1. **Basic Information**
   1.1 CRIS Number: 2005/017/518.02.01
   1.2 Title: **Strengthening the Role of Public Internal Financial Control (PIFC)**
   1.3 Sector: Internal Market
   1.4 Location: Czech Republic

2. **Objectives**
   2.1 **Overall Objective:**
   - The ability to comply with obligations of EU membership including the adherence to the aims of political, economic and monetary union
   2.2 **Project purpose:**
   - To increase the efficiency and effectiveness of the system of Public Internal Financial Control (PIFC), including optimisation of its organisational structures, the highest possible level of transparency of public finance, in order to meet the full obligation of PIFC
   2.3 **Justification**
   - Comprehensive Monitoring Report: Chapter 28 – Financial Control; Chapter 21 – Regional policy and co-ordination of structural instruments with co-operation with the Ministry of Regional Development.
   - CR legislation: Competency Law no.2/1961 Coll. as subsequently amended, Act No 320/2001 on Financial Control in Public Administration and Amendments to some Act, as subsequently amended, with the respective implementing MoF Decrees, and other relevant legislation related to Public Administration.

3. **Description**
   3.1 **Background and justification:**
   - The keen attention is being paid at present to wide scope policy objectives related to the modernisation of the State administration which shall be reflected in an overall strategy paper to be approved by the Government of the Czech Republic. The integral part of this comprehensive document will be the concept and strategy of Public Internal Financial Control (PIFC).

   The decision of the Czech Government on the concept of the control system with the emphasis on internal financial control in public administration should be taken by mid-April 2005. Subsequently the concept shall be elaborated with respect to key objectives, their mainstreaming, responsibilities, organisational structures and time table covering the period from December 2005 to 2008; and further to the accession of the Czech Republic to EMU. A special steering structure and working groups shall be established (approx. in May 2005) at the central level of the public administration aimed to prepare a comprehensive concept and strategy of the control system development in the Czech Republic based on the PIFC principles. The outputs of these activities shall be consulted with the EC experts, experts from MS and the representatives of the Supreme Audit Office (SAO).

   It is foreseen that the first version of the draft concept and strategy will be submitted for comments to the DG Budget in September 2005 and revised version in November 2005, so that the final draft of the concept and strategy might be submitted to the Government for approval by the end of November 2005. This key document shall then be a guiding and binding document for the entire state administration and, in cases exactly legally defined also for the self-governing bodies.
At present functioning of Financial and Managerial Control (FMC), as well as the internal audit (IA) within the relevant State administration entities, is ensured in legal terms, in particular by the Act No.320/2001 Col. on Financial Control in Public Administration. Consequently the Central Harmonisation Unit for Financial Control (CHU) of the Ministry of Finance has issued a number of implementation Decrees and Instruction Manuals, in order to facilitate and ensure the functioning of financial and managerial control within the Czech Public Administration.

Despite of all efforts the introduction and enforcement of the efficiency, effectiveness and economic management of public funds is facing still deficiencies and it to be resolved in mid-term perspective particularly in areas of improving existing communication and reporting systems, training systems and development of sufficient financial management and internal audit methodologies. In the managerial control area it is in particular: improving existing communication and reporting systems, training system and development of sufficient managerial methodologies.

In view of the necessity to develop a harmonised approach for all public funds, the assistance shall support the role and efficiency of the Ministry of Finance / CHU as a responsible body for co-ordinating and harmonising FMC and independent IA functions at all levels of public administration. The project will focus on the improvement of models aimed at FMC and IA, as integral parts of the Public Internal Financial Control (PIFC) system.

The proposals and recommendations concerning the PIFC system will lead to further improvement of the respective organisational structures at all levels of public administration, to application of the internationally recognised standard to public administration, incl. institutionalised services of IA in view of their functional independence. The system will include both the national and EU funds. The beneficiaries will be: Ministry of Finance, Ministry of Labour and Social Affairs, Ministry of Interior, Ministry of Transport, Ministry of Environment, Ministry of Regional Development and others, including organisational entities of the State (OSS), and self-governing bodies. Currently the entities financed from State budget chapters comprise approx. 1500 users; plus 2400 subjects financed from extra budgetary funds.

