

Phare Logframe

LOGFRAME PLANNING MATRIX FOR Phare 2002		Programme name and number:	CZ 2002-x-x
Project: Internal Audit Technical Assistance within the Framework of the Self-government Reform		Contracting period expires:	Disbursement period expires:
		Total Budget: 4,240 MEUR	Phare contribution: 3,730 MEUR
Overall objective	Objectively verifiable indicators	Sources of verification	
<ul style="list-style-type: none"> To achieve stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities 	<ul style="list-style-type: none"> Approved by the European Commission 	<ul style="list-style-type: none"> EC Regular Report 	
Project purpose	Objectively verifiable indicators	Sources of verification	Assumptions
<ul style="list-style-type: none"> Improve self-government control mechanism of policies, programmes and projects by utilising international experience. Assistance in implementing financial control and public auditing legislation in relation to Council Regulation No 1260/1999 laying down the general provisions on Structural Funds (Regulation No 1260): Assistance in building internal audit units in regional self government offices including the installation of IT and training of staff Incorporate monitoring, control, audit and evaluation techniques in regional self-government policies, programmes and projects under the management and control of self-government bodies (in relation to State Organisational Units, Contributory Organisations and municipalities) Increase absorption capacity within self-governing regions by increasing the efficiency of self-government implementation mechanisms, supported by a transparent control mechanism commonly applied in member states Strengthen the overall efficiency of public investment in the CR by increasing the quality of control mechanisms and by increasing the speed and quality of handling non-standard situations (disputes, offences, frauds) 	<ul style="list-style-type: none"> The establishment of an internal audit unit at self-government offices The creation of internal regulations and standards setting out regional internal audit mechanisms, and internal audit unit procedures in regional self-government offices An increase in direct internal audit international co-operation at the regional self-government level The scope and extent of changes made to the regional self-government offices in relation to state administration on the basis of Acquis The number of international conferences and workshops, and balanced representation of regional self-government offices The number of auditors authorised to perform internal audits 	<ul style="list-style-type: none"> Reports concerning project progress (inception report, interim reports, and final report) The records of meetings held by working contacts between Ministry of Interior (MI), Ministry of Finance (MF), regional self-government (RS) and their counterparts from member states and other OECD countries Conclusions reached at conferences and seminars concerning the subject of internal audit in the public sector Conclusions of MI, MF and RS top management meetings concerning internal control and audit, as well as the results of controls gained by external audits The accreditation of internal audit units The viewpoints and evaluations of non profit organisations directly or indirectly involved in the public sector (the Chamber of Auditors, the Union of Accountants, the Regional Self-government Association, the Association of Cities and Municipalities, the Czech Internal Audit Institute etc) The reaction of the media in the CR and abroad 	<ul style="list-style-type: none"> The enactment of the public sector financial control legislation (No. 320/2001) from January 2002 The preparation of new public audit legislation to be enacted by January 2003 State and regional self-government political support and common will to implement both financial control and public audit legislation The integration of standard procedures in preparing, implementing and evaluating investments co-financed by foreign financial sources (namely from EU Structural funds) within reforms made to regional self-government in the CR The focus of public sector bodies on managing and control system building related to IT, and database building. Applying EU member state's Social and Economic Programme experiences (namely Structural Funds, the Cohesion Fund and supplementary the European Investment Bank activities) The creation of a regional and municipal investment guarantee system (the preparation of new public sector bankruptcy legislation)

