STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée Number: ES0004-1

1.2 Title: STRENGTHENING GOOD GOVERNANCE AND ACCOUNTABILITY IN THE PUBLIC SECTOR OF ESTONIA BY BUILDING UP SOUND FINANCIAL MANAGEMENT AND CONTROL SYSTEM.

1.3 Sector: Finance sector

Twinning code: EE00/IB/FI-01

1.4 Location: Ministry of Finance, Tallinn, Estonia

2. Objectives

2.1 Wider Objective

Establishing a sound and efficient financial control/audit system within the public sector, specifically the development of internal and external audit functions (within the Ministry of Finance (MoF) and the State Audit Office (SAO)).

2.2 Immediate Objectives:

The institutions of Estonian central government conduct internal control and audit in co-operation with SAO according to EU requirements and international standards.

2.3 Accession Partnership and NPAA priority

According to Accession Partnership the reinforcement of administrative and judicial capacity including the management and control of EU funds is short-term priority for 2000. It declares:

- complete the legislative framework for internal financial control; set up a central organisation within the government for harmonising internal audit/control functions;
- set up internal audit/control units in spending centres; introduce "functional independence" for national internal auditors at both central and decentralised levels and "ex-ante" financial control.

According to National Programme for Adoption of Acquis (NPAA) 1999, the major goal for 2000 to 2003 is to establish an efficient financial control system for the management in the Estonian public sector. Simultaneously, the internal audit (IA) function is to be created to assure that both national and European Union funds in Estonia are used according to their purpose. Ministry of Finance has the responsibility to outline the internal financial control and audit structure in the public sector.
2.4 Contribution to National Development Plan

The NDP is drafted having full regard to Community policies. The implementation of this fiche will contribute to Estonia's capacity to safeguard EU funds expended under the NDP.

2.5 Cross Border Impact
n/a

3. Description

3.1 Background and justification

3.1.1. Background

In order to harmonise and enforce financial control legislation according to requirements of the Article 279 in the Amsterdam Treaty, Estonia has to establish efficient internal control system for the management and auditing the usage of State Budget and European Union funds in Estonia by the date of its accession to EU.

The Government considers strengthening the efficiency of internal control/audit system as one of the priority areas.

Measures have been taken over the last six months to develop existing financial control systems to the extent necessary to satisfy the justified expectations of EU and, at the same time, increase the level of control on Estonia's own financial resources. The Ministry of Finance has been appointed to carry the overall responsibility for development of internal control and audit functions in the public sector. At the same time the ultimate responsibility for establishing and operating a prudent internal control system, including adequate financial control measures, in every single government ministry and agency is vested in the head of such agency and the line minister the agency is subordinated to. In this connection, an action plan has been designed in the Ministry of Finance for the establishment of an effective and efficient internal control and audit system encompassing the central government area at the first stage, and later on spreading for the full public sector.

The work that will be done in the current period will have to be sustained over the medium and long-term. It will also have to be supported and extended so that sound financial management and control is assured at all levels of the public sector. The work that will be facilitated by this fiche will contribute to this developmental effort.

3.1.2. Institutional set-up

To enable it to carry out its increased responsibilities, the Ministry of Finance has reorganised its services for financial control. Within the revised structure of the Ministry a new position of Deputy Secretary-General of Government Control has been created with overall responsibility for the area. Under this management position the Financial Control Department (FCD) has been formed and the new Head of the Department has been appointed specifically to build up, co-ordinate and maintain the internal audit system in the public sector. At the moment there are 14 officials working in the FCD.

According to new statute of the Ministry of Finance (confirmed in 24.12 1999), FCD:
• audits legality of the usage of State Budget, European Union funds and EU own resources in Estonia;
• makes proposals to the Minister of Finance for the improving of financial discipline of the public institutions;
• co-ordinates and guides internal control/audit units of the public institutions.

The purpose of the department will be to give assurance to Estonia’s own government as well as to EU that adequate financial control functions in every government’s spending centre are in place or, in opposite situation, to become an early warning tool. To achieve these goals the Financial Control Department has duties of auditing internal audit and control systems in the whole Government hierarchy, outlining the criteria to evaluate these systems and recommending improvements to ensure sound financial management, transparency and control of the use of both EU and national funds.

The emphasis of the given project will be set on the development of the network of internal auditors in all major government spending agencies plus co-ordinating staff in MoF and SAO. The size of such internal audit organisation is estimated to be approximately 100 people (incl. representatives of MoF, line ministries, government agencies and SAO).