The Central Harmonisation Unit (CHU) placed at the Ministry of Finance (Dpt. 17) will be a direct beneficiary of the project. The other beneficiaries will be relevant public institutions and in a larger sense all bodies responsible for handling the public funds, including other MoF departments (in particular budgetary departments and departments dealing with EU funds), all line ministries and their subsidiary bodies.

The tasks required should be delivered by both Twinning and Technical Assistance (TA):

Twinning part of the project should provide assistance with drafting guidelines and manuals, including manuals for PIFC related FMC concept, methodology and implementation. This should meet the demand on the part of the representatives of public administration, as the Heads of Public Administration within the framework of their managerial powers shall have the responsibility for organising, managing and ensuring the adequacy and effectiveness of financial control; complying with the Act No 320/2001 Col. on Financial Control in Public Administration,

TA part of the project should provide assistance, in conjunction with MoF / Department 17 (CHU), with regard to the analysis of existing training systems and communication between bodies of public administration (MoF and line ministries) and the design of the corresponding appropriate systems for the Czech Republic. The TA is required due to a specific tasks, which normally cannot be provided under the twinning, such a the elaboration of training modules, curricula and professional training of trainers.

3.2 Linked activities:

The activities will comply with the Assessment of the efficiency of control mechanisms in Public Administration to be elaborate by the MoF / Central Harmonisation Unit as a part of the Action Plan of the Czech Government 2005 – 2006. The Assessment is planned to be submitted to the Government by June 2005. Further, the “control mechanism” will have to comply with the legal and implementing arrangements to be adopted pursuing the Government decision No. 169/2005 Col. on the State Treasury system.

The activities will be linked to outputs related to legal and methodological aspects of FMC and IA from previous Phare projects, in particular: Management & Control of EU Funds / Preparation for EDIS” (CZ01.09.01)

Objective: To ensure an efficient management, monitoring and control the EC assistance, EC own resources and public funds at central and decentralised levels in compliance with EU acquis. Budget: from Phare funds: 1.8 M € in total (1 M € for twinning, 0.8 M € for TA – 0.3 M € for evaluation of the project financed from EU funds, 0.5 M € preparation for EDIS)
Project was closed, the assessment was positive. With respect to PIFC the recommendations focused on the organisational structure of CHU, on strengthening the capacity of the Control Dpt. of the MoF / Central Harmonisation Unit in methodological and operational terms, and on enhancing the professional skills of the CHU officials (in particular in area of internal audit, where specialised training was delivered).

Support to the MoF in Design and Establishment of State Treasury System (CZ02.04.02)
Objective: To support the reform of public finance management and control by introducing a comprehensive and integrated State Treasury, to increase the efficiency and transparency of the budgetary process with the aim to reduce financing of public budget deficits and manage the debt services and cash flow. Budget: Phare funds: twinning 1,2 M € and supply 3 M € . National co-financing (State Budget): 1 M € Status: The twinning is in the advanced (prolonged) stage of implementation. To date a series of seminars and workshops have been delivered, in particular with respect to FCM and accountancy related to the State Treasury system and in broader sense to the public administration. Efficient assistance is being provided with the drafting of the respective manuals.

Strengthening PIFC at the regional level (CZ2003/004-338.07.02)
Objective: to strengthen Public Internal Financial Control (PIFC) at the regional level. Budget (all Phare funds): twinning 0,5 M €, technical assistance (1 M €)
Status: Both the twinning and the technical assistance are in the final stage and on the fair way to reach all the benchmarks. Further, where relevant to FMC and IA, the outcomes of the following Phare projects will be taken into account:
- Series of Phare projects designed for public administration staff under the responsibility of Ministry of Interior and Ministry of Regional Development.
- SIGMA Peer Review on Czech “system of public internal financial control (report March 2004)

3.3 Results:

Twinning:
- Proposals for amendments related to PIFC legal framework to be submitted through the legislative process for adoption
- Implementing arrangements on PIFC - issued by MoF / CHU
- PIFC systems supervision based on international standards established in central administration bodies; under the responsibility of CHU
- FMC manuals for internal processes for institutions of public administration (budgeting, accounting and reporting etc.) – elaborated and applied
- Efficient communication system, including monitoring and reporting system under the responsibility of CHU – introduced
- Trained staff of the MoF and line ministries in FMC and IA

Technical Assistance:
- Training system including curricula for FMC controllers and internal auditors for MoF and line ministries / central administration – elaborated and introduced
- Trained trainers from the MoF and line ministries and selected bodies of public administration in FMC and IA (approx. 30 officials trained)

The requested services demanded from the TA are usually not the know-how of the state administration.

