storage and sale of the purchased products on the Community market or export to third countries;
  - b) administers schemes for support of the most deprived persons in EU in accordance with the approved annual plan of the EC;
3. regarding fruits and vegetables' market:
  - a) administers schemes for granting financial support for fruits and vegetables by producer organizations and producer groups;
  - b) administers the School Fruit scheme – distribution of fruits and vegetables in schools and kindergartens and other measures and schemes related to the market of fruits and vegetables, which are financed by the EAGF;
4. regarding sugar market:
  - a) administers the sugar quota regime in the Republic of Bulgaria and collects sugar levies;
  - b) performs the initial approval and the ex-post control of the activity of the refiners of raw cane sugar;
  - c) administers the allocation of subsidies related to the restructuring of the sugar industry - restructuring and diversification, and controls the subsequent implementation of projects;
5. administers the schemes included in the National Programme for Support of the Vine and Wine Sector;
6. regarding the promotion of agricultural products on the EU market and in third countries:
  - a) administers the implementation of the approved promotional programmes proposed by associations;
  - b) controls the execution of the approved promotional programmes;
7. regarding the market of milk:
  - a) receives the declarations for the fulfilled quotas for deliveries and direct sales;

- b) controls administratively and through on-the-spot checks the accuracy of the declarations;
- c) administers property sanctions and fines under Art.69-72 and 74 of the Common Organizations in Markets of Agricultural Products of the EU Implementing Act;
- d) administers the payments for exceeding the individual quotas;
- e) administers the conversion and transfer of individual milk quotas;
- f) administers the purchase and sale of individual quotas – as an intermediate unit collecting information about those wishing to buy an individual quota and respectively for those who sell;
- g) receives and manages bank guarantees of the approved buyers;
- h) supervises the buyers and producers of cow milk;
- i) participates in the procedure for approval of milk buyers;
- j) administers the submission of applications under the School Milk scheme;
- k) supervises the fulfillment of the obligations of the applicants under the School Milk scheme;
- 8. administers the intervention schemes on the market of milk products.
- 9. administers intervention schemes on the market of meat.
- 10. administers the implementation of the national bee-keeping programmes approved by the EC;
- (2) In connection with the duties under paragraph 1 and for the purposes of implementation of CAP measures and schemes assigned to it, the Agricultural Market Mechanisms Directorate carries out the following activities as well:
  - 1. plans, analyzes and evaluates the objectives in the implementation of measures and schemes of the CAP;
  - 2. prepares proposals for improving existing measures and schemes or for launching new ones in accordance with current legislation;
  - 3. analyzes and assesses the conformity of actions for implementation of the measures and schemes with the legislation, regulations and contracts, and makes recommendations for their improvement and optimization;
  - 4. prepares a training programme for the staff of the directorate and keeps the training records;
  - 5. develops guidelines on the operation of the directorate for the next programming period 2014 – 2020;
  - 6. prepares the strategies of the directorate in connection with framework positions, jointly developed with ministries and administrations, regarding the adoption of national/European legal acts affecting the implementation of the CAP.
- (3) The Agricultural Market Mechanisms Directorate provides methodological guidance and controls the regional offices of the Fund with respect to their duties for implementation of the schemes and measures in the field of agricultural market mechanisms.

