

<b>Logframe 3</b> – Programme proposal:	Programme Title and Number	<b>Pages 4,5,6 (10)</b>
Multi-country Internal Audit Programme (MIAP)	Final date for Contract approval: Not determined	Final date to draw on funds: Not determined
	Total budget: not determined	Phare budget: not determined

Wider Objectives	Indicators of Achievement	Sources of Information	
<ul style="list-style-type: none"> <li>Provide assistance to Candidate Countries (CC) in completing the objectives of the Economic and Social Cohesion (ESC) programme within the framework of preparations for EU membership</li> </ul>	<ul style="list-style-type: none"> <li>EC approval that requirements have been met</li> <li>JMC<sup>2</sup> approval in the relevant country</li> <li>NAO<sup>2</sup> approval in the relevant country</li> </ul>	<ul style="list-style-type: none"> <li>Regular EC assessment reports</li> <li>Regular CC government assessment reports</li> </ul>	
Programme Objectives	Indicators of Achievement	Sources of Information	Assumptions
<ul style="list-style-type: none"> <li>Provide co-ordination assistance to EC activities related to CC in integrating the outputs of current and future projects concerning absorption capacity growth and improving the effectiveness of public finance administration</li> <li>Incorporate the results of the previous Multi-country Programme for CC (Special Preparatory Programme – SPP, Phare 1998) into the following areas: <ul style="list-style-type: none"> <li>⇒ Providing technical assistance in building an internal auditing system for CC bodies of state administration and self administration in order to fulfil the requirements of proper financial management and control of Contracts financed from public sources and programme assessments during the pre-accession period (assistance in preparing and implementing the relevant legislation for the MIAP)</li> <li>⇒ Co-ordinating activities related to the administration and control of public finances within the framework of state administrative and self administrative reforms in CC (preparations allowing for compliance with EC Directive 2064/97 on mandatory auditing, and other relevant Directives, and any other relevant bylaws)</li> <li>⇒ Co-ordinating activities in building a state treasury (ST) system in CC that are in the process of introducing or preparing to introduce such a system (proposal for the CR see. <b>Logframe 2</b>)</li> <li>⇒ Co-ordinating the implementation of internal auditing and its related activities within the National Fund (NF) as well as the implementation agencies for the Phare, Ispa, Sapard pre-accession programmes (proposal for the CR see. <b>Log frame 1</b>)</li> <li>⇒ Integrating university programme course material and providing support to the consulting industry in CC in order to provide experts qualified in the fields of management, control and assessment of ESC programme public finance administration.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>An increase in direct international co-operation within the bodies of state administration and self administration (including their institutions)</li> <li>The scope and extent of changes made to the bodies of state administration on the basis of Acquis Communautaire</li> <li>The amount of public debate (professional and general) concerning reforms to state administration and the building of self administration (in the field of public finance administration)</li> <li>The level of financial participation by the state in national development programmes and the extent of reforms made to their financial mechanisms according to EC Directive 2064/97</li> <li>The relative cost and quality of preparing and implementing an Information Technology (IT) system for state administration and self administration within CC (ex. the introduction of a monitoring system in individual CC, which incorporates the past experience of EU member states and applies the MEANS principles in establishing the criteria to properly assess the preparation, realisation and impact of development programmes in Target regions 1 and 2)</li> <li>The number of programmes completed with the participation of International Financial Institutions (IFI) and the private sector</li> <li>The number of participating universities and consulting companies; the scope of the educational programme for future graduates and the amount of training provided to employees of state administration and self administration and other legal and private subjects involved with the ESC programme (absorption capacity growth and increasing the effectiveness of public finance administration)</li> </ul>	<ul style="list-style-type: none"> <li>Documents and records of official and working contacts with EU member states and CC participating in the programme</li> <li>Conclusions reached at conferences and seminars related to the subject of internal auditing</li> <li>The records of meetings held at the ministerial level (the sections related to the assessment of achievements made by internal auditing units)</li> <li>Reports concerning the introduction of the IT system for the bodies of state administration and self administration (ex. the monitoring system and system of pre-accession and structural fund programme assessment)</li> <li>Progress reports on the preparation and realisation of the