3.4 Activities:

(1) Twinning

0,600 M€

Twinning Resident Advisor – 18 months; 5-6 STEs: approx. 200 w/d; placed at the MoF RTA - an expert with the minimum 10-year involvement in the field of FMC (Internal Control) and IA, in the public sector and/or private sector with proven knowledge of conceptual / systemic issues (incl. knowledge of relevant international standards) and with the practical experience, ideally from an executive position.

STEs - will be assigned to the individual mission related in particular to the PIFC system supervision, communication system; and budgeting, accounting and reporting etc. based on the SIGMA recommendations.

The following activities will be carried out:
- Need Analysis based on the assessment of relevant legal framework and corresponding implementing arrangements with regard to all public funds (PIFC); analysis of the Act no. 320/2001 Col. on financial control in public administration and appropriate implementing legal provisions (such as No 416/2004 Col.)
- Proposing the amendments, where appropriate, to the governing legislation to provide legal underpinning with respect to PIFC complying with the EC acquis
- Assistance with the drafting of implementing arrangements, where appropriate, - prepared for the CHU; to be submitted to the MoF Board of Directors for approval
- Evaluation of PIFC system in the Czech Republic; transfer of know –how for the CHU
- Development of methodology for reporting and the development of follow-up procedure system; for Dpt. 17 / CHU. In this connection it is foreseen that Dpt 17/CHU consults issues relevant to monitoring and evaluation of Phare/TF funds with the Centre of Foreign Assistance (MF, Dpt. 46)
- Assessment and assistance with amendments the existing manuals, including checklists, specimen documents, audit trails and multi-annual plans for IA and management
- Assistance with drafting of PIFC evaluation reports and proposal for PIFC system adjustments at the central level of the state administration; under CHU responsibility
- Drafting unified documentation for PIFC system, including manual on “3E” evaluation concept (effectiveness, efficiency and economy in public administration; under the responsibility of CHU)
- Development of appropriate and effective communication system for the exchange of information between MoF and other line ministries and institutions of public administration related to financial management and control
- Study visits - to issues relating to PIFC management, communication, monitoring and reporting and supervision systems using within the PIFC in selected EU countries; participants: experts of MoF (CHU) and line ministries and selected bodies of public administration

Twinning shall focus on conceptual, legislative and methodological issues related to the PIFC concept and its implementation. Due coordination with the TA will be ensured via twinning Steering Committee.

(2) Technical Assistance 0,300 M€:
- Development of Training System including Curricula for FMC controllers and internal auditors for MoF and line ministries / central administration
- Development of Training Programme for civil servants on PIFC issues to ensure the continuous training within the public administration
- Training of trainers in FMC and IA; approx. 30 trainers from MoF and line ministries and selected bodies of public administration. These trainers will provide training to the officials of public administration within the newly created training system (see above)
- On-the-job training in FMC and IA for FMC controllers and internal auditors in MoF and line ministries / central administration (approx. 150 – 200 officials trained)

3.5 Lessons learned:
The previous Phare projects (see 3.2 – Linked activities) proved to be useful as they enhanced the general awareness and specific knowledge on the PIFC through different forms of the project implementation. E.g. seminars in area of financial control gave better understanding about organising and importance of managerial control in different EU countries; working groups became a useful place for exchange of experience between representatives of different line ministries and gave opportunity to established informal networks; etc.
Experience from previous Phare project in areas of management and control of public funds (national, EU and other international sources) will be used in order to ensure the effective cooperation and coordination of the activities to be carried out during the implementation of this project with other activities carried out by the MoF Dpt. 17 (CHU). An appropriate organisational structure will be established from the beginning of the implementation of the project under the responsibility of the Director of the Dpt.17 / CHU. Close cooperation and strong involvement of the officials from other line ministries and other central bodies of State / Public Administration proved to be valuable; broader view of complexity of PIFC issue and ways of solving the tasks could have been done more efficiently, both in conceptual and operational terms.

