STANDARD SUMMARY PROJECT FICHE - TRANSITION FACILITY

1. Basic Information
1.1 CRIS Number: 2005/017/518.05.01
1.2 Title: Audit on Functionality and Security of Social Insurance Information Systems
1.3 Sector: Employment, Social Protection and Health
1.4 Location: Czech Republic

2. Objectives
2.1 Overall Objective(s):
To enable the Czech Republic to take on the obligations of the EU membership, incl. adherence to the aims of political, economic and monetary union.

2.2 Project purpose:
Development of tools, methodology and procedures for the audit of social insurance information systems functionality and security.

2.3 Justification:
Relevant Czech legislation is in line with the acquis and The Czech Social Security Administration (CSSA) when enforcing the acquis, must be looking for the ways to share experience with other relevant institutions on how to deal with problems concerning the audit methods, tools and procedures in the area of social insurance information systems functionality and security. There is no comparable institution in the Czech Republic that could provide information of this kind in compliance with TESS Programme for the development of telematics services designed to coordination of social security schemes in Europe, based on Regulations (EEC) No 1408/71 and (EEC) No 572/72 and Technical Commission on Information Technology and Technical Commission on Administrative Management, Organization and Methods of ISSA.

According to these regulations it is necessary to provide Czech citizens living or working abroad as well as foreign citizen living or working in the Czech Republic with respective allowances they are entitled for. For this purpose it is necessary to have a well created reliable information systems as well as tools and methods for checking entitlements of these citizens, which is also in responsibility of internal audit department. This project is aimed to provide creation of functioning and secure information system in the above-mentioned areas.

In spite of the fact that the relevant Czech legislation is in line with the acquis, the CSSA needs to gain experience in the field of ensuring functionality and security of above mentioned information systems. The internal audit staff has no possibility to consult their concept and processes with similar institution in the Czech Republic. As a consequence the internal audit does not even have respective technical tools, more specifically there is a lack of experience in their usage. In other Member States there are technical tools as well as experts whose experience and also the possibility of utilising of technical means and tools would be of a great help.

The set up system and technical means will serve exclusively for the internal audit needs. A subject matter of the internal audit are among others the internal organisation units of CSSA that have in their scope of work the administration of information systems and data processing (IT specialists), and other district organisation units of CSSA (see point 4). At the same time it is necessary to use such technical means that will be independent of the current structure of information and communication technologies, autonomous, so that it would not be possible to bias or disturb the data or documents acquired during audits. All equipments delivered are intended to serve for creation of autonomous system according to the good practice used in internal audit in the EU MS.

The separate domain will therefore be created in the internal audit department at the Central Administration Office of CSSA and the auditors will have the necessary mobile equipment at their disposal. Only in such a case will the internal audit be independent and able to fulfil its fundamental mission – to deliver relevant information and assurance to the senior management and EU bodies.

Reference to the Comprehensive Monitoring Report 2003:
Chapter 2: Free movement of persons: "The acquis under this chapter provides for non-discriminatory treatment of workers who are legally employed in a country other than their country of origin. This includes the possibility of cumulating or transferring social security rights, which requires administrative cooperation between Member States. ….. With regard to co-ordination of social security systems, no transposition into national legislation is needed to achieve alignment with the acquis, but appropriate administrative capacity needs to be ensured through
staffing increases and training. Although these structures remain to be completed, preparations, including training, are on track. Measures that are being taken for securing a corresponding administrative capacity in these fields should be further executed. “

3. Description

3.1 Background and justification:

The Czech Social Security Administration is a governmental body directed by the Ministry of Labour and Social Affairs. It has competence in the sphere of pension insurance, sickness insurance and medical board responsible for evaluation of the state of health of the insured persons. The Czech Social Security Administration decides about pension insurance benefits, meets task arising from international agreements on social security, collects social insurance premiums and contributions to state employment policy, checks the performance of obligations of social security subjects, evaluates citizens’ state of health and working ability for the purposes of social security, keeps register of citizens unable to work and, in the determined cases, executes sickness insurance. The CSSA operates pension and sickness insurance information systems and has to devote a great attention and at the same time a great emphasis on verification of functionality and security of the information systems. Specific features of the internal audit in CSSA and especially of the audit of information and communication technologies lies in a special position of CSSA in the state administration.