Phare, Ispa and Sapard programmes (reports assessing the activities of the NF and implementation agencies)</li> <li>University course programme material, services offered by consulting companies and the amount of professor/student exchanges between CC and EU member country universities</li> <li>The reaction of the media</li> <li>Project progress reports (ex-ante, quarterly and the final report)</li> </ul>	<ul style="list-style-type: none"> <li>Political support and the resolution of the bodies of state administration and self administration in the CC to mutually participate in the MIAP</li> <li>The unified effort of the Ministry of Finance (MF) in the CC to provide an acceptable cost effective solution to the project of building a State Treasury (ST) system</li> <li>Close compatibility of the MIAP with other EC programmes (facilitates the twinning programme and provides technical assistance to internal auditing units)</li> <li>The joint efforts of CC state administrative and self administrative bodies to rationalise the system of public financing within their countries</li> <li>Agreements between government and universities of CC on utilising their intellectual potential to provide future graduates educated in the areas set out by the MIAP (in relation to other educational programmes)</li> <li>The integration of support provided to universities within the framework of MIAP with other EC university programmes (Socrates etc.)</li> <li>A sufficient amount of topics to increase the level international co-operation</li> </ul>
Results	Indicators of Achievement	Sources of Information	Assumptions

<ul style="list-style-type: none"> <li>• Increase internal co-operation within CC and the integration of EC programme outputs and know how (twinning, technical assistance), prepared and being prepared by experts of EU member countries for the bodies of state administration and self administration in individual CC in the areas of financial management, control and internal auditing supporting absorption capacity growth and improving the effectiveness of public financing</li> <li>• Establish an environment of standard procedures and applications to allow for the integration of EC Directives in state laws, directives and procedural instructions for the bodies of state administration and self administration in CC</li> <li>• Increase the effectiveness of the Phare programme – Institution Building (IB) by implementing a network of internal auditing units within the CC as outlined below:</li> </ul> <p>⇒ establish a network of internal auditing units built at the expense of state administration and self administration bodies within the CC, thereby confirming their participation in the MIAP</p> <p>⇒ gain a thorough understanding of the subject and allow for the timely preparation of the CC state administrative and self administrative bodies to comply with EC Directive 2064/97 concerning mandatory auditing, which the CC must have in place at the time of EU accession for Target group 1 and a few exceptions in Target group 2 of the ESC programme</p> <p>⇒ increase the speed and cost effectiveness of CC government activities in preparing and building a state treasury (ST) system and improve the transparent functioning of the state treasury within the bodies of state administration and self administration (including subordinate organisations)</p> <p>⇒ increase absorption capacity in the CC by improving the effectiveness of implementation mechanisms (NF, IA) already established and assist in standardising (simplifying) the implementation of Phare, Ispa and Sapard programme pre-accession assistance by introducing internal auditing to Final Beneficiaries (fully utilising the experience of EU member states)</p> <p>⇒ strengthen the overall effectiveness of public investment by increasing the amount of universities and consulting companies participating in the preparation, realisation and impact assessment of the ESC programme (including their integration with newly built technological parks, and science incubators with EU assistance)</p>	<ul style="list-style-type: none"> <li>• The number and overall assessment of value gained from international conferences, seminars and working meetings (participation of ministries and regional bodies) and the amount of participation by other components involved in the ESC programme in individual CC (incite interest in the professional and general control of public financing and inciting the interest of the private sector in co-financing state, regional and municipal programme)</li> <li>• The methodical management of internal auditing assessment units through the CFCU network in individual CC and their relation to Supreme Auditing Offices assessment reports (for example in the CR the NKU activities). Ensure methodical compatibility between the internal auditing function being introduced and the functioning external auditing function in the area of public financing within the individual CC</li> <li>• Internal CC government information and assessment carried out at the international level evaluating the progress of reforms made to state administration and self administration and the quality and extent of progress made in building a state treasury system and monitoring system</li> <li>• Include the subject of absorption capacity growth