4. Institutional Framework

In compliance with the Competency Law No.2/1961 Coll. as subsequently amended, the Ministry of Finance is the central body of the State administration responsible among other things for the financial management, financial control and audit (§ 4). The Act no. 320/2001 Coll. on Financial Control in Public Administration and other legal provisions (in particular Act no. 218/2000 Coll.) further stipulates the MoF
responsibilities in areas of public financial internal control, including its responsibilities for financial control methodology and coordination of the financial control execution in public administration (§7).

The Central Harmonisation Unit for Financial Control (MoF Dpt. 17) which is responsible for the Ministry of Finance functions in Public Internal Financial Control (PIFC) area, consists at present from five (5) Sub-Units:

- Unit 171 - Harmonisation of Public - Administration Control and Internal Audit,
- Unit 172 - Public - Administrative Control,
- Control Unit 173 - Harmonisation of Managerial Control,
- Unit 174 - EU Funds Audit,
- Unit 175 – Revision of Economic Administration of Territorial Self-Governing Bodies

The control experts act according the Code of Practice - Act No 320/2001 - Financial Control in Public Administration and Amendments to some Act (the Act on Financial Control) and Ministry of Finance Decree No.416, dated 28.6.2004 which implements Act No 320/2001 Coll., on Financial Control in the Public administration and on the amendment of some Acts (Act on Financial Control), Instruction Manual on the unified application of binding rules and recommendations for the performance of an internal audit in public administration authorities.

The CHU will be a direct and significant beneficiary of the project, but the project will benefit all public bodies with public fund handling responsibilities. These include the Ministry of Finance itself and all line ministries, together with their subsidiary bodies.

A Steering Committee (SC) and two Working Groups (WGs), on FCM and IA respectively, shall be established. The Director of the CHU will be a Project Leader on the Czech side and will co-chair the SC. The SC will comprise the MS and BC Project Leaders, RTA, representative of TA, SPO of the MoF, AO/CFCU, UCFA and the representatives of Ministry of Finance as a main beneficiary, and of Ministry of Labour and Social Affairs, Ministry of Interior, Ministry of Transport, Ministry of Environment, Ministry of Regional Development; representatives of other line ministries will be invited, where appropriate. The WGs, to be established at the 1st SC, will consist of appointed staff of MoF and representatives of other relevant line ministries. The participation of the officials of other Public Administration bodies will be decided on ad hoc basis.

5. **Detailed Budget (in M€)**

<table>
<thead>
<tr>
<th>€M</th>
<th>Transition Facility Support</th>
<th>Co-financing</th>
<th>Total cost (TF plus cofinancing)</th>
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<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Transition Facility (=I+IB)</td>
</tr>
<tr>
<td>Year 2005</td>
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<td></td>
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</tr>
<tr>
<td>Twinning</td>
<td>0,600</td>
<td>0,600</td>
<td>0,600</td>
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<tr>
<td>Technical Assistance</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>0,900</strong></td>
<td><strong>0,900</strong></td>
<td><strong>0,900</strong></td>
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6. **Implementation Arrangements**

6.1 **Implementing Agency**

The Central Finance and Contracts Unit (CFCU) is the Implementing Agency responsible for administrative and financial implementation of the project (tendering, contracting, payments).

The contact person is Mr. Jan Slavíček, Programme Authorising Officer (PAO), Ministry of Finance, Letenská 15, Prague (post address), phone +420-2-5704-4551, fax +420-2-5704-4550, e-mail: jan.slawicek@mfcr.cz

Responsibility for preparation, technical implementation and coordination of the project rests with the Ministry of Finance. The contact person is Ms Jana Stará, Senior Programme Officer (SPO) of the MoF
The CFA is fully responsible for overall monitoring and evaluation of project implementation. Main Contract – Ms Jana Hendrichova – Director of CFA, Ministry of Finance, Letenská 15, Prague (post address), phone +420 257 044 559, e-mail: jana.hendrichova@mfcr.cz.