This project will be implemented in co-ordination with SAO, meaning that the relevant officials from SAO will participate in the full program, foreseen in this fiche, as the active partners to FCD. One concrete result of this project should be a well-established co-operation between the Ministry of Finance and State Audit Office in the field of internal control/audit. Human Resource Development (HRD) programmes serve the main objectives mentioned above in Accession Partnership and NPAA.

3.1.3. Problems to be addressed

Internal financial control/audit system is being established in Estonia in three phases:

**Phase I**: 1999- August, 2000
**Phase II**: September, 2000-2002 (Phare 2000 project)
**Phase III**: 2002-2003

During the Phase I, the Financial Control Department drafted a strategy for creating internal financial control/audit system in governmental institutions in 1999. By the end of 1999 the Ministry of Finance proposed specific amendments to the Government Act. According to the proposed amendments, in organising internal control and audit, the Ministry of Finance will analyse the internal control and audit systems of public sector; evaluate the activities of internal auditors; make proposals to the heads of government agencies to change the internal control and audit systems; arrange for the training of internal auditors.

By the end of 1999 internal audit structures had been established only in 7 out of 12 ministries. Ministry of Finance and internal audit units of the above mentioned line ministries have insufficient awareness of EU financial control requirements and inadequate competence for auditing the usage of State Budget and European Union funds. Although staff are available, due to the limited State Budget resources Estonian Government has not been able to allocate enough funds to pay for the extensive training
programmes necessary for accelerated strengthening of the administrative capacity of the institutions responsible for internal financial control/audit.

With the assistance of foreign assistance programmes (summarised in 3.2) following tasks of the I phase will be completed by end of June 2000:

1. Detailed comparison between the current financial, budgetary and other relevant guidelines in Estonia and the relevant EU financial and other regulations (SPP);
2. Elaboration of program for preparing Estonian legislation and administration for management of internal and financial control/audit (SPP);
3. Identification of new legislation to be drafted;
4. Creation of legal basis for financial and internal control/audit in compliance with the *acquis*;
5. Preparations for outlining the development plan (strategy) of Government for maintaining and developing internal financial control/audit system in 2000-2003;
6. Drafting of regulations, instructions, requirements and job descriptions for internal financial control/audit in ministries and state offices;
7. General (preliminary) training for auditors of the financial and internal control units of the line ministries;
8. Staffing of vacant positions for internal auditors in central government internal audit units.

3.2 Linked activities:

3.2.1 Related Phare activities

<table>
<thead>
<tr>
<th>Subject</th>
<th>Programme</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Study visit to the Ministry of Finance of the Netherlands</td>
<td>TAIEX</td>
<td>Completed (January 1999)</td>
</tr>
<tr>
<td>Seminar about Budget and Control Issues Relating to EU accession in Tallinn</td>
<td>Sigma; (Cofinanced by Ministry of Finance of Estonia)</td>
<td>Completed (January, 1999)</td>
</tr>
<tr>
<td>Internal Financial Control training sessions</td>
<td>Phare National Programme 1997: ES 96.20.0101: European Integration</td>
<td>Ongoing (Will be completed in September, 2000)</td>
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<tr>
<td>(99/F/66 90 man-days)</td>
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</tbody>
</table>

The phase I of internal control/audit system building process commenced in 1999 with Sigma co-operation and twinning under the SPP.
Twinning under the Special Preparatory Programme contains an institution-building project (1.5 million EUR) that provides advisory support for setting-up necessary audit procedures in view of ISPA and SAPARD (amount 200,000 EUR) with a sub-component on “independent control and audit”. In the framework of SPP Pre-Accession Adviser and short-term experts have prepared a gap analysis and identified necessary short- and medium term actions to be taken.

SPP Sound Financial Management and Control measure will provide following results:

• Central Financial Audit Unit for Structural Funds established with responsibility for random audit checks and risk analysis and for examination of financial management, control and system procedures within other ministries and implementing bodies/final beneficiaries to ensure their adequacy;
• Audit trail procedure (in accordance with internationally accepted standards) prepared;
• Clear audit trail exists from individual payments to final recipients back to the summary details of the expenditure declarations, which are submitted by the designated national authority to the Commission; verification of transfers of funds is ensured;
• Verification of audit trail procedure is ensured.