**Art. 36. Direct Payments Directorate:**

- 1. organizes and carries out the processing of applications for direct payments and the authorization of these payments under the direct payments schemes, the approved complementary national direct payments, the schemes for specific support, measure 211 Natural Handicap Payments to Farmers in Mountain Areas, measure 212 Payments to Farmers in Areas with Handicaps other than Mountain Areas, measure 213 Natura 2000 Payments for Agricultural Land and measure 214 Agri-environment Payments from the Rural Development Programme for the period 2007 – 2013;
- 2. carries out methodological control and if necessary issues instructions on the activities of the regional offices of the Fund with regard to the received applications under the schemes and measures administered by the directorate;
- 3. prepares and updates the procedure manual of the directorate by developing rules of procedure and checklists related to the work of the officials in the directorate and prepares programmes for their training as well;
- 4. performs a risk analysis for selection of the applications to be paid, as well as for selection of the claims which should be checked on the spot by the Technical Inspectorate Directorate in relation to the direct payments schemes and measures;
- 5. organizes the processing in IACS of the results from the on-the-spot checks executed by the Technical Inspectorate Directorate in connection with submitted applications, for the purpose of authorization of the support schemes and measures implemented in the Direct Payments Directorate;
- 6. carries out automated verification of the data declared by applicants in IACS against the data in LPIS, approved and submitted by the Ministry of Agriculture and Food, as well as other digital geographic data available and necessary to execute administrative checks on the submitted applications;
- 7. carries out automated verification of the data declared by applicants in IACS against the current data in the Animal Identification and Holding Registration System (AIHRS), administered by the Bulgarian Food Safety Agency (BFSA) with the Ministry of Agriculture and Food;
- 8. processes the information provided by other organizations for the purposes of the administrative checks performed on the data declared in the applications for financial support;
- 9. if necessary, carries out further processing of the submitted applications and authorized schemes and/or measures;
- 10. prepares notification letters and administrative acts to the applicants in connection with the applications for support and their processing;
- 11. prepares information, analyses and reports on data from applications for support, administrative checks carried out in the directorate and authorized financial assistance;
- 12. assists other organizational units of the Fund and external institutions in the drafting of legal documents and information materials;
- 13. provides up-to-date information to the competent authorities and institutions under the applicable legislation;
- 14. prepares proposals to improve the functioning of IACS;
- 15. comes out with opinions on complaints and answers to the applicants as well as statements on appealed notification letters;
- 16. cooperates with the competent units of the Fund inspecting received reports on wrongful payment of aid;
- 17. provides information to farmers about the results of the processing of their applications;

**Art. 37. The Contracting in Implementation of Rural Development Measures Directorate (CIRDM):**

- 1. is responsible for implementing the measures of the Rural Development Programme (RDP) under a contract setting the rights and obligations of the Paying Agency and the Managing Authority of the Programme in implementing RDP for the period 2007 – 2013.
- 2. is responsible for organizing the process of receipt and examination of the applications for financial support under the measures of the Rural Development Programme;
- 3. processes and analyzes the applications for aid under RDP measures, being responsible for their proper and lawful approval by carrying out administrative checks for their completeness and legitimacy and their compliance with the eligibility criteria of the respective RDP measure, including on-the-spot visits;
- 4. determines and approves the amount of the eligible expenditure applied for, through applying the mechanisms for defining the grounds of the proposed expenditure, which are laid down in the ordinances on the terms and conditions for granting aid under the RDP measures;
- 5. assesses the economic viability of the data presented in the submitted project, if the respective RDP measure requires such assessment;

6. proposes eligible projects under the RDP for consideration by the Expert Transparency Provision Committee, as well as a list of the projects rejected as a result of executed checks;

7. prepares the orders for approval/rejection of the applications for aid under the RDP;

8. is responsible for the preparation and signing of contracts for granting aid under the RDP measures which require such contracts;

9. draws up progress reports on the implementation of RDP measures to be submitted to the competent authorities and institutions;

10. prepares, updates and adapts the procedure rules and documents of the directorate when changes in the legislation regulating the RDP implementation occur, to ensure a uniform methodology for processing RDP applications;

11. analyzes the shortcomings and problems in the implementation of the regulations, procedures and documents under the RDP and prepares proposals for amendments therein;

12. performs a risk analysis of the applications for aid to determine those which fall under measures with applied decentralized approach but should be checked at the headquarters;

13. controls the observance of the common rules in conducting public procurement procedures under RDP measures, where the beneficiaries are contracting authorities under the Public Procurement Act (PPA); the verification is carried out in accordance with the procedure approved by the Executive Director for carrying out ex-ante and ex-post control on public procurement procedures related to approved investment costs financed in full or in part by the EAFRD;

14. implements the Local Development Strategy, assesses the eligibility of candidates, operations and expenditure of projects proposed by the Local Action Groups (LAG), examines the ground of the proposed expenditures, checks for double financing and artificially created conditions, as well as observance of the project selection procedure;

15. manages and controls methodologically the regional directorates of the Fund in fulfilling their duties to implement the RDP measures.

**Art. 38** The Payment Authorization in Implementation of Rural Development Measures Directorate (PAIRDM):

1. is responsible for the approval of the amounts claimed for payment;

2. executes financial control on the claims for payment;

3. verifies the approved limits and eligible expenditure specified in the claims for payment;

4. completes and verifies the checklists for the authorization of payments;

5. prepares reports on the authorization of payments to be submitted to the competent institutions;

6. updates and controls the work procedures and checklists connected to the authorization of payment;

7. performs a risk analysis to determine the applicants or the claims for payment, which should be checked on the spot by the Technical Inspectorate Directorate.