6.2 Twinning
Twinning (18 months); due coordination with the TA will be ensured. RTA will be responsible for the coordination of the inputs made by the STEs. RTA will be located at the Ministry of Finance main premises; at Letenská 15, Praha 1.

The contact person for twinning will be: Mr. Josef Svoboda, Director of Dpt. 17/CHU, Ministry of Finance, Letenská 15, Praha 1, phone: +420257042340, fax: +420257042545, josef.svoboda@mfcr.cz

6.3 Non-standard aspects
n/a

6.4 Contracts

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Cost (M€)</th>
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<tbody>
<tr>
<td>Twinning Contract (incl. Working Plan)</td>
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<tr>
<td>Technical Assistance Contract</td>
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</tbody>
</table>

7. Implementation Schedule

7.1 Start of tendering/call for proposals

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Time (Q)</th>
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</thead>
<tbody>
<tr>
<td>Twinning Contract</td>
<td>3Q/2005</td>
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<tr>
<td>Service Contract</td>
<td>1Q/2006</td>
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7.2 Start of project activity

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Time (Q)</th>
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</thead>
<tbody>
<tr>
<td>Twinning Contract</td>
<td>1Q/2006</td>
</tr>
<tr>
<td>Service Contract</td>
<td>3Q/2006</td>
</tr>
</tbody>
</table>

7.3 Project Completion

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Time (Q)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning Contract</td>
<td>1Q/2007</td>
</tr>
<tr>
<td>Service Contract</td>
<td>2Q/2007</td>
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</table>

8. Sustainability

The sustainability of the outcomes of the project will be reflected within the Strategic Plan of the Central Harmonisation Unit (CHU) which will ensure the implementation of the agreed and adopted measures. The active participation and training of the CHU staff and staff of other relevant MoF departments (budgetary and EU assistance dpts) and line ministries will be a prerequisite for further training by trainers. It is foreseen that 150 – 200 officials of Public Administration will be involved in the project. The PIFC implementation shall be supported by the ITC systems operational within the Ministry of Finance and in wide range within the State/Public Administration.

9. Conditionality and sequencing

The Project activities will constitute an integral part of CHU strategic plan aimed at creation of transparent, effective and efficient system of the financial control in Czech public administration, to ensure the highest possible level of transparency of using the public financial resources and improve models aimed at managerial control and internal audit as part of PIFC. These activities will comply with the Assessment of the efficiency of control mechanisms in Public Administration to be elaborate as a part of the Action Plan of the Czech Government 2005 – 2006.

Adequate MoF financial resources and staff, mainly the officials from the Department 17 - Central Harmonisation Unit for Financial Control, will be involved in the project. However experts from line ministries will take significant part in the project as well.

All of the Project planned activities shall be coordinated in terms of time schedule with other relevant activities of the CHU and, where appropriate, other control & audit plans. These activities and outputs shall be binding on the basis of Competency Law no. 2/1969 Coll., Act no. 218/2000 and Act no. 320/2001 Coll., as subsequently amended.
The Central Harmonisation Unit (CHU) shall have a firm PIFC strategy / model based on an overall strategy paper approved and in place before the project starts.

ANNEXES TO PROJECT FICHE

1. Logframe Planning Matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule
<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX</th>
<th>LOGFRAME PLANNING MATRIX</th>
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<tbody>
<tr>
<td>Project title: <strong>Strengthening the role of public internal financial control (PIFC)</strong></td>
<td>Programme name and number: <strong>TF CZ 2005</strong></td>
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<tr>
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<td>Contracting period expires: 15.12.2007</td>
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<td></td>
<td>Disbursement period expires: 15.12.2008</td>
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<td></td>
<td>Total Budget: <strong>0,900 M€</strong></td>
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<td>TF contribution: <strong>0,900 M€</strong></td>
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</table>

### Overall objective

- The ability to comply with obligations of EU membership including the adherence to the aims of political, economic and monetary union

- EC recognition

- EU sources
- Official Journal
- Newspapers

### Project purpose

- To increase the efficiency and effectiveness of the system of Public Internal Financial Control (PIFC), including optimisation of its organisational structures, the highest possible level of transparency of public finance, in order to meet the full obligation of PIFC