Pre-Accession Advisor (PAA) in co-operation with Estonian counterparts is implementing the Sound Financial Management and Control sub-component under SPP. Under this component Estonian authorities have been provided with technical assistance, expertise and training, in order to implement the sound financial management and control procedures needed to manage the Structural and Cohesion funds in accordance with EU requirements.

The activities under SPP Sound Financial Management and Control sub-component were divided into four phases:

• Assessment of the current situation, resulting in the action plan for adoption of the necessary legislative changes related to sound financial management and control.
• Creation of the system to manage the flows of EU funds within the Estonian Ministry of Finance.
• Design of system for project management and control including all downstream activities.
• Establishment of sound financial management and control system (not yet completed).
3.2.2. Other Past Donor Activities

<table>
<thead>
<tr>
<th>Action</th>
<th>Financier</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Group meeting in Hungary</td>
<td>European Commission (DG XX)</td>
<td>October, 1998</td>
</tr>
<tr>
<td>Study visit to Ministry of Finance of France</td>
<td>ADETEF</td>
<td>December, 1998</td>
</tr>
</tbody>
</table>

3.3 Results (phase II):

1. National Strategy and action plan for establishing internal control/audit system encompassing the full Estonian public sector has been developed and implementation started;
2. Legal and administrative framework to run an efficient internal control/audit system in public sector has been elaborated, internal audit network established and operative (incl. structural entities responsible for internal audit operating in all 12 ministries, all county governments and in other major government agencies);
3. ≈10 highly qualified trainers working in the Ministry of Finance and SAO (the engine of the IA organisation);
4. ≈100 Qualified internal auditors, working in central governmental institutions, have been trained in risk assessment, methods of systems auditing, methods of dealing with irregularities, fraud and recovery of the funds, audit trail, relevant EU legislation and accounting information systems etc (forming the IA organisation in government sector);
5. Manuals for internal audit and control (incl. qualification requirements for internal auditors, criteria to evaluate internal audit and internal control systems, and procedures for collection and control of the EU own resources) prepared;
6. Relevant Human Resource and Organisation Development techniques have been specified and implementation started for the IA organisation;
7. Reporting and planning routines for internal audit units of the central government established.

3.4 Activities:

3.4.1. Twinning contract

3.4.1.1. PAA (for 2 years):

Tasks of the PAA:

1. Analysing internal control/audit performance in the regional/local public sector and preparation of National Strategy for maintaining and developing internal control/audit system based on internationally accepted standards in public sector;
2. Comparing the Estonian financial, budgetary and other guidelines with the relevant EU regulations, drafting legal and administrative framework for developing efficient internal control/audit system in public sector (incl. legislative basis for insurance system for internal auditors);
3. Conduct training of trainers for the Ministry of Finance and SAO (≈ 10 persons);
4. Train internal auditors (≈100 persons) in risk assessment; methods of systems auditing; methods of dealing with irregularities, fraud and recovery of the funds; audit trail, relevant EU legislation and in accounting information systems;

5. Preparing manuals for internal audit and control (incl. qualification requirements for internal auditors; criteria to evaluate internal audit and internal control systems and procedures for collection and control of the EU own resources);

6. Establishment of reporting and planning routines and for internal audit units of the central government;

7. Identify the needs for, and prepare the terms of references for implementing specific, Human Resource and/or Organisational Development projects to strengthen the public IA organisation.

8. Identify the need and prepare terms of references for technical assistance in other cases where specific expertise should be provided by private operators.

Profile of the PAA:

Experience of at least 10/15 years in public financial management, especially in auditing and internal control, in drafting legal acts, practical experience in institution building and management; knowledge in public finance and extensive knowledge of EU Regulations. PAA should have good communication skills and have good command of English language.

3.4.1.2. Twinning package

Tasks of the short-term experts (2 x 40 man-days)

Short-term experts should provide specific expertise in Internal Audit practices, procedures and audit trail systems. Such expertise could also be needed for other areas where PAA would consider higher specialisation necessary. Tasks for short-term experts/advisors will be identified and agreed with the twinning counterpart during the detailed formulation of the twinning covenant.

Each short-term expert could visit Estonia 8 times for 5 days each time.

Training and seminars

Over the two year period seminars in subjects like systems auditing, transaction auditing, risk assessment, interpretation of EU regulations, analysis of fraud cases etc might be considered. Given the size of the organisation, the need to repeat some smaller-size workshops and classes should be carried in mind. Approximately 20 seminars and training sessions would be held within the program. The specific program, subjects and providers would be finalised in co-operation with the PAA and short-term experts (see Annex 6).