and support of increasing the effectiveness of public financing in the programmes of political parties and its presentation during pre-election campaigns and when carrying out their duties within state administration and self administration after elections</li> <li>• The number of prepared directives and procedural regulations related to the relevant laws passed by the state which affect absorption capacity growth in the CC and the effectiveness of their public financing (examples from the CR: the law concerning the state budget, setting out the competent bodies of state administration and self administration, and the laws concerning state budgetary rules, internal financial control etc.) by complying with EC Directive 2064/97 on mandatory auditing</li> <li>• The number and growth rate of internal auditing units within the bodies of state administration and self administration in CC and the quality of their function through regular reports on their activities</li> <li>• The involvement of non-governmental organisations in the MIAP and the number of activities supporting an increase in internal auditing within the bodies of state administration and self administration</li> </ul>	<ul style="list-style-type: none"> <li>• The records of international conferences, seminars and working meetings</li> <li>• An increase in public interest concerning public financing and the level of expertise in providing controls through the media (newspapers, radio and television programmes at the state and regional levels)</li> <li>• An increased interest of experts in the areas of management, control and assessment of public financing and number of professional articles and interviews in newspapers, magazines, radio and television programmes</li> <li>• Reports on the activities of the internal auditing units and their distribution within the network of state administrative and self administrative bodies</li> <li>• Records from meetings held by the Government Committee for Integration into the EU and the Government Working Committee (in accordance with the executive co-ordination structure in the CR)</li> <li>• Records of working group meetings Government Committee for Integration into the EU</li> <li>• Records of meetings held by the managerial bodies of state administration (ministers) and self administrative bodies (governor/hejtman) involved in the subject of introducing and carrying out internal auditing (for example: preparations to accept the tasks resulting from Directive 2964/97)</li> <li>• Foreign assessments of progress made to building a state treasury system at the ministry of finance and its subsequent introduction in the other ministries and self administrative bodies in NUTS III regions and statistical units NUTS II</li> <li>• Political assessment of the transformation of university course content in supporting the ESC programme in their countries and an economic assessment of universities and consulting companies</li> <li>• Professional magazines and their analysis of the growth in the number and quality of available IT experts in individual CC</li> </ul>	<ul style="list-style-type: none"> <li>• The co-ordinated approach of the EC and the CC to the reform of state administration and self administration concerning the implementation of IT in the area of public financing</li> <li>• The readiness of the CC to utilise the Phare, Ispa and Sapard pre-accession programmes as pilot applications in order to increase the speed of transformational processes within their economies; in the case of the MIAP to support absorption capacity growth, increase the effectiveness of public financing (building a state treasury system) and to include the tasks resulting from Directive 2064/97 concerning mandatory auditing in relevant national regulations and procedural directives</li> <li>• The readiness of universities to actively participate in the MIAP and introduce and/or improve the content of courses to include the area of public investment planning, management and control of programmes co-financed by the public and private sectors, procurement, monitoring and impact assessment</li> <li>• Adjust the methods of preparing, realising and assessing the national development programmes currently preferred within the economies of CC (total amount of planned expenditures and number initiated projects) to the methods of the ESC programmes (structural funds) applied in EU countries</li> <li>• The interest of state administrative and self administrative bodies in current trends (political, methodical, technological, procedural etc.) in order to modernise and increase the effectiveness of state administration and self administration</li> </ul>
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Activities	Resources		Assumptions
