

## ACTION PLAN FOR THE PERIOD OF 2019-2020

### IMPROVING THE ROLE OF THE MINISTRY OF FINANCE – THE CHU IN THE AREA OF COORDINATION, MONITORING, EDUCATION AND INFORMING OF EXECUTIVES AND STAFF ENGAGED IN THE PIFC PROCESS

	Objectives	No.	Measure / Activity	Deadline	Indicator (BV – baseline value; TV – target value)	Leading institution	Partner institutions
<b>1.</b>	<b>STRENGTHENING THE COORDINATION OF FINANCIAL MANAGEMENT AND CONTROL AND INTERNAL AUDIT ACTIVITIES BY THE CHU<sup>1</sup></b>	1.1	Coordination of activities with the Treasury Administration, the Budget Department, the Department for contracting and financing of EU funded programmes, the Department for EU funds management and the Budget inspection, on development of a methodology for financial management and control	Continuously, starting from 1 <sup>st</sup> quarter of 2019	Reports / meeting notes	Ministry of Finance/ CHU	Other specified organisational units within the Ministry of Finance
		1.2	Organising meetings with heads of public fund beneficiaries, managers/coordinators for financial management and control and internal auditors	Continuously, starting from 1 <sup>st</sup> quarter of 2019	Reports / meeting notes	Ministry of Finance/ CHU	
		1.3	Organisation of joint seminars with the Department for contracting and financing of EU funded programmes and the Department for EU funds management, aimed at exchange of experiences in the area of development of financial management and control and internal audit in utilising the EU pre-accession funds	At least once a year	Seminars organised  BV: 0 TV: 2	CHU, Department for contracting and financing of EU funded programmes, Department for EU funds management	

<sup>1</sup>Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11 and 14.

		1.4	Cooperation with the State Audit Institution through the working group and coordination of the exchange of experiences	Continuously, starting from 1 <sup>st</sup> quarter of 2019	Reports/ meeting notes	Ministry of Finance/ CHU	State Audit Institution
		1.5	Coordination of activities with the National academy for public administration for the preparation of curriculum needed for the potential re-allocation of training activities and use of database	Continuously, starting from 1 <sup>st</sup> quarter of 2019	Curriculum prepared BV: 0 TV: 3	Ministry of Finance/ CHU,  National Academy for Public Administration	
2.	<b>CONTINUOUS DEVELOPMENT OF METHODOLOGICAL MANUALS AND GUIDELINES FOR INTERNAL AUDIT AND FINANCIAL MANAGEMENT AND CONTROL<sup>2</sup></b>	2.1	Updating and improving of the existing methodological manuals and instructions in compliance with the best international practices and its publishing on the CHU web site	Continuously, starting from 1 <sup>st</sup> quarter of 2019	Documents published on the website of CHU	Ministry of Finance/ CHU	
		2.2	Better coordination between internal auditors, managers/coordinators for financial management and control, Treasury Administration and SAI for the purpose of developing and harmonising methodological manuals and instructions with national practice	At least once a year	Meeting reports	Ministry of Finance/ CHU	Treasury Administration , State Audit Institution and PFBs
3.	<b>COORDINATION OF CONTINUOUS PROFESSIONAL DEVELOPMENT<sup>3</sup></b>	3.1	Improving the professional knowledge of CHU employees through exposure to international best practices in the field of FMC and IA	Continuously, starting from 1 <sup>st</sup> quarter of 2019	At least two seminars per year	Ministry of Finance/ CHU	
4.	<b>DEVELOPMENT AND IMPLEMENTATION OF IT SUPPORT TO PIFC<sup>4</sup></b>	4.1	Improvement of e-learning platform for the exchange of knowledge in the area of FMC and IA	4 <sup>th</sup> quarter 2020	Uploaded improved training materials	Ministry of Finance/ CHU	TWINNING partner /UNDP RELOF

<sup>2</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.2, 12.1 and 13.1.

<sup>3</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.3, 11.5 and 13.4

<sup>4</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.4.