On-the-spot training

Short time working visits of internal auditors from Estonian government institutions to member states are suggested as one major tool to obtain best practices to be applied in Estonia. The participants are foreseen to work through the full process of a formerly scheduled audit in a member state agency together with, and under the supervision of, local internal auditors.
30 days is estimated as the time needed to carry through an audit process from start to finish and approximately 20 such visits are envisaged.

### Foreign expert auditors

A reverse measure to on-the-spot training is foreseen. Practitioners from member states are expected to participate and guide routine audits of the Financial Control Department or local IA unit in Estonian public sector. It is foreseen that PAA will organise 10 foreign expert auditors’ visits (5 man-days each) to Estonia for that purpose.

### 3.4.1.3 Technical Assistance (service contract)

Private operators will be used to develop the expertise and skills of the IA staff by providing project consulting on the areas such as Human Resource, IT and/or Organisational Development

Specific development projects on IT, Human Resource and Organisational Development will be used to complement the financial control skills development activities. Different HRD and OD techniques (such as Total Quality Management, Employee Empowerment, Balanced Scorecard etc) will be introduced to improve motivation, awareness and cooperation between the staff of the IA organisation.

### 4. Institutional Framework

Ministry of Finance intends to build on the work accomplished in Phase I and to continue to establish an internal financial control/audit system, where each government spending centre in the line ministries has its own internal audit unit, responsible for the sound financial management and transparency of all financial transactions (including those with EU funds) within the ministries. Special attention will be paid to the identification of the weakest areas in the system where most attention will have to be paid. These audit units will report both to the heads of their own agencies and to the Ministry of Finance, which in its turn will co-ordinate internal financial control at national level. The Ministry of Finance would then present a consolidated report on internal audit to the government, and copies to the European Commission (DG Audit) and Estonian State Audit Office (SAO) under the Administrative Co-operation Agreement.

The beneficiary institution of the project is the Ministry of Finance, Financial Control Department. The Head of the Financial Control Department in the Ministry of Finance will be responsible for the development and overall execution of the project. In carrying out his responsibilities the Head of the Financial Control Department will be assisted by:

- Reference Group;
- Steering Committee;
- Project Manager;
- Ad hoc working groups;
- External experts.

The Reference Group
Secretary General of the Ministry of Finance would set up a Reference Group by the time of the beginning of the project. It shall be composed of professional experts from national private and public sector and the academic field. Reference group will be responsible for advising Steering Committee on the strategic management of the project.

The Steering Committee

A Steering Committee will be established and chaired by Deputy Secretary-General. The FCD will be responsible for the daily project management, co-operation with foreign experts and reporting to the Steering Committee. Representative of SAO and Delegation of the European Commission will participate in the steering committee.

Partners

Following partners will be invited by FCD of Ministry of Finance to assist the implementation of the project:
- State Audit Office (SAO)
- European Commission (DG Audit)
- Delegation of European Commission in Estonia
- National Private auditors
- Other experts in the audited areas
- Universities – as regards development of reliable methods
- External experts
### 5. Detailed Budget (MEUR)

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Phare Phare</th>
<th>Support</th>
<th>Total Phare (=I+IB)</th>
<th>National Cofinancing*</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>Institution</td>
<td>Building</td>
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<td><strong>Phase II</strong></td>
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<tr>
<td><strong>Contract 1:</strong></td>
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<tr>
<td>Twinning:</td>
<td></td>
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<tr>
<td>Pre-accession adviser (two years)</td>
<td>0,85</td>
<td>0,85</td>
<td>0,35</td>
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<td>1,2</td>
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<tr>
<td>Short-term expert (2x40 man-days)</td>
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<td>0,4</td>
<td>0,13</td>
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<td>0,53</td>
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<tr>
<td>Training &amp; seminars</td>
<td>0,225</td>
<td>0,225</td>
<td>0</td>
<td></td>
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<td>0,225</td>
</tr>
<tr>
<td>On-the-spot training</td>
<td>0,1</td>
<td>0,1</td>
<td>0,02</td>
<td></td>
<td></td>
<td>0,12</td>
</tr>
<tr>
<td>Foreign expert auditors</td>
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<td>0,025</td>
<td>0,2</td>
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<td>0,225</td>
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<td><strong>Contract 2:</strong></td>
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<tr>
<td>Technical assistance and project consulting</td>
<td>0,15</td>
<td>0,15</td>
<td>0</td>
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<td>0,15</td>
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<tr>
<td><strong>Total</strong></td>
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<td>0,35</td>
<td>1,35</td>
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</tbody>
</table>

Ministry of Finance will provide experts of the EU Member States with the required facilities for professional use free of charge. Ministry of Finance will reserve funds for paying MS experts’ telephone and fax bills and other office costs from state budget 2001 and 2002. Ministry of Finance will cover salary costs of the officials of the Financial Control Department who will be responsible for the implementation of the project.