Outcomes	Objectively measurable indicators	Sources of verification	Preconditions
<ul style="list-style-type: none"> • The establishment of an internal audit co-ordination unit at the MI • The establishment of 14 internal audit units at the RS • Equipped internal audit units at the MI and RS with necessary HW and SW • The Establishment of working contacts among internal audit units which will improve outcome assessments of European Commission pre-accession assistance to the ministries (namely the Ministry for Regional Development, the Ministry of Labour and Social Affairs, the Ministry of Industry and Trade) and target regions (namely Ostravský, Ústecký and Karlovarský Regions) for state administration and self-government reform with following results: <ul style="list-style-type: none"> ➤ The development of internal regulations and standards for the operation of internal audit units at RS and their co-ordination at the central level ➤ The development of directives for auditor training and operation of accredited commissions ➤ The application of standard assessment indicators for RS and their use during performance evaluations of internal audit units (adhering to existing hierarchy of management and control systems mechanisms) ➤ An increase in the interest of the public in the role of control mechanisms ➤ An increase in the interest of public sector experts (from public administration, public finance and public control areas) in value for money method 	<ul style="list-style-type: none"> • The number and quality of (both state and regional) press, radio and TV presentations • The number of international conferences and workshops, the quality of the conclusions reached and recommendations supporting the activities of internal audit units • The amount of feedback form the private sector and an increase in its interest in participating in public sector programs and projects • The amount of international financial institutions' and foreign investors' participating in public sector investment projects (co-financed by EC resources) • An increase in the absorption capacity of the state, NUTS II, NUTS III regions in Czech statistical indicators and in international sources (increase of trust in control systems of the Czech Republic and reduction of risks in obtaining facts in critical situations) • The number of internal audit units interactions with the National Programme for Adoption of Acquis and their involvement in preparing the National Development Plan (NDP), Community Support Framework (CSF) and its Operation Programs (OP) • The amount and intensity of internal audit units' co-operation with NGOs (their participation in international conferences and workshops) • The preparedness of organisational projects dealing with management and monitoring systems of structural aid absorption 	<ul style="list-style-type: none"> • The records of regional self-government bodies and state management and monitoring authorities regarding pre-accession aid (Phare, Ispa, Sapard) related to the progress made in building control systems • The minutes of the meetings of RS top management mainly in connection with the preparation of institutions managed by them for the EU structural assistance absorption (e.g. integration of Regulation No 1260 and relating legislation of the CR and the EC into their management and control measures) • The publications from international conferences and minutes of workshops and meetings, outputs and outcomes of RS activities abroad („benchmarking“) • The reports on internal audit units' activities (inception report, interim reports and final report for every unit) and feedback from these reports from abroad and their summary and verification by co-ordination internal audit unit at MI • The control of performance of „benchmarking“ in internal audit units, in agreement with the expert team head (contractor) allowing the transaction of financial resources based on reporting (an assessment of prepared activities and fulfilment of activities of previous period according to the plan) 	<ul style="list-style-type: none"> • The co-ordinated approach of the EC and the Czech Government to public administration reforms from the point of view of implementing standards and IT for the monitoring, control, audit and evaluation of EU Member States' activities in 2000-2006 • The focus of state administration and self-government authorities capacities in the CR in establishing and applying control mechanism for strategic planning, programming and projecting of activities financed from public resources • Co-operation with the MF (mainly in using Phare 2000 outcomes and co-operation in Phare 2001 and 2002 projects) and other ministries which have relevant support of the EU for this project • National co-financing: <ul style="list-style-type: none"> ➤ Expert technical assistance will be co-financed by 15% of the amount released for expert team performance (total 5 mil. CZK guaranteed by MI) ➤ Technical assistance in creating internal regulations and standards co-financed by 15% of the estimated amount for 14 internal audit units (co-financing of the units will be provided for by the MI and the RS from their own internal and external resources, e.g. from the Taix programme, bilateral co-operation, etc.) ➤ Operation of technical equipment will be co-financed by the MI and RS by 15% of the total limit allocated for HW and SW and will cover mainly costs of Intranet applications, service, network administration and material and logistic support of information centres in regions