- PIFC applied on public funds – by the end of the project
- Effectiveness, efficiency and economy of public administration (proved by the existence of appropriate manuals at all levels of state / public administration and their correct application in practice) – complying with the internationally recognised standards – by the end of the project
- Appropriate PIFC communication strategy and reporting system under MoF supervision and/or coordination – by the end of the project

- EC / SIGMA findings (reports)
- Ministry of Finance (Central Harmonization Unit, CHU)
- Other bodies of the Public Administration
- Independent sources (research institutions etc.)

### Results

- Twinning:
  - Proposals for amendments related to PIFC legal framework to be submitted through the legislative process for adoption

  - Conclusion and recommendations based on the review and assessment of weak points of managerial control and internal audit in the Czech Public Administration – in 3 months from

  - Ministry of Finance (CHU) - annual assessment reports, reports, manuals, legislation amendment

  - Appropriate coordination between the main beneficiary – MoF / CHU and other beneficiaries within the public administration

### Assumptions

- Appropriate legislative and institutional framework for PIFC system will be in place (and where relevant amended and adjusted)
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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<tr>
<td><strong>Twinning:</strong></td>
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<td>The following Phare projects will be taken into account: “Management and control of EU Funds/ preparation for EDIS” (CZ01.09.01); “Strengthening of PIFC at regional level” (CZ2003/004-338.07.02), and where appropriate: the outputs of the Phare projects “New concept of legislative regulation of Accountancy and application of...</td>
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<tr>
<td>• Need Analysis based on the assessment of relevant legal framework and corresponding implementing arrangements with regard to all public funds; analysis of the Act no.320/2001 Col. On PIFC and appropriate implementing legal provisions</td>
<td><strong>Twinning: 0,600 M€</strong> (RTA: 18 months; STEs: approx. 200 w/d) <strong>TA: 0,300 M€</strong> (5 – 6 STEs: approx. 250 w/d)</td>
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<td>• Proposing the amendments, where appropriate, to the governing legislation to provide legal underpinning with respect to PIFC complying with the EC acquis</td>
<td><strong>RTA</strong> - an expert with the minimum 10-year involvement in the field of FM/C (Internal Control), and IA, in the public sector and/or private sector with proven</td>
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<td>• Assistance with the drafting of implementing arrangements, where appropriate, - prepared for the</td>
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<td>implementation of</td>
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<tr>
<td>implementation</td>
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<tr>
<td>• Proposals for amendments to Act and implementing by-laws presented and discussed – in 4 to 5 months of Tw</td>
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<td>• Proposals for sustainable training system - FM/C and IA presented and discussed – in 4 to 5 months of Tw and further specified under TA</td>
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<td>• Manuals and technical guidebooks FM/C, IA – presented, discussed, modified (where appropriate) and adopted in 6 months of Tw and further specified under TA</td>
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<tr>
<td>• 200 officials of MoF and other bodies – trained throughout the Tw and TA implementation</td>
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<td>Reports including opinion and recommendations for improving FM/C and internal audit in the Czech Republic</td>
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</table>
CHU: to be submitted to the MoF Board of Directors for approval

- Evaluation of PIFC system in the Czech Republic; transfer of know-how for the CHU
- Development of reporting and follow-up procedure system; for Dpt. 17 / CHU. In this connection it is foreseen that Dpt 17/CHU consults issues relevant to monitoring and evaluation of Phare/TF funds with the Centre of Foreign Assistance (MF, Dpt. 46)
- Assessment and assistance with amendments the existing manuals, including checklists, specimen documents, audit trails and multi-annual plans for IA and management;
- Assistance with drafting of PIFC evaluation reports and proposal for PIFC system adjustments at the central level of the state administration; under CHU responsibility–
- Drafting unified documentation for PIFC system, including manual on “3E” evaluation concept (effectiveness, efficiency and economy in public administration) under the responsibility of CHU
- Development of appropriate and effective communication system for the exchange of information between the MoF and other line ministries and institutions of public administration related to financial management and control
- Study visits - to issues relating to PIFC management, communication, monitoring and reporting and supervision systems using within the PIFC in selected EU countries; participants: experts of MoF (CHU) and line ministries and selected bodies of public administration

**Technical Assistance:**

- Development of Training System including Curricula for FMC controllers and internal auditors for MoF and line ministries / central administration
- Development of Training Programme for civil servants on PIFC issues to ensure the continuous knowledge of conceptual / systemic issues (incl. knowledge of relevant international standards) and with the practical experience, ideally from an executive position.