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1 The sum for training&seminars will be specified in the annex 6 added below
6. Implementation Arrangements

6.1 Implementing Agency

Central Financing and Contracting Unit (CFCU) of the Ministry of Finance will be the Implementing Agency of the project.

CFCU will be responsible for the tendering, contracting and disbursement of the TA in line with the DIS procedure.

Central Financing and Contracting Unit will be also responsible for disbursements of the twinning component.

Programme Authorising Officer (PAO):

Mr Martin Põder
Deputy Secretary-General
Ministry of Finance
Suur-Ameerika 1, Tallinn 15006
Phone: (+372) 6 113 545
Fax: (+372) 6 317 810
E-mail: martinp@fin.ee

Programme Officer (PO):

Mr Andres Kuningas
Head of International Relations Department
Ministry of Finance
Suur-Ameerika 1, Tallinn 15006
Phone: (+372) 6 113 640
Fax: (+372) 6 317 810
E-mail: andresku@fin.ee

6.2 Twinning

Beneficiary institution of the twinning project is Ministry of Finance, Financial Control Department.
Leading twinning partner will elaborate twinning covenant in close co-operation with Ministry of Finance. Covenant must be finally endorsed by the European Commission. Estonian counterpart to the PAA and project manager and contact person will be:

Mr Guido Viik
Head of Financial Control Department
Ministry of Finance
Suur-Ameerika 1
15006 Tallinn
Phone: (+372) 6113 611
Fax: (+372) 6113 060
E-mail: guidov@fin.ee
6.3 Non-standard aspects

The DIS Manual will strictly be followed.

6.4 Phare contracts:

Twinning: 0,85 MEUR
Classical technical assistance: 0,15 MEUR

7. Implementation Schedule

7.1 Start of tendering/call for proposals
   • July, 2000

7.2 Start of project activities
   • March, 2001

7.3 Project Completion
   • December, 2002

8. Equal Opportunity

Equal opportunities for men and women will be assured and supervised by the Steering Committee.

9. Environment n/a

10. Rates of return n/a

11. Investment criteria n/a

12. Conditionality and sequencing

Sequencing

• Appointment of the new vice-chancellor responsible for financial control;
• Adoption of the Amendments to the legal basis for financial and internal control and other relevant legislation;
• Setting up the development plan (strategy) for the Financial Control Department of the Ministry of Finance;
• Drafting instructions, regulations, requirements and job descriptions for internal control and audit.

In order to ensure the sustainability of the system, established on the basis of Phare support, the Ministry of Finance will take necessary steps and appropriate measures. The Ministry of Finance will take measures for staff development in order to benefit fully from the experience and results gained by the means of this Phare programme.