8. manages and controls methodologically the regional directorates of the Fund in fulfilling their duties to implement the RDP measures.

**Art. 39.** The Fisheries and Aquaculture Directorate (FAD) verifies the expenditure under the European Fisheries Fund (EFF) pursuant to Article 59 b of Council Regulation (EC) 1198/2006 on EFF, which includes carrying out administrative checks to verify that the co-financed products and services have been delivered and that the expenditure declared by the beneficiaries has been actually incurred and in compliance with the national and European legislation and:

1. verifies the eligible costs specified in the claims for payment;

2. calculates the amount of the eligible costs;

3. is responsible for the approval of the claims for payment;

4. controls and updates the work procedures and checklists connected with the processing of the claims for payment under the Operational Programme for the Bulgarian Fisheries Sector;

5. maintains registers and provides up-to-date information to the competent authorities and institutions;

6. archives the documents and provides certified copies of the full documentation of the processed claims for payment to the Managing Authority of the Operational Programme for the Bulgarian Fisheries Sector (OPBFS);

7. manages and controls methodologically the regional directorates of the Fund in fulfilling their duties to implement the OPBFS measures.

**Art. 40.** The Financial Management Directorate:

1. develops the accounting policy of the Fund and is responsible for the organization of its financial and accounting records;

2. prepares the annual chart of accounts of the Fund, any subsequent changes to it and is responsible for the observance of the approved indicators;

3. prepares a triennial budget prognosis;

4. processes, analyzes and submits to the Executive Director financial and accounting information, being responsible for its authenticity, as well as the timely and correct calculation of the amounts payable by the Fund, in accordance with the tax and social security legislation, and of all other financial obligations;

5. prepares the methodology and keeps an account of all economic operations within the Fund: payments executed through the accounts of the Fund for financial aid under the national schemes, payments on behalf of EU – direct payments, market measures, funds from the European Agricultural Fund for Rural Development (EAFRD), EFF funds, received EU amounts and all other expenses, connected to the maintenance of the Fund;

6. handles the payments of the Fund through SEBRA, accounts the costs of the Paying Agency and all EU funds credited to the account designated to receive amounts from the European agricultural funds and transfer them to transit accounts;

7. prepares and submits to the Ministry of Agriculture and Food and to the Ministry of Finance the financial statement of the Fund, a report on the cash result of the off-budget accounts/funds and a balance sheet, as well as any other information related to directions issued by the Ministry of Finance for the respective year;

8. prepares the financial rationale to drafts of legal acts proposed by the Fund;

9. provides methodological guidance to the organizational units of the Fund in the implementation of their duties related to the financial and accounting statements in the Fund;

10. executes a follow-up control on the implementation of the duties of the territorial structural units, related to the financial and accounting statements in the Fund;

11. controls the implementation of the financial obligations of the external contractors of the Fund, related to signed agreements and contracts;

12. analyzes the information received in the line of duty, periodically reports on the implementation of the approved annual chart of accounts and proposes changes in the principles and mechanisms of the financial and accounting statements;

13. is responsible for the processes of accounting of all revenues and expenses and other transactions of the Paying Agency, arising in connection with the implementation of the schemes and measures for support under the EAGF, EAFRD, EFF, as well as the national budget;

14. keeps separate accounts for the various schemes and measures for support under the EAGF, EAFRD, EFF, as well as the national budget;