Internal audit department according to its status among others carries out audits of main and supportive processes within the whole CSSA organization structure, analyses the functionality and efficiency of the internal control system in the CSSA, assesses risks related to the information systems concerning availability, reliability, confidentiality and operation and financial information integrity, efficiency and effectiveness of processes, finds out and identifies risks of IS security danger by means of audit of systems, processes and technological audits (e.g. penetrating tests), carries out audits in accordance with common legislation and audit standards including SW audits, provides for the forensic audits, monitors information networks development, operation and security, runs IS in a separate domain that enables to follow the audits time course, ways of risks elimination and following checks, installs and operates audit software tools, directs the activities of internal auditors whose workplace is situated at the district offices.

The CSSA fulfils its obligations in the field of standard financial control in accordance with Act No. 320/2001 Coll. and at the same time there are parts of its activities demanding different approaches in operation and internal audit. Therefore a system of internal audit in the CSSA is being built which corresponds to the International standards for professional practice of internal audit No. 1000 – 2600, EU directives, mainly standards No. 11, 13, 22, 23, 24, 25, 31, and norms ISO/IEC 17799, ISO/IEC 13335 - 1, 2, 3, 4, ISO/IEC 13888 - 1, 2, 3. All these standards concern conditions for pursuance of the internal audit and the internal audit department staff expect to gain experience in having these standards harmonized with the national legislation. The aforementioned Act basically regulates the internal audit in relation to the financial control, definitely not to the audit of processes and systems that is being created by CSSA, although it also has to respect provisions of this Act.

With regard to the specific position of the CSSA in the state administration system the members of the internal audit staff have no possibility to consult their concept and processes with similar institution in the Czech Republic. As a consequence the internal audit does not even have respective technical tools, more specifically there is a lack of experience in their usage.

In order to fully and properly implement the acquis this project should provide required experience in using of created tools, procedures and methodology. In other Member States there are technical tools as well as experts whose experience and also the possibility of utilising of technical means and tools would be of a great help. Moreover, the CSSA processes within the framework of social security coordination are dependent on functional systems of ICT that are interconnected with other Member States (e.g. within the TESTA network). After gaining experience and acquiring adequate technical assistance it would be possible to create the internal audit system, which could be used with only small modifications as an example of a good practice for other new Members.

Implementation of this kind of audit will also enable the CSSA an implementation of new processes within the framework of ongoing CSSA update (data digitalisation, creating of individual accounts of insurers, transition to e-government and e-office etc.) with minimum risk and subsequently also while carrying out the pension reform that is being currently prepared. Being aware of potential risks and for higher security of data and its processing, the CSSA implements its own project on data access security. The results of the audit would also be used for the testing phase of this project.

The result of the project, as being implied by aforesaid, should be a setting up of a technically and methodologically adequate internal audit system, which would by its results guarantee correctness of the information and databases of the CSSA. More specifically, setting up of such a system would enable to the

Obj 5-Audit on SSIS.doc
internal audit to secure and eliminate the risks of disturbing this base, especially risks of disturbing accessibility, reliability, confidentiality and integrity of the data relating in social insurance.

3.2 Linked activities:

Project Phare CZ01/IB/SO-02 “Testing the preparedness for the application of EC social security legislation”
The overall objective of the project was testing whether the Czech institutions involved in the social security are prepared for enforcement of the acquis and the bulk of the project was dealing with the CSSA. A part of testing was focused on ICT environment, data security within the CSSA and functionality of the CSSA internal audit. The Finnish experts presented functions of audit in the social insurance institutions to the CSSA auditors and recommended a number of measures, e.g. the CSSA should evaluate the risks of different models of pension and allowance administration, elaborate measures for risk management and minimising their effects.

Project Phare CZ00/IB/SO-01 “Support to Pension Reform”
The general objective of this project was to transform the CSSA into a fully operational insurance agency, with the necessary internal procedures and operational capacities (technical and personnel) to administer a digitalised pension system, meeting the requirements of EC legislation and EU co-ordination of social security. The emphasis is put on the quality of the system of supplementary pension schemes state supervision, including the employer sponsored schemes, analysed/defined (initial principles are now under preparation in MoLSA), with supervision systems strengthened. Part of this project was focused on IS functionality and security, which created a basis that will be further developed within this TF project.

Project Phare CZ03/IB/SO/01 “Information system for administration of free movement of persons”
One of the objectives of this project was to propose the architecture of the CSSA information system for migrant workers and also to draft recommendations for data management and data security. The Dutch experts recommended two main principles relevant for the proposed project:

1. it is necessary to further improve the data protection when storing or processing them,
2. it is necessary to improve the cooperation of institutions involved in data exchange.