		4.2	Further improvement of the existing PIFC software, which will allow PFBs online access and electronic submission of annual reports to the CHU, which will contribute to improving the quality of data used to prepare the consolidated annual report on <sup>5</sup> PIFC	2 <sup>nd</sup> quarter 2020	Report on software improvement BV: 0 TV: 1	Ministry of Finance/ CHU	SDC/UNDP
5.	<b>MONITORING AND QUALITY CONTROL<sup>6</sup></b>	5.1	Further improvement of the content and quality of the consolidated annual report on PIFC submitted to the Government (linked with activity 4.2)	2 <sup>nd</sup> quarter 2020	Consolidated annual report for 2019	Ministry of Finance/ CHU	SIGMA Twinning partner
		5.2	Improving the system for monitoring the areas where the consolidated annual report on PIFC identified weaknesses	2 <sup>nd</sup> quarter 2020	Consolidated annual report for 2019	Ministry of Finance/ CHU	
		5.3	Setting up a plan for periodic review of internal control in public fund beneficiaries	1 <sup>st</sup> quarter 2020	Plan for periodic review of internal control in PFBs	Ministry of Finance/ CHU	
6.	<b>PROMOTING THE IMPORTANCE OF PIFC REFORM</b>	6.1	Promoting the importance of PIFC reform through relevant media channels	Continuously, starting from 1 <sup>st</sup> quarter of 2019	Media reports and promotional material	Ministry of Finance/ CHU	RELOF
<b>RAISING AWARENESS OF FINANCIAL MANAGEMENT AND CONTROL AS AN INTEGRAL PART OF THE MANAGEMENT PROCESS WITH EMPHASIS ON MANAGERIAL ACCOUNTABILITY, RISK MANAGEMENT AND QUALITY ASSESSMENT</b>							

<sup>5</sup> Envisaged by the Action plan of the PAR Strategy for 2018-2020, activity 3.3.1

<sup>6</sup> Same as footnote 4

7.	<b>PROVIDE SUPPORT TO ALL MANAGERS OF PUBLIC FUND BENEFICIARIES FOR SUBSTANTIAL UNDERSTANDING OF THE SIGNIFICANCE OF FINANCIAL MANAGEMENT AND CONTROL ACTIVITIES AS AN INTEGRAL PART OF STRATEGIC AND OPERATIONAL PROCESSES WITH EMPHASIS ON MANAGERIAL ACCOUNTABILITY<sup>7</sup></b>	7.1	Improving the content and form of CHU self-assessment questionnaires in order to enhance the quality of data submitted by PFBs and harmonise with the changes in regulations	1 <sup>st</sup> quarter 2020	Upgraded CHU questionnaires	Ministry of Finance/ CHU	
		7.2	Developing a model for FMC practical application, which will be available to PFBs for download via e-learning platform on the CHU website	2 <sup>nd</sup> quarter 2020	Model for FMC practical application	Ministry of Finance/ CHU	TWINNING partner (the part applicable from the Pilot activity)  RELOF
		7.3	Organising workshops and seminars for senior managers at the central and local level on the role of financial management and control <sup>8</sup>	Continuously, starting from 1 <sup>st</sup> quarter 2019	At least two workshops per year BV: 0 TV: 4	Ministry of Finance/ CHU	PFBs, SDC/UNDP, RELOF
		7.4	Conducting an analysis of implementation of the standards of internal control in a specified number of PFBs with reference to adopted policy documents on financial management and control	4 <sup>th</sup> quarter 2020	Analysis conducted BV: no TV: yes	Ministry of Finance/ CHU	Twinning partner partly, the part applicable from the Pilot activity, RELOF
		7.5	Amendments of the Rulebook and the Manual for financial management and control, aimed at bringing the term managerial accountability in line with the good governance principles	2 <sup>nd</sup> quarter 2019	Rulebook and Manual amended	Ministry of Finance/ CHU	
		7.6	Updating and redesign of all training materials for financial management and control, in compliance with the amended regulations	4 <sup>th</sup> quarter 2019	Training material updated and redesigned	Ministry of Finance/ CHU	

<sup>7</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.2, 11.4 and 12.1

<sup>8</sup> Envisaged by the Action plan of the PAR Strategy for 2018-2020, activity 3.3.4

8.	<b>STRATEGIC PLANNING LINKING THE GOALS OF THE ORGANISATION TO OVERALL VISION OF THE GOVERNMENT</b> <sup>9</sup>	8.1	Adoption of the regulation governing the methodology for developing the medium-term (strategic) plans	1 <sup>st</sup> quarter 2019	Regulation adopted BV: no TV: yes	Ministry of Public Administration and Local Self-Government	Republic Public Policy Secretariat
9.	<b>OPERATIONAL PLANNING LINKING THE OPERATIONAL OBJECTIVES TO DEMANDS FOR RESOURCES (BUDGET, STAFF AND OTHER FUNDS)</b> <sup>10</sup>	9.1	Amendments of the existing regulations governing the principles of public administration internal organisation will ensure establishing, i.e. designating an internal organisational unit which will be in charge of implementing the function of rendering professional support and coordination in the preparation and implementation of strategic and operational plans in compliance with defined objectives of the organisation and justified demands for resources	3 <sup>rd</sup> quarter 2019	Regulation adopted BV: no TV: yes	Ministry of Public Administration and Local Self-Government	
10.	<b>MONITORING AND REPORTING ON ACHIEVED GOALS IN RELATION TO THE RESOURCES USED</b> <sup>11</sup>	10.1	Amendments of the existing regulations governing the principles of the public administration internal organization will ensure establishing, i.e. designating an internal organizational unit which will be in charge of monitoring and reporting on the level the set goals have been achieved with regard to the resources used.	3 <sup>rd</sup> quarter 2019	Regulation adopted BV: no TV: yes	Ministry of Public Administration and Local Self-Government	

<sup>9</sup> Envisaged by the Public Financial Management Reform Programme for 2016-2020, Measure 12.1. Will depend to a large extent on the implementation of the Action Plan of the Public Administration Reform Strategy, measure 1.3. Further development of the Government's public policies management system (planning, analysis, creation, adoption, monitoring and evaluation and coordination) established by the end of 2016, legal and institutional framework for integrated strategic management and adoption of medium-term plans of the PABs adapted to the Government's strategic priorities and programme budget.