15. after the accounting is completed, it submits the information to the relevant directorates of the Paying Agency;
16. prepares and submits weekly, monthly, quarterly, semi-annual and annual reports for the needs of the EC regarding the incurred and forecasted expenses and the revenues received under the EAGF and EAFRD;
17. summarizes the forecasts for future expenses under the EAGF and EAFRD, provided by the directorates of the Paying Agency, to be submitted to the EC;
18. prepares and presents information about the remaining budget for allocation under RDP and OPBFS.
19. receives and processes the documentation on payments from the authorizing units of the Paying Agency and accounted authorizations;
20. issues documents and orders the transfer of funds from the bank accounts of the Paying Agency to the accounts of the beneficiaries in commercial banks through SEBRA;
21. makes payments on the claims for payment submitted by the registered applicants under the schemes and measures financed by the EAGF, EAFRD, EFF and the national budget;
22. checks bank documents for payments, processes the revenues from the EC, recovered amounts by beneficiaries and repaid amounts as a result of closed bank accounts, voluntary recovery or legal judgment;
23. on a monthly basis prepares consolidated forecast table - Request for Availability;
24. interacts with the Ministry of Finance and the Bulgarian National Bank and commercial banks on issues concerning the payments of the Paying Agency;
25. receives all confirmed reports on irregularities and frauds, as well as receivables concerning the Paying Agency; starts a procedure for the voluntary recovery of amounts due under the EAFRD, EAGF and EFF; submits to the Law Directorate the necessary information for obtaining writs of execution, institution of civil and criminal proceedings to protect the interests of the Fund;
26. keeps a Debtors' Ledger with the amounts to be repaid to the Paying Agency;
27. monitors the recovery of the funds granted to unscrupulous recipients from the EC budget and the national budget of the Republic of Bulgaria;
28. monitors the collection of receivables by the Paying Agency from the National Revenue Agency;
29. processes and stores the information of the Law Department about the development of the instituted civil and criminal proceedings;
30. interacts with the competent national and European authorities on matters related to the reporting of discovered irregularities and frauds and recovery of amounts due to the Paying Agency;
31. reports annually to the EC – Directorate General for Agriculture and Rural Development on the discovered violations, frauds, and receivables in connection with the clearance of the accounts of the Paying Agency;
32. reports on a quarterly basis to the Ministry of Interior - Anti-Fraud Co-Ordination Service Directorate (AFCOS) the registered violations, frauds and receivables to the amount of over 10 000 EUR of EU funding and this information is forwarded to the European Anti-Fraud Office (OLAF);
33. reports on a quarterly basis the instances of established fraud/irregularity to the Ministry of Interior - Anti-Fraud Co-Ordination Service Directorate (AFCOS) according to the Ordinance on the procedures for administration of irregularities related to funds and programmes co-financed by the European Union, adopted by Decree No 285 of the Council of Ministers of 2009.

**Art. 41.** Technical Inspectorate Directorate:

1. provides methodological guidance, assigns tasks and makes follow-up of the work of the regional offices as regards their obligation for carrying out on the spot checks of the applicant/beneficiary;
2. draws up an annual plan of activities of the directorate and the regional technical inspectorate departments and is responsible for its implementation;
3. draws up checklists, instructions and procedure rules of the directorate and the regional inspectorate departments and prepares staff training programmes;
4. develops and updates methods for on the spot check of the applicant/beneficiary;
5. prepares schedules for control checks, carries out control checks, prepares a report on control checks, monitors the results of the executed control checks;
6. evaluates on a regular basis the results of the control activity, analyzes and prepares proposals and system measures to prevent shortcomings in the on the spot checks of the applicant /beneficiary;
7. keeps written documentation and draws up reports on all performed checks;
8. performs scrutiny pursuant to Council Regulation (EC)485/2008;
9. draws up programmes for scrutinies to be carried out during the subsequent scrutiny period, in accordance with the provisions of Council Regulation (EC) 485/2008 and sends it to the European Commission by 15 April each year;
10. prepares annual proposals for risk analysis, in accordance with the provision of Council Regulation (EC) 485/2008, containing information on the approach, techniques and criteria to be applied and the manner of implementation, and sends it to the European Commission by 1 December;
11. applies risk analysis for selection of undertakings and transactions to be scrutinized pursuant to Council Regulation (EC) 485/2008 and in line with the proposal in point 10;
12. during the scrutiny period determined pursuant to Council Regulation (EC) 485/2008 the directorate performs verification of the commercial documents of entities which have received or made payments related directly or indirectly to the EAGF financing system, as well as of third parties under Art. 1, paragraph 3 (b) of Council Regulation (EC) 485/2008; the objective of the scrutiny is to verify whether the transactions forming the EAGF part of the financing have been actually and properly implemented;
13. during the scrutiny the inspectors have the right of:
  - a) access to the objects of scrutiny – offices, manufacturing premises, warehouses, land etc.;
  - b) information about the object of scrutiny;
  - c) access to all documents related to the object of scrutiny, as well as copies and excerpts thereof;
  - d) sampling for the purpose of control analysis, if necessary;
  - e) requesting and receiving original documents from the inspected entities;
14. draws up an annual report on the application of Council Regulation (EC) 485/2008 for each completed scrutiny period and sends it to the EC by 31 December each year;

15. cooperates with other EU member states and communicates to the EC the necessary information thereof.