(TThe Technical Commission of the Administrative Commission for Social Security of migrant workers.)
Special attention is paid to the data security by EU institutions and the Technical Commission, established on the grounds of article 117c of the Council Regulation No. 574/72, discusses this issue continually. The CSSA, as the institution competent according to the Council Regulations 1408/71 and 574/72, is among the first new Member States institutions ready for accession into the TESTA network. After finalising the TA component of the project „Information system for administration of free movement of persons“ the CSSA will internationally exchange the European forms according to the relevant decisions of the Technical Commission.

Twinning part finished in February 2005, equipment was succesfully delivered. TA component is just being realized at the CSSA and is focused on SW support for data registration and exchange among social insurance institutions within EU MS.

3.3 Results:
Development of tools, methodology and procedures for the audit of the functionality and security of social insurance information systems.

Twinning-Light:
- On the basis of the analysis of the present situation and procedures in internal audit and ICT at the CSSA a summarizing report developed and recommendations provided for improvement of the effectiveness of internal audit in the listed areas.
- Description of similar audit performed in the EU Member states realized.
- Methodical and consulting assistance in setting up the audit tools realised, recommendations submitted.
- Methodology of risks identification in relation with the financial data in SAP R/3 system created to be used by the CSSA internal audit unit.
- Methodology of the internal audit of risks identification in the information systems in the main fields created (in the field of information security organisation, in the field of personal and physical security, in the field of access to applications and data, in the field of communications and operation) to be used by the CSSA internal audit unit.
- Working manuals of methodology of risks identification in relation with the financial data in SAP R/3 system created (approx. 10 copies).
• Working manuals of methodology of internal audit of information technologies security according to CSN ISO/IEC 17799 created (approx. 10 copies).
• Working manuals of methodology of penetrating tests created (approx. 10 copies).
• The CSSA internal auditors trained and tested (approximately 20 people – 8 in risk identification in SAP R/3, 6 in audit of information technology security according to CSN ISO/IEC 17799, 6 in penetrating tests) through seminars, tests and a study visit.
• Experimental tools (network security scanner, event log explorer and monitor, security analyser) implemented into practice.

Technical Assistance:
• Separate testing domain for audit procedures and technologies preparation and verification created.
• Audit of information technologies security according to CSN ISO/IEC 17799 in chosen localities, including audit of data availability, carried out.
• Revision of the functionality and security of the CSSA information systems realised.
• Monitoring tools for internal audit of data transfer created and implemented.

Supply of Equipment:
Equipment necessary for improvement of internal audit activities at the CSSA supplied (see Annex 4). All equipment delivered is intended to serve for creation of autonomous system according to the good practice used in internal audit (e.g. for penetrating tests in information systems).

3.4. Activities:

1) Twinning Light (0.250 M€)
• Providing analysis of the current situation and procedures in internal audit and ICT at the CSSA and recommendations.
• Description of audit performed in the EU Member States.
• Methodical and consulting assistance in setting up of the audit tools.
• Creation of methodology of the internal audit of risks identification in the information systems – especially in the fields of information security organisation, a personal and physical security, in the field of access to applications and data and in the field of communications and operation.
• Risks identification concerning financial data in SAP R/3 system and creating of methodology for identification.
• Creation of working manuals of methodology of risks identification in relation with the financial data in SAP R/3 system.
• Creation of working manuals of methodology of internal audit of information technologies security according to CSN ISO/IEC 17799.
• Creation of working manuals of methodology of penetrating tests.
• Training of the CSSA internal auditors (approximately 20 people) in risk identification in SAP R/3, in audit of information technology security according to CSN ISO/IEC 17799, in penetrating tests through holding seminars and a study visit (5 days, 5 pers.).
• Testing trainees by written tests created by the trainers.
• Implementation of experimental tools (network security scanner, event log explorer and monitor, security analyser) into practice.