Conditionality

The start of the project will be conditional upon the appointment of the new vice-chancellor for financial control in the Ministry of Finance. The project will also be conditional upon the adoption of appropriate amendments to the Government of the Republic Act. This must give a
full mandate to the Ministry of Finance to set standards for financial control systems covering all public monies.
<table>
<thead>
<tr>
<th>Wider Objective</th>
<th>Indicators of Achievement*</th>
<th>How, When and By Whom Indicators Will Be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establishing a sound and efficient financial control/audit system within the public sector, specifically the development of internal and external audit functions (within the Ministry of Finance (MoF) and the State Audit Office (SAO)).</td>
<td>1. Acquis enforced in the field of financial management and auditing of state budget and EU funds</td>
<td>1. Negotiations on financial management are concluded by the date of Estonian accession to EU 2. State Audit Office’s reports 3. Progress report issued by EC</td>
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<td></td>
<td>1.2 Internal audit units established in all central governmental institutions</td>
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<td>1.3 Regular reports issued by internal audit units</td>
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<tr>
<td><strong>Immediate Objectives</strong></td>
<td>Indicators of Achievement*</td>
<td>How, When and By Whom Indicators Will Be Measured</td>
<td>Assumptions and Risks</td>
</tr>
<tr>
<td>1. Estonian central government institutions conduct internal control and audit in cooperation with SAO according to EU requirements and international standards</td>
<td>1.1 Acquis harmonised in the field of financial management and auditing of state budget and EU funds</td>
<td>1.1 New legal acts in the field of financial management published in State Journal 1.2 Legal acts of central governmental institutions 1.3 Evaluation conducted by independent external experts</td>
<td>1.1 Government commits adequate funds for enforcement of financial control regulations 1.2 Deputy Secretary General on the financial control shall appointed 1.3 Qualified internal auditors stay on their positions in public service</td>
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<td></td>
<td>1.2 Internal audit units established in all central governmental institutions</td>
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<td>1.3 Regular reports issued by internal audit units</td>
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<tr>
<td><strong>Outputs</strong></td>
<td>Indicators of Achievement*</td>
<td>How, When and By Whom Indicators Will Be Measured</td>
<td>Assumptions and Risks</td>
</tr>
<tr>
<td>1. National Strategy and action plan for establishing internal control/audit system encompassing the full Estonian public sector has been developed and implementation started, Legal and administrative framework to run an efficient internal control/audit system in public sector has been elaborated, internal audit network established and operative (incl. structural entities responsible for internal audit operating in all 12 ministries, all county governments and in other major government agencies);</td>
<td>1. Strategy and action plan elaborated, implementation started; 2. Drafts of legal acts ready IA units established and operating in all line ministries, county governments and major agencies; 3. ≈10 trainers have passed the evaluation and are certified; 4. ≈100 Qualified internal auditors, working in</td>
<td>1. Strategy and action plan accepted by Ministry of Finance (MoF); 2. Drafts of legal acts accepted by MoF, local IA units evaluated by the FCD; 3. Monitored by steering committee based on quarterly reports; 4. Monitored by steering committee based on quarterly</td>
<td>1. Government commits fund to implement the strategy; 2. Political commitment for harmonisation of Estonian law with acquis; 3. Trainers stay on their positions in public service; 4. Qualified internal auditors stay on their positions</td>
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<tr>
<td>2.</td>
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</table>
central governmental institutions, have been trained in risk assessment, methods of systems auditing, methods of dealing with irregularities, fraud and recovery of the funds, audit trail, relevant EU legislation and accounting information systems etc (forming the IA organisation in government sector);

5. Manuals for internal audit and control (incl. qualification requirements for internal auditors, criteria to evaluate internal audit and internal control systems, and procedures for collection and control of the EU own resources) prepared;

6. Relevant Human Resource and Organisation Development techniques have been specified and implementation started for the IA organisation;

7. Reporting and planning routines for internal audit units of the central government established.

5. Manual for internal auditors drafted translated; published and copies distributed to internal audit units;

6. HRD techniques submitted to Ministry of Finance according to time schedule of the twinning covenant

7. Guidelines for preparation of audit reports submitted to Ministry of Finance according to time schedule of the twinning covenant

5. Manual accepted by MoF and steering committee based on quarterly reports;

6. HRD techniques approved by steering committee based on quarterly reports;

7. Guidelines accepted by steering committee based on quarterly reports.

5. Manuals are used by internal auditors

6. HRD techniques will be taken into the usage in IA organisation

7. Internal audit units in the whole network will use guidelines for the preparation of audit reports

Inputs

**Twinning:**
One PAA (2 years);
Two short-term experts (2x40 mandays),
Training seminars, HRD consultants

**TA:**
Technical assistance

<table>
<thead>
<tr>
<th>Twinning:</th>
<th>1, 2 MEUR</th>
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<tbody>
<tr>
<td>Phare:</td>
<td>0,85 MEUR</td>
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<tr>
<td>National co-financing:</td>
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<table>
<thead>
<tr>
<th>TA:</th>
<th>0,15 MEUR</th>
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<tr>
<td>Phare:</td>
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<tr>
<th>Total:</th>
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</tr>
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<tbody>
<tr>
<td>Phare:</td>
<td>1 MEUR</td>
</tr>
<tr>
<td>National co-financing:</td>
<td>0,35 MEUR</td>
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</table>
**TIME IMPLEMENTATION CHART**

**Project N°:** ES

**Project Title:** Strengthening Good Governance and Accountability in the Public Sector of Estonia by building up sound Financial Management and Control System.