<ul style="list-style-type: none"> <li>• The Multi-country Phare Programme to support absorption capacity growth and increase the effectiveness of public financing in the CC within the 2002 to 2006 period</li> <li>• Technical assistance which benefits CFCU in individual CC in co-ordinating and integrating outputs and assigning new tasks (taix, twinning, technical assistance)</li> <li>• Direct technical assistance to internal auditing units in implementing and directing their activities on the basis of conclusions made in annual assessment reports</li> <li>• Indirect technical assistance to the management bodies of state administration and self administration through the internal auditing units (professional services for management, uncovering insufficiencies and internal control, risk assessment, monitoring discrepancies and internal consulting services to the sections of the administrative body) should primarily focus on the following activities: <ul style="list-style-type: none"> <li>⇒ Preparation, participation and assessment of experience gained from working meetings, seminars and conferences held within the framework of the MIAP with the objective of monitoring, assessing, integrating, directing and simplifying the methods used in individual CC to benefit their preparations to complete the required tasks resulting from Directive EC 2064/97 on mandatory auditing</li> <li>⇒ Provide technical assistance to the Ministry of Finance in the CC participating in the MIAP followed by the other bodies of state administration and self administration in building a state treasury system and development programme lifecycle monitoring system including its projects (support absorption capacity growth and the effectiveness of public financing while adhering to the principles of ex-ante, interim and ex-post assessments)</li> <li>⇒ Methodical and organisational assistance in broadening and introducing new university courses and course material and training for consulting companies in the area of public financing (financial planning, financial management and control, co-financing agreements, tender selection, supply contracts, monitoring, auditing and assessment)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The EC initiated, manages and co-ordinates this programme with the objective of assisting in integrating the Phare, Ispa and Sapard pre-accession programmes with the national development programmes of the CC to increase the pace and quality of preparations the CC has made for EU accession</li> <li>• Financing for the MIAP should be divided 50/50% between EU sources and the CC state budget</li> <li>• The following cost estimate does not include costs covering the co-ordination of the MIAP within the EC</li> <li>• Financing for the MIAP in CC exists within the funding structure for the Phare programme – the Institution Building (IB) section and should be co-ordinated in the CC by the CFCU and administered by internal auditing units</li> <li>• It is not possible to set the total budget of the MIAP during this phase of this proposal. The working cost is estimated at 4 MEUR/annually and for the entire 2002 to 2006 period approximately 20 MEUR per CC (20 internal auditing units in one CC is 0.250 MEUR/year allocated to each unit).</li> <li>• The following working internal MIAP budget share model is proposed: a) CFCU assistance (10%); b) internal auditing unit assistance (90%) further detailed as follows: 1/3 to support conferences, seminars and public relations, 1/3 to comply with the tasks resulting from Directive EC 2064/97, to assist in building a state treasury system and to increase the effectiveness of public investment, 1/3 to support the introduction of new courses and course material in universities and involving universities and consulting companies in the MIAP programme</li> <li>• The qualifications required of experts paid by the MIAP will be set in accordance with the requirements of the MIAP</li> <li>• The qualifications required of experts paid directly by the bodies of state administration and self administration in the CC will be set in accordance with the requirements of the MIAP</li> </ul>		<ul style="list-style-type: none"> <li>• An agreement between the EC and the government of the CC to initiate the MIAP in 2002 and the conditions for its realisation during the 2002 to 2006 period</li> <li>• Detailed preparation of the MIAP in 2001 by the EC assisted by the individual CC, which confirm their interest in participating in the MIAP. Participation in the MIAP is not mandatory for the CC. However, it is assumed that the MIAP will create an effective environment for the integration of supplied services, goods and construction within the framework of the pre-accession Phare, Ispa and Sapard programmes benefiting absorption capacity growth and increasing the effectiveness of public financing</li> <li>• The willingness of state administrative and self administrative bodies in the CC to accept visitors and travel to foreign countries within the framework of the MIAP and adhere to principles of openness towards their foreign colleagues.</li> <li>• The willingness of state administrative and self administrative bodies in the CC to respect the principles jointly agreed upon to allow the MIAP to be successful and to respect the sanctions established by these principles</li> <li>• Co-operation with non-governmental organisations professionally involved in internal auditing (ex. in the CR the Czech Internal Auditors Institute – ČIIA)</li> <li>• The validity period for the MIAP is assumed to be 2002 to the end of 2006 at which time, the CC accepted into the EU up to this date will update its MIAP to assist in preparing the Community support Framework (CSF); for CC accepted after this date the MIAP will be updated and continue performing after the 2006 period</li> </ul>