The Experts’ profile:
MTE + STEs (apx. 11man-months)
For analysis, recommendation and overall coordination and delivering the project outputs. Experts must have minimum 5 years of practical experience in the field related to the project, i.e. experience with internal audit, plus specialized knowledge and experience in relevant field of activity– knowledge of operating systems, security of data and computer networks (CSSA uses Microsoft networks), experience with SAP/R3 (widespread application software invented by SAP AG company, covering fields of finance, logistic and human resources, which has been implemented in the CSSA since 2005., ability to identify risks in information systems. Working language is English. Team Leader – Coordinator should have the conceptual and system thinking, ability to lead a team, ability to take technical and personnel decisions.
2) Technical Assistance (0.350 M€)

The assessment and revision of information systems of social insurance (apx. 6 man-months, will be assessed and proposed by an independent expert).

- Creation of separate testing domain for audit procedures and technologies preparation and verification.
- Revision of the functionality and security of the CSSA information systems in form of penetrating tests.
- Audit of information technologies security according to CSN ISO/IEC 17799 in chosen localities, including audit of data availability.
- Creation and implementation of monitoring tools for the internal audit of security of a data transfer.

3) Supply of equipment (TF 0.070 M €)

For details and justification of the equipment to be purchased see Annex 4. The supply of HW and SW is necessary for strengthening of functioning and security the CSSA information system.

4) Supply of equipment (Czech co-financing 0.025 M€)

The supply of HW and SW is necessary for strengthening of functioning and security the CSSA information system – for details and justification of the equipment to be covered by the Czech co-financing see Annex 4.

3.5 Lessons learned:

The conclusions and recommendations of recent monitoring reports have been considered within the preparation of this project. According to the CMR “Overall, the administrative capacity of the Czech Republic has been strengthened considerably. Efforts need to be pursued in particular as regards agriculture, the environment, regional policy, justice and home affairs as well as financial control. Special attention should be given to the structures necessary to ensure sound and efficient management of EC funds. Currently ongoing activities, notably the strengthening of the internal audit units through increasing human resources and training, need to be vigorously pursued in order to attain full operational capacity by accession.” (page 9)

“...The internal audit units in all budget spending centres with internal audit focusing on system-based and performance-audit functions need to be adequately staffed with well-trained and experienced personnel”. (page 50)

Previous projects’ recommendations have been taken into account. This new project will further develop previous recommendations from these projects:

- **Project Phare CZ01/IB/SO-02 “Testing the preparedness for the application of EC social security legislation”**
  Finish experts found the CSSA internal audit well organized and functional and recommended the CSSA auditors to evaluate the risks of different models of pension and allowance administration, elaborate measures for risk management and minimising their effects (CSSA Summary, Part Internal Audit, pages 98 and following). Recommendations were adopted by the CSSA Management (June 2004) and became part of its policy.

- **Project Phare CZ00/IB/SO-01 “Support to Pension Reform”**
  Component 1.2 of this project was focused on improvement of data security in data exchange and recommendations were given how to ensure a higher level of data security. According to the managements decision recommendations were implemented but it is necessary now, after the EU accession, to revise them and find out, if their status at the CSSA is in compliance with EU legislation in this field.

- **Project Phare CZ03/IB/SO/01 “Information system for administration of free movement of persons”**
  Dutch experts recommended in the Final Report (Part 5 Conclusions, Component A of the Project) two main principles relevant for the proposed project of architecture of the information system for administration of free movement of persons as follows:

  1. it is necessary to further improve the data protection when storing or processing them,
  2. it is necessary to improve the cooperation of institutions involved in data exchange.

Both recommendations were adopted by the CSSA Management and became a part of the newly adopted CSSA concept on the application of the EEC Regulations 1408/71 and 574/72 within the CSSA competence (February 2005).

4. Institutional Framework

*Ministry of Labour and Social Affairs (MoLSA)*
MoLSA is a central department of the State administration and is responsible for labour relations, occupational safety, employment and training, collective bargaining, civil service, wages and other forms of remuneration, pensions and sickness insurance, social protection, family and child affairs, care for vulnerable groups and other issues of wage and social policy. The number of MoLSA staff is approx. 550 persons.

**Czech Social Security Administration (CSSA)**

The Czech Social Security Administration is a governmental body directed by the Ministry of Labour and Social Affairs. It has competence in the sphere of pension insurance, sickness insurance and medical board responsible for evaluation of the state of health of the insured persons. The Czech Social Security Administration decides about pension insurance benefits, meets task arising from international agreements on social security, collects social insurance premiums and contributions to state employment policy, checks the performance of obligations of social security subjects, evaluates citizens' state of health and working ability for the purposes of social security, keeps register of citizens unable to work and, in the determined cases, executes sickness insurance.