<table>
<thead>
<tr>
<th>Sub-programme</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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<tbody>
<tr>
<td><strong>Institution Building</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>II session</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TWINNING</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Pre-Accession adviser</td>
<td>X X X X X X X X X X X X X X X X X X X X</td>
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<td></td>
</tr>
<tr>
<td>1. Short-term expert</td>
<td>X X X X X X</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2. Short-term expert</td>
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<td>3. Training</td>
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<td></td>
</tr>
<tr>
<td>Technical assistance &amp; project consulting</td>
<td>X X X X X X X X X X X X</td>
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ANNEX 3

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE

Project No: ES
Project title: Strengthening Good Governance and Accountability in the Public Sector of Estonia by building up sound Financial Management and Control System

### CUMULATIVE CONTRACTING SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
<th>2001</th>
<th>2002</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>31.03.01</td>
<td>30.06.01</td>
<td>30.09.01</td>
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<tr>
<td>Total Phare Institution Building</td>
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<tr>
<td>Twinning</td>
<td>0,850</td>
<td>0,850</td>
<td>0,850</td>
</tr>
<tr>
<td>Technical assistance (TA)</td>
<td>0,150</td>
<td>0,150</td>
<td>0,150</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>0,850</strong></td>
<td><strong>0,850</strong></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>

### CUMULATIVE DISBURSEMENT SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
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<th>2003</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>31.03.01</td>
<td>30.06.01</td>
<td>30.09.01</td>
<td>31.12.01</td>
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<tr>
<td>Total Phare Institution Building</td>
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<td></td>
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</tr>
<tr>
<td>Twinning</td>
<td>0,211</td>
<td>0,317</td>
<td>0,422</td>
<td></td>
</tr>
<tr>
<td>Technical assistance (TA)</td>
<td>0,020</td>
<td>0,040</td>
<td>0,080</td>
<td>0,100</td>
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<tr>
<td><strong>TOTAL (IB)</strong></td>
<td><strong>0,211</strong></td>
<td><strong>0,317</strong></td>
<td><strong>0,422</strong></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 4

LIST OF RELEVANT LAWS AND REGULATIONS

Project N°: ES


To be amended:

- Government Act (Proposal for the amendment of the Government Act will be submitted to Parliament by the Ministry of Finance by the end of 2000)
- Budget Law
- existing regulations
ANNEX 5

LIST OF GOVERNMENT STRATEGIC PLANS AND STUDIES

Project N°: ES


National Programme for Adoption of *Acquis* 1999

Plans for 2000 - 2003

The major goal for 2000 to 2003 is to establish an efficient financial control system for the management, auditing and usage according to the purpose of government funds and European Union funds in Estonia.

Further developments in the field of financial control depend on the Government decision after which the next steps could be outlined.
## THE ESTIMATED SCHEDULE FOR SEMINARS

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of participants</th>
<th>Days</th>
<th>Budget (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Standards of internal control and audit – IIA, COSO, CobiT, Cardmodel, ISO9000</td>
<td>30</td>
<td>5</td>
<td>10 000</td>
</tr>
<tr>
<td>2. Audit trail (entity and concepts)</td>
<td>2 x 20</td>
<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td>3. Risk analysis and assessment</td>
<td>2 x 20</td>
<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td>4. Audit techniques (systems auditing, transaction auditing)</td>
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<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td>5. Internal control/audit over expenditures in national budget</td>
<td>20</td>
<td>5</td>
<td>15 000</td>
</tr>
<tr>
<td>6. Internal control/audit for EU funds</td>
<td>20</td>
<td>5</td>
<td>15 000</td>
</tr>
<tr>
<td>7. Collection and control of the EU own resources</td>
<td>20</td>
<td>5</td>
<td>15 000</td>
</tr>
<tr>
<td>8. Interpretation of relevant EU regulations</td>
<td>2 x 20</td>
<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td>9. Audit reports (different forms)</td>
<td>2 x 20</td>
<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td>10. Interview techniques</td>
<td>2 x 20</td>
<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td>11. IT bases auditing (IT programmes)</td>
<td>20</td>
<td>5</td>
<td>10 000</td>
</tr>
<tr>
<td>12. Analysis of fraud cases, fraud prevention, prosecution</td>
<td>2 x 20</td>
<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td>13. Insurance systems for internal auditors</td>
<td>2 x 20</td>
<td>5</td>
<td>20 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>225 000</strong></td>
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