## Section XII

### Administration of the territorial structural units of the Fund Organization and powers

**Art. 42.** (1) State Fund Agriculture is organized in 28 regional offices located in the regional centres of Bulgaria, as follows: Sofia City region, Varna, Montana, Plovdiv, Pleven, Yambol, Razgrad, Veliko Tarnovo, Blagoevgrad, Haskovo, Kardzhali, Burgas, Vidin, Vratsa, Gabrovo, Dobrich, Kyustendil, Lovech, Pazardzhik, Pernik, Ruse, Silistra, Sliven, Smolyan, Sofia region, Stara Zagora, Targovishte and Shumen.

(2) The regional offices are headed by directors of regional offices.

**Art. 43.** The regional offices in Sofia City region, Varna, Montana, Plovdiv, Pleven, Yambol, Razgrad, Veliko Tarnovo, Blagoevgrad, Haskovo, Kardzhali, Burgas, Vidin, Vratsa, Gabrovo, Dobrich, Kyustendil, Lovech, Pazardzhik, Pernik, Ruse, Silistra, Sliven, Smolyan, Sofia region, Stara Zagora, Targovishte and Shumen have the following functions:

1. functions concerning the Fund's activity of granting state aid and tied loans, such as:

a) provision of administrative and economic services to the regional offices of the Fund, coordination and control of the Fund's work on place;  
b) organization, coordination and control of all activities related to provision of information about the operation of the Fund, the conditions, criteria, requirements and documents necessary for granting financial aid to agricultural producers in the region;

c) organization, coordination and control of the lawful disbursement of financial resources by the Fund to agricultural producers under the short-term loan schemes and the investment programmes;

d) direct control on the spending of granted funds according to purpose and, in case of established infringement, notification of the Fund management for the purpose of seeking liability;

e) execution of all powers assigned to them by the Rules on granting aid to agricultural producers by the Fund, the particular programmes and instructions;

f) ongoing control on the status of financed projects under the national schemes, their servicing, the spending of granted aid according to purpose, the state of accepted collaterals, renewal of insurance policies in favour of the Fund, as well as the fulfillment of all other contractual obligations of agricultural producers;

g) storage of documentation in the regional offices of the Fund related to the short-term loan schemes and investment programmes; keeping an archive of all rejected or processed claims, in accordance with respective deadlines; keeping and storing the documentation on approved claims for payment.

h) taking of due action with the aim of proper collection of the Fund's receivables, in accordance with the signed contracts for state aid;

i) carrying out inspections as a result of complaints and reports and drawing up replies to them; in case of complaints and reports received in the regional offices, concerning actions on the part of Fund officials, the information is sent to the Inspectorate for further inspection;

j) apply the legal and internal acts regulating the Fund's operation, the decisions of the Managing Board of the Fund, the orders of the Executive Director and the deputy executive directors and the methodological instructions of the directors of directorates at the headquarters of the Fund;

2. responsibility for the accounting of funds disbursed in the form of state aid and short-term tied loans at the regional office, including:

a) keep the accounts of received and disbursed funds of the regional office by financial line;

b) check the primary accounting documents for availability of the necessary elements, conformity and legitimacy in accordance with the Accounting Act;

c) perform accounting entries of accounts in compliance with the Fund's chart of accounts analytically by batches;

d) monitor the authenticity of data in the internal accounts; reconcile the turnovers and balances on a monthly basis and at the end of each month with the headquarters;

e) monitor the maintenance costs of the regional office and the accounts by financial line at the regional office; draw up monthly reports on debtors;

f) sign payment orders, together with the director of the regional office;

g) prepare and send to the headquarters monthly reports on the cash flow (on a monthly basis and with accrual);

h) sign all documents at the regional office concerning financial commitments to the agricultural producer;

i) sign primary accounting documents and are responsible for economic transactions;

j) prepare a trial balance at the end of each month and send it to the headquarters;

k) control the remittance of amounts recovered by the agricultural producers in relation to received loans, subsidies, interests, insurance payments etc. in compliance with the requirements of the Fund;

l) control the disbursement of funds in the regional office and inform the headquarters in case of established infringements;

m) monitor the spending of the financial resources and, if necessary, inspect on the spot their spending according to purpose;

n) take the necessary action within their powers for collection of the Fund's receivables;