The main competences of the CSSA are in the sphere of pension insurance system, sickness insurance system and the system of state employment policy (unemployment insurance and employment policy programs) and to arrange the calculation and payment of benefits from those schemes as well as the keeping of records on insured individuals (excluding the system of state employment policy).

The CSSA is divided into the Central Administration (with offices in Prague) and District Social Security Administration (DSSA, 91 administrations), including 15 DSSA with responsibility at the regional level. The number of CSSA staff is approx. 8 500 persons including the district branches.

**Steering Committee (SC)**

The Steering Committee of the project will be established. It shall be composed of representatives of CFA and CFCU, representative of the Ministry of Labour and Social Affairs, representative of the Czech Social Security Administration and Project Leaders.

**Final Beneficiary**

After the project completion the CSSA will be the owner of the supplied equipment.

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 co-financing)</th>
</tr>
</thead>
<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>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning Light</td>
<td>0.250</td>
<td></td>
<td>0.250</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>0.350</td>
<td></td>
<td>0.350</td>
</tr>
<tr>
<td>Supply of equipment</td>
<td>0.070</td>
<td></td>
<td>0.070</td>
</tr>
<tr>
<td>Total</td>
<td>0.070</td>
<td>0.600</td>
<td>0.670</td>
</tr>
</tbody>
</table>

(*) There will be parallel co-financing from the state budget chapter No. 313, MoLSA. The parallel co-financing will enable to purchase the additional equipment still needed for the implementation of the project in addition to the equipment funded by the EC.

6. **Implementation Arrangements**

6.1 **Implementing Agency:**

The Central Finance and Contracting 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), phone +420-2-57004-4551, fax +420-2-5704-4550, e-mail: jan.slavicek@mfcr.cz, postal address: Ministry of Finance, Letenská 15, 118 10 Prague 1.
The contact person at the Czech Social Security Administration (CSSA) is Mr. Petr Hrubec, Director of European Coordination and International Relations Section, tel. +420 2 5706 2984, fax: +420 2 5706 3032, e-mail: petr.hrubec@cssz.cz; address: Křižová 25, 225 08 Prague 5.

The Centre for Foreign Assistance (CFA) is fully responsible for overall monitoring and evaluation of project implementation. The main contact person is Ms. Jana Hendrichová, director of the CFA, phone +420-2-5704-4559, e-mail: jana.hendrichova@mfcr.cz; postal address: Ministry of Finance, Letenská 15, 118 10 Prague 1.

6.2 Twinning:
Responsibility for technical aspects related to the preparation, implementation and control rest with the beneficiary institution, which is the Ministry of Labour and Social Affairs (MoLSA). The Contact person at MoLSA is Mr. Cestmír Sajda, Deputy Minister of the European Integration and International Relations Section, Ministry of Labour and Social Affairs, tel. +420 221922300, fax +420 221922223, e-mail: cestmir.sajda@mpsv.cz; address: Na Porícním právu 1, 128 01 Prague 2.

The contact person at the CSSA is Mr. Petr Hrubec, Director of European Coordination and International Relations Section, tel. +420 2 5706 2984, fax: +420 2 5706 3032, e-mail: petr.hrubec@cssz.cz.

6.3 Non-standard aspects:
- n.a.

6.4 Contracts:
1. Twinning light Contract 0.250 M€
2. Technical Assistance 0.350 M€
3. Supply Contract 0.070 M€
4. Czech co-financing 0.025 M€

7. Implementation Schedule
7.1 Start of tendering/call for proposals
- Twinning light 4Q/2005
- Technical Assistance 3Q/2006
- Supply of Equipment 4Q/2005

7.2 Start of project activity
- Twinning light 2Q/2006
- Technical Assistance 1Q/2007
- Supply of Equipment 2Q/2006

7.3 Project Completion
- Twinning light 1Q/2007
- Technical Assistance 4Q/2007
- Supply of Equipment 3Q/2006

8. Sustainability
The CSSA staff assigned to implement the above mentioned activities is appropriately experienced and has the necessary skills to undertake the required tasks.

9. Conditionality and sequencing
This project will build upon the achievements of the previous projects CONSENSUS III programme «Implementing EU Co-ordination Rules as decided by Regulation 1408/71 and 574/72 », CZ00.03.03, CZ01.08.02 and CZ02.08.04, and will also reflect the status of transformation of the CSSA.