**STEs** - will be assigned to the individual mission related in particular to the PIFC system supervision, communication system; and budgeting, accounting and reporting etc. based on the SIGMA recommendations.

**The Steering Committee and Working Groups** shall be established; the representative of the CFCU/AO, CFA and SPO of the MoF will be members of the Steering committee;

**Twinning:**

**Actions** will be carried out in compliance with Phare / TA rules through a variety forms, such as: **consultations, seminars, workshops and study visits.**

Participants: 150 – 200 officials of MoF and other line ministries (to be identified during the preparation of specific events). The number of men/days assigned to specific activities will be adjusted appropriately.

**Technical assistance:**

**Actions** will be carried out in compliance with Phare / TA rules through a variety forms, such as: **consultations, seminars, workshops and on-the-job training.**

Participants: 150 – 200 officials of MoF and other line ministries (to be identified during the preparation of specific events).
<table>
<thead>
<tr>
<th>training within the public administration</th>
<th>The number of men/days assigned to specific activities will be adjusted appropriately.</th>
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</thead>
<tbody>
<tr>
<td>• Training of trainers in FMC and IA; approx. 30 trainers from MoF and line ministries and selected bodies of public administration, These trainers will provide training to the officials of public administration within the newly created training system (see above)</td>
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</tr>
<tr>
<td>• On-the-job training in FMC and internal audit (IA) for FMC controllers and internal auditors in MoF and line ministries / central administration (approx. 150 – 200 officials trained)</td>
<td></td>
</tr>
</tbody>
</table>

**Preconditions**

The Central Harmonisation Unit (CHU) shall have a firm PIFC strategy / model approved and in place before the project starts.
### DETAILED IMPLEMENTATION CHART

**Project title:** Strengthening the role of public internal financial control (PIFC) - managerial control and internal audit

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th></th>
<th>2006</th>
<th></th>
<th>2007</th>
<th></th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>1) Twinning contract</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Start of tendering / call for proposals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start of project activity</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Project completion</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2) TA contract</td>
<td></td>
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</tr>
<tr>
<td>Start of tendering</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Start of project activity</td>
<td>X</td>
<td></td>
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<tr>
<td>Project completion</td>
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Obj 2- PIFC.doc
CONTRACTING AND DISBURSEMENT SCHEDULE

Cumulative Quarterly Contracting Schedule (mil.€)

<table>
<thead>
<tr>
<th>Project title</th>
<th>1Q/05</th>
<th>2Q/05</th>
<th>3Q/05</th>
<th>4Q/05</th>
<th>1Q/06</th>
<th>2Q/06</th>
<th>3Q/06</th>
<th>4Q/06</th>
<th>1Q/07</th>
<th>2Q/07</th>
<th>3Q/07</th>
<th>4Q/07</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the role of public internal financial control (PIFC) - managerial control and internal audit.</td>
<td>0,600</td>
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<td></td>
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<td>0,900</td>
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<td>0,900</td>
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</tbody>
</table>

Cumulative Quarterly Disbursement Schedule (mil.€)

<table>
<thead>
<tr>
<th>Project title</th>
<th>1Q/05</th>
<th>2Q/05</th>
<th>3Q/05</th>
<th>4Q/05</th>
<th>1Q/06</th>
<th>2Q/06</th>
<th>3Q/06</th>
<th>4Q/06</th>
<th>1Q/07</th>
<th>2Q/07</th>
<th>3Q/07</th>
<th>4Q/07</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the role of public internal financial control (PIFC) - managerial control and internal audit.</td>
<td>0,480</td>
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<td>0,600</td>
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<td></td>
<td>0,720</td>
<td>0,900</td>
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<td></td>
<td>0,900</td>
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</table>