Activities	Resources	Assumptions
<ul style="list-style-type: none"> • Analyse the internal audit system at the regional level in the CR • Create a comparative study regarding the organisation and functioning of internal audit units at the regional level in the EU member countries with regard to Regulation No 1260 • Support the building of internal audit units at the MI • Assist the internal audit units of the MI with the preparation of methodical directions for the management of the RS internal audit units created at the regional offices with help of foreign experience (benchmarking); the assistance is aimed namely at the harmonisation and progress of monitoring, control, audit and evaluation of strategies, programs and projects made by the regional self-government • Assistance to the internal audit units in creating internal regulations and standards at the MI and RS, including the creation of directions for public audit auditors training and authorisation • Technical assistance in preparing and evaluating the internal audit units action plans at the MI and the RS • Assistance to the RS internal audit units focusing on applying the public sector financial control legislation and the public audit legislation • Study trips for the employees of the MI and RS (study trips for 450 persons, price 40 000 CZK for each 3-4 day trip for each person) • Conferences and workshops focusing on the public sector financial control legislation and the public audit legislation application; to get acquainted with the best practical use of the internal audit in the EU member states, including the basis for the seminars and workshops (155 workshops for 20 persons for 2-3 three days workshop, price 250-350 000 CZK for each workshop, 2-3 international conferences included) • Provide the training of the trainers in the field of the internal audit (100 training courses for 20 persons for 2-7 days, price 150-300 000 CZK each training), including preparing the documentation for the training • Assist to develop accreditation tests for public auditors examination (incorporation with the Chamber of Auditors) • Creating the tender documentation for the equipment for the internal audit units of the MI and the RS • Recommendations to the internal audit units for the integration of delivered technical equipment and software in the public government managing and information systems 	<p>Technical assistance:</p> <ol style="list-style-type: none"> 1. Contractor performance costs <ul style="list-style-type: none"> • Team leader (1 x 21 m/m) • Two experts for the state- and self government internal audit (2 x 10,5 m/m) • Team of administration assistance (3 x 21 m/m) • Ad hoc experts concerning specific questions of the public administration bodies (3 + 14 = 17 m/m) • Standard IT administrative equipment computers, printers, copy machines, SW with two year service <p>Total costs 0,990 MEURO, co-financing 15%</p> <ol style="list-style-type: none"> 2. Costs of the internal audit technical assistance at the MI and the RS <ul style="list-style-type: none"> • International conferences in Prague and in regions and seminars at other government bodies • Publishing booklets and materials for the training of the trainers and the auditors attestation at the public administration bodies <p>Total costs 1 x 0,3 + 14 x 0,15 = 2,400 MEUR, co-financing 15%</p> <p>Supply of the equipment</p> <ul style="list-style-type: none"> • For the internal audit co-ordination workplace at the MI (standard IT equipment for the offices of 7 employees including two year service) • For the internal audit units of the regional self-government offices (standard IT administrative equipment for 14 x 5 employees with two year service) <p>Total costs 0,340 MEUR, co-financing 15%</p>	<ul style="list-style-type: none"> • The internal audit units at the MI and the RS will make a plan of their own development at the beginning of the project including ways of how to use money and IT equipment for the internal audit • MI and the RS will provide offices with the basic equipment and standard service • The project will complete other future prepared twinning projects at MI and other ministries • The project will be realised in co-operation with public administration bodies and with the support of current information technologies used by the public administration, first of all the databases created by public administration during monitoring, control, audit and evaluation and performance of the external audit of the Supreme Control Office and EU • Organisational support for state administration bodies for using the outputs and outcomes of internal audit units • Synergy with the application of Czech laws regarding: the Supreme Control Office (166/1993), the Czech Republic Assets (219/2000), the Budgetary Rules (218/2000), the Regional Budgetary Rules (250/2000), the Municipalities (128/2000), the Capital Prague (131/2000), the District Offices (147/2000), the Regions (129/2000), the State Enterprise (77/1997), the State Control (552/1991), the Accounting (563/1991) and other for the project relevant laws • Synergy with the application of the regulations effective in the EU: Regulation No 1260, on the financial control of the Structural Funds (438/2001) and other relevant laws • Relation to the project with the educational programmes of the MF, MI and the Supreme Control Office and training programs of the other ministries and the RS focusing on the support of the financial control law application and public audit law preparation • Relation to the program with the development and integration of information technologies and with managing systems of planning, realisation, control and evaluation of programmes and projects co-financed from the public budgets (domestic and foreign) • Direct contact of the contractor (expert team leader) with the management of the MI and MF and other relevant ministries in connection with current or future twinning projects • Political and administrative contact of the contractor (expert team leader) with the top management of self-government bodies • Monitoring, control and approval of the project plan stages of the internal audit units by the contractor

Preconditions

- The establishment of 15 internal audit units, one at the MI and 14 others in the RS involved in the economical and social cohesion program and their co-operation with State Government and the Supreme Control Office development programs
- Compliance of the regional self-government units in involving their internal audit units in the Public Administration Reform with the support of the EC to actively benchmark using the current and future twinning programs at the ministries, foremost at the MF
- Co-operation of the self-government bodies with the NGO's, the Chamber of Auditors, the Union of Accountants, the Regional Self-government Association, the Association of Cities and Municipalities, the Czech Internal Audit Institute, universities, etc.