Due to sequencing with TWL, the TA will be tendered after the TWL as indicated in the implementation schedule.
Central Harmonisation Unit is aware of this project and will monitor the project via participation in the Steering Committee.

**ANNEXES TO PROJECT FICHE**

1. Logical framework matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule
4. Indicative table of equipment
**LOGFRAME PLANNING MATRIX**

**Project Title:** Audit on Functionality and Security of Social Insurance Information Systems

<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To enable the Czech Republic to take on the obligations of the EU membership, incl. adherence to the aims of political, economic and monetary union.</td>
<td>Acknowledgement by the European Commission</td>
<td>Relevant EC documents</td>
<td>Other parts of the acquis implemented and enforced to fulfil the 3rd Copenhagen Criterion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Development of tools, methodology and procedures for the audit of social insurance information systems functionality and security. | Audit of social insurance information systems in accordance with CMR’s request | • CSSA records  
• Evaluation from relevant national bodies | |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| 1) Twinning-Light: | Results of auditors testing 30 copies of working manuals  
Proceedings about results of penetrating tests  
Separate testing domain  
Audit of the CSSA internal audit carried out in chosen localities  
Internal audit carried out in selected localities  
Provisional Acceptance signed by the 3Q/2006  
Equipment fully operable  
CSSA internal auditors trained and tested approx. 20 persons | • Project progress and final reports  
• EC monitoring reports  
• ISR to be submitted to NAC twice a year  
• Monitoring reports to be discussed by SMSC every 6 months  
• Record of proceedings  
• Project outputs reflected in individual policies of the CSSA  
• Action Plan and Strategy of CSSA to 2007  
• Internal evaluation of training of auditors  
• Results of the tests  
• Working manuals  
• Audits Reports | • All tasks under umbrella of this Project are effectively coordinated and all people involved are well informed |
created (approx. 10 copies).

- Working manuals of methodology of internal audit of information technologies security according to CSN ISO/IEC 17799 created (approx. 10 copies).
- Working manuals of methodology of penetrating tests created (approx. 10 copies).
- The CSSA internal auditors trained and tested (approximately 20 people – 8 in risk identification in SAP R/3, 6 in audit of information technology security according to CSN ISO/IEC 17799, 6 in penetrating tests) through seminars, tests and a study visit.
- Experimental tools (network security scanner, event log explorer and monitor, security analyser) implemented into practice.

2) Technical Assistance:
- Separate testing domain for audit procedures and technologies preparation and verification created.
- Audit of information technologies security according to CSN ISO/IEC 17799 in chosen localities, including audit of data availability, carried out.
- Revision of the functionality and security of the CSSA information systems realised.
- Monitoring tools for internal audit of data transfer created and implemented.

3) SU
Equipment necessary for improvement of internal audit activities at the CSSA supplied (see Annex 4).

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>ASSUMPTIONS</th>
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<tbody>
<tr>
<td>Twinning Light (0.250 M€)</td>
<td>TWL (0.250 M€) MTE+STEs (altogether 11man-months)</td>
<td>The proposed project will further develop and deepen the results of the previous projects</td>
</tr>
<tr>
<td>• Providing analysis of the current situation and procedures at the CSSA and recommendations.</td>
<td>For analysis, recommendation and overall coordination and delivering the project outputs. Experts must have minimum 5 years practical experience in the subject matter of</td>
<td>Co-financing from domestic funds is secured.</td>
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<tr>
<td>• Description of audit performed in the EU Member States.</td>
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<tr>
<td>• Methodical and consulting assistance in setting up of the audit tools.</td>
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<tr>
<td>• Creation of methodology of the internal audit of risks identification in the information systems –</td>
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</table>
especially in the fields of information security organisation, a personal and physical security, in the filed of access to applications and data and in the field of communications and operation.

- Risks identification concerning financial data in SAP R/3 system and creating of methodology for identification.
- Creation of working manuals of methodology of risks identification in relation with the financial data in SAP R/3 system.
- Creation of working manuals of methodology of internal audit of information technologies security according to CSN ISO/IEC 17799.
- Creation of working manuals of methodology of penetrating tests.
- Training of the CSSA internal auditors (approximately 20 people) in risk identification in SAP R/3, in audit of information technology security according to CSN ISO/IEC 17799, in penetrating tests through seminars and a study visit (5 days, 5 pers.)
- Testing trainees by written tests created by the trainers
- Implementation of experimental tools (network security scanner, event log explorer and monitor, security analyser) into practice.