3. perform functions related to the operation of the Fund as Paying Agency, as follows:

a) receive applications for aid under the measures of the Rural Development Programme; perform primary processing of the received projects; send the processed projects to the Payment Authorization in Implementation of Rural Development Measures Directorate at the headquarters of the Fund – Paying Agency;

b) receive applications for direct payments; perform primary processing and necessary checks of the received applications and documents; bear responsibility for the storage and preservation of the originals of submitted applications for direct payments; send copies of the processed applications to the Direct Payments Directorate at the headquarters;

c) receive and process documents under the schemes, measures and programmes of the Agricultural Mechanisms Directorate and send the processed documents to the directorate;

4. perform function for implementation of the SAPARD Programme, as follows:

a) organize, implement and supervise the implementation of tasks and instructions given by the Executive Director and the director of the

SAPARD directorate;

- b) inform the SAPARD directorate about established infringements on the part of SAPARD aid beneficiaries;
- c) are responsible for the storage and preservation of the project documentation related to the SAPARD Programme;
- d) carry out inspections as a result of complaints and reports and send replies thereof;
- e) apply the legal and internal acts related to the implementation of the SAPARD Programme, the orders of the Executive Director and the methodological guidance of the director of the SAPARD directorate.

**Art. 44.** The regional offices of the Fund located in Sofia Region, Varna, Montana, Plovdiv, Pleven, Yambol, Razgrad, Veliko Tarnovo, Blagoevgrad, Haskovo and Kardzhali also perform functions related to:

1. financing of projects under RDP, the Operational Programme for the Fisheries Sector and the National Beekeeping Programme, as follows:
  - a) receiving claims for payment;
  - b) responsibility for the approval of claimed payments;
  - c) financial control on the claims for payment;
  - d) check of approved limits and eligible expenditures contained in the claims for payments;
  - e) filling in and checking of the checklists for authorization of payments;
  - f) drawing up reports on payment authorization for the purposes of the Fund – Paying Agency;
2. checks of the applicant for aid, as follows:
  - a) organization and implementation of the on-the-spot checks on the applicant/beneficiary;
  - b) handling the written correspondence and prepare the reports on all completed on-the-spot checks;
  - c) sending the control documentation and the reports to the Technical Inspectorate directorate at the headquarters.

**Art. 45.** The regional offices located in Sofia Region, Varna, Plovdiv, Pleven, Montana and Yambol perform functions related to the payment part of the SAPARD Programme and have the following territorial coverage:

1. Regional office – Sofia covers Sofia Region, Sofia City, Blagoevgrad, Kyustendil and Pernik;
2. Regional office – Varna covers the regions of Varna, Dobrich, Razgrad, Silistra, Targovishte, Shumen;
3. Regional office – Plovdiv covers the regions of Plovdiv, Stara Zagora, Smolyan, Pazardzhik and Kardzhali;
4. Regional office – Pleven covers the regions of Pleven, Veliko Tarnovo, Gabrovo, Lovech and Ruse;
5. Regional office – Montana covers the regions of Montana, Vratsa and Vidin;
6. Regional office – Yambol covers the regions of Yambol, Burgas, Sliven and Haskovo.

**Art. 46.** The regional offices of Sofia, Varna, Plovdiv, Pleven, Montana and Yambol perform the following functions related to the SAPARD Programme:

1. execute documentary checks before payment of the claims submitted by the recipients of grants;
2. make inspections on the spot of all received claims for payment of aid;
3. draw up proposals for authorization/refusal of payments;
4. make inspections of the project implementation after payment;
5. in case of established irregularities, they notify the SAPARD directorate;
6. store copies of all documents concerning claims for payments and set up registers and archives;
7. follow the instructions of the Executive Director and the head of the SAPARD directorate, as regards the disbursement of SAPARD payments.

#### **Chapter Four**

#### **ORGANIZATION OF WORK**

**Art. 47.** (1) The Fund operates in accordance with the national legislation and the applicable EU legislation.

(2) The Fund performs the functions related to the SAPARD Programme in compliance with the Multi-Annual Financing Agreement (MAFA).