**Technical Assistance (0.350 M€)** - the assessment and revision of information systems of social insurance (preliminarily 6 man-months, will be assessed and proposed by an independent expert).

- Creation of separate testing domain for audit procedures and technologies preparation and verification.
- Revision of the functionality and security of the CSSA information systems in form of penetrating tests.
- Audit of information technologies security according to CSN ISO/IEC 17799 in chosen localities, including audit of data availability.
- Creation and implementation of monitoring tools for the internal audit of security of a data transfer.
<table>
<thead>
<tr>
<th><strong>Supply</strong></th>
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<tbody>
<tr>
<td>Investment part – supply of equipment</td>
<td>(See Annex 4)</td>
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**Preconditions:** The delivery of necessary HW and SW components and the proposal of the Technical Assistance will be assessed by an independent expert.
## Detailed Implementation Chart

**Project Title:** Audit on Functionality and Security of Social Insurance Information Systems

<table>
<thead>
<tr>
<th>Year Action</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tbody>
<tr>
<td>1) Twinning Light contract</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start of tendering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start of project activity</td>
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<td>Start of project activity</td>
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<td>Project completion</td>
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CONTRACTING AND DISBURSEMENT SCHEDULE

Cumulative Quarterly Contracting Schedule (M€)

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<th>Project Title</th>
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<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>
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Cumulative Quarterly Disbursement Schedule (M€)

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# ANNEX 4

## INDICATIVE TABLE OF EQUIPMENT

<table>
<thead>
<tr>
<th>SW and HW components</th>
<th>Number of items (licences)</th>
<th>Price per Piece Approx. (CZK)</th>
<th>Price per Piece Approx. (€)</th>
<th>Total (€) Approx.</th>
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</thead>
<tbody>
<tr>
<td>Server - 1 (PDC)</td>
<td>1</td>
<td>420 000</td>
<td>14 440</td>
<td>14 440</td>
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<tr>
<td>Server - 2 (FW)</td>
<td>1</td>
<td>100 000</td>
<td>3 200</td>
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<tr>
<td>Notebook with operating system</td>
<td>8</td>
<td>80 000</td>
<td>2 560</td>
<td>20 480</td>
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<tr>
<td>Switch 10/100/1000 Mbit/s</td>
<td>1</td>
<td>90 000</td>
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<td>UPS</td>
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<td>800</td>
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<td>Local printer (HPLJ 3020)</td>
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<td>Operating system for server</td>
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<td>2 560</td>
<td>5 120</td>
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<td>SW for server - ISA</td>
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<td>50 000</td>
<td>1 600</td>
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<td>Database package, SharePoint</td>
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<td>70 000</td>
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<td>Database package</td>
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<td>125 000</td>
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<td>Office systems for PC a notebooks</td>
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<td>320</td>
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<td>Small SW products</td>
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<td>Spec. SW audit tools</td>
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<td>GFI LanGuard EventLog Monitor</td>
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<td>GFI LanGuard Network Security Scanner</td>
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<td>PC</td>
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<td>14 760</td>
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<td>Operating system for desktops</td>
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<tr>
<td>Data projector</td>
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<td>2 560</td>
<td>2 560</td>
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<tr>
<td>Colour network printer and copier</td>
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<td>200 000</td>
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<td><strong>Total Czech co-financing</strong></td>
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### Justification for the requested supply of equipment

The set up system and technical means will serve exclusively for the internal audit needs. Six audit teams in the Headquarters as well as in the district offices will be established, 3 pers. each (18 pers. altogether), to work on the project. A subject matter of the internal audit are among others the internal organisation units of CSSA that have in their scope of work the administration of information systems and data processing (IT specialists), and other district organisation units of CSSA. At the same time it is necessary to use such technical means that will be independent of the current structure of information and communication technologies, autonomous, so that it would not be possible to bias or disturb the data or documents acquired during audits. All equipments delivered are intended to serve for creation of autonomous system according to the good practice used in internal audit. Equipment will be used also for training and testing of auditors (20 pers.).

The separate domain will therefore be created in the internal audit department at the Central Administration Office of CSSA and the auditors will have the necessary mobile equipment at their disposal. Only in such a case will the internal audit be independent and able to fulfil its fundamental mission – to deliver relevant information and assurance to the senior management and EU bodies.