**Art. 48.** The Fund officials holding managing positions, in accordance with the assigned functions and tasks of the managed organizational unit:

1. assign tasks to the officials of the organizational unit, control and bear responsibility for the timely and proper implementation of tasks;
2. manage the relations with other organizational units of the Fund in compliance with the established organizational links and the distribution of functions among them;
3. draw up an annual report on the work of the managed organizational unit and make proposals for specific measures for improvement of work therein;
4. make proposals for appointment, promotion, re-appointment, stimulation, sanctions and dismissal of officials in the managed organizational unit.

**Art. 49.** (1) The directors of directorates in the headquarters of the Fund manage, organize, control, plan, coordinate, report on and bear responsibility for the work and performance of functions by the respective directorate in conformity with the functions laid down in these Rules.

(2) The directors of the regional offices of the Fund implement administrative management and control on the work of the officials in the territorial units managed by them. They are responsible for the implementation of functions and tasks of the Fund within the territorial scope of the territorial units and in accordance with their powers.

(3) The performance of functions of the directors of the regional offices with respect to the departments in the regional offices must guarantee that the accredited rules and procedures of the SAPARD Programme and the Paying Agency are not changed in a manner leading to a national accreditation.

**Art. 50.** The communication among the organizational units of the Fund is made according to the principle of hierarchical subordination.

**Art. 51.** The officials of the Fund perform their assigned tasks in accordance with their job descriptions.

**Art. 52.** (1) The documents sent to the Fund by government bodies, legal or natural persons are entered in an incoming register with the date and time of their receipt.

(2) Upon the registration of the documents the official checks the availability of all materials mentioned as enclosed and registers an official file, which is forwarded accordingly depending on the recipient or content.

(3) Upon submission of applications for aid, the applicants certify the circumstances laid down in the legislation applicable to the financial aid applied for, with a written declaration.

**Art. 53.** The heads of the organizational units of the Fund assign by resolution the handling of particular files to particular officials. When the file is assigned to more than one official, the responsible official is specified.

**Art. 54.** (1) The outgoing documents are prepared in 3 copies – one for the recipient, one for the Administrative and Economic Services Directorate and one for the respective organizational unit which has prepared the document. The second copy contains the initials and signature of the official who has prepared the document and of the head of the respective organizational unit, as well as a date.

(2) The Executive Director approves Rules for document registration and flow in State Fund Agriculture.

**Art. 55.** The internal organization rules in the Fund, the rules of access and other specific rules, concerning the Fund's operation, are approved by an order of the Executive Director upon proposal of the secretary general.

**Art. 56.** (1) The work time of the officials during a 5-day work week is 8 hours per day and 40 hours per week.

(2) The work time of the officials is determined by an order of the Executive Director.

#### FINAL PROVISIONS

§ 1. The Executive Director of the Fund approves the job descriptions of officials within one month of the entry into force of the Rules.

§ 2. The Rules are adopted pursuant to art. 21, paragraph 1 of APSA.

§ 3. The Decree enters into force on the day of its publishing in the State Gazette.

§ 4. The Organization and Procedure Rules of State Fund Agriculture, adopted by Decree No 255 of the Council of Ministers in 2009 (publ. SG No 87 of 2009, amended and supplemented No 90 of 2009, No 47 and 90 of 2010 and No 39 of 2011) is revoked.

Appendix to art. 12, paragraph 3

#### Regular staff numbers in the organizational units of State Fund Agriculture – 1660

##### Headquarters – 681 regular staff numbers

Executive Director	1
Deputy Executive Director	4
Secretary General	1
Information Security Officer	1
Internal Audit Directorate	20
Financial Controllers	3
Certification of Expenditure under the Operational Programme for the Bulgarian Fisheries Sector Unit	5
Integrated Administration and Control System Unit	7
Inspectorate	8
General Administration	
including:	147,5
Law Directorate	24
Fraud Prevention Directorate	11
Public Relations, Protocol and Coordination Directorate	15
Human Resources Directorate	7
Administrative and Economic Services Directorate	52,5
Public Procurement Directorate	8
Information Technologies Directorate	30
Specialized Administration	
including:	483,5
Financial Management Directorate	44
Technical Inspectorate Directorate	38
Agricultural Market Mechanisms Directorate	75
Fisheries and Aquaculture Directorate	11
Short-Term Support Schemes	12
Investment Support Schemes	13
SAPARD Directorate	33,5
Direct Payments Directorate	55
Contracting in Implementation of Rural Development Measures Directorate	101
Payment Authorization in Implementation of Rural Development Measures Directorate	101
Regional Offices – 979 regular staff numbers	
6837	