<sup>10</sup> Same as footnote 9

<sup>11</sup> Same as footnote 9

11.	<b>DEVELOPMENT OF THE RISK MANAGEMENT PROCESS AT PFBs<sup>12</sup></b>	11.1	Organising CHU seminars and workshops on risk management for public fund beneficiaries in order to promote good practices	Continuously, starting from 2 <sup>nd</sup> quarter 2019	Workshops organised  BV: 0 TV: 4	Ministry of Finance/ CHU	
12.	<b>DEVELOPMENT OF A MODEL FOR EVALUATING THE QUALITY OF FINANCIAL MANAGEMENT AND CONTROL<sup>13</sup></b>	12.1	Introducing annual statement on internal controls by the head of PFB	2 <sup>nd</sup> quarter 2019	Annual statement on internal controls introduced BV: no TV: yes	Ministry of Finance/ CHU	
		12.2	Development of a model for evaluating the quality of financial management and control	4 <sup>th</sup> quarter 2020	Models for quality evaluation developed	Ministry of Finance/ CHU	Twinning partner
		12.3	Improving the knowledge and skills of CHU staff in the area of quality evaluation of the FMC system, through continuous professional development	Continuously, starting from 2 <sup>nd</sup> quarter 2019	At least two training courses per year	Ministry of Finance/ CHU	GIZ, UNDP
		12.4	Introducing the function of irregularity management within the framework of financial management and control	4 <sup>th</sup> quarter 2019	Guidelines prepared BV: no TV: yes	Ministry of Finance/ CHU	Twinning partner
13.	<b>COMMUNICATION OF ACCURATE, RELEVANT AND TIMELY INFORMATION IN RELATION TO FINANCIAL AND OPERATIONAL PERFORMANCE INSIDE AND OUTSIDE THE ORGANISATION<sup>14</sup></b>	13.1	Amendments of the existing regulation governing the principles of public administration internal organization will ensure establishing, i.e. designating an internal organizational unit which will be in charge of internal and external communication through preparation of accurate, relevant and timely information in relation to financial and operational performance to be published inside and outside the organization.	3 <sup>rd</sup> quarter 2019	The regulation adopted BV: no TV: yes	Ministry of Public Administration and Local Self-Government	

<sup>12</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.4, 12.2

<sup>13</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.2

<sup>14</sup> Same as footnote 9

**FURTHER DEVELOPMENT OF INTERNAL AUDIT IN TERMS OF PROFESSIONALISM AND SCOPE OF WORK, MORE EFFICIENT USE OF AVAILABLE RESOURCES AND DEVELOPMENT OF THE QUALITY ASSESSMENT SYSTEM**

	Objectives	No.	Measure / Activity	Deadline	Indicator	Leading institution	Partner institutions
14.	<b>DEVELOPMENT OF PROFESSIONAL SKILLS OF INTERNAL AUDITORS<sup>15</sup></b>	14.1	Organizing meetings aimed at exchange of experiences among internal auditors from the IPA beneficiary institutions, Audit Authority Office of EU funds and the CHU	Once a year	Meeting notes	Ministry of Finance/ CHU	IPA beneficiary institutions, the Audit Authority Office of EU Funds, Twinning partner
		14.2	Define continuous professional development of internal auditors by a regulation	1 <sup>st</sup> quarter 2019	Regulation on continuous professional development of internal auditors adopted BV: No TV: Yes	Ministry of Finance/ CHU	
		14.3	Harmonizing the training materials required for the implementation of the updated Manual for Internal Audit	30 days after updating the Manual for internal audit	Training material updated	Ministry of Finance/ CHU	
15.		15.1	Development of systemic approach for horizontal audits based on the analysis of complexity of audit scope and resources available	4 <sup>th</sup> quarter 2019	Guidelines developed	Ministry of Finance/ CHU	PFBs, Twinning partner (partly)

<sup>15</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.2, 13.2 and 13.3

	<b>OPTIMISING THE USE OF AUDIT RESOURCES</b>	15.2	Organising workshops, pilot audit and exchange of experiences after conducted audits, on performance audits and audits of projects	4 <sup>th</sup> quarter 2020	Report on events organised	Ministry of Finance/ CHU	PFBs
16.	<b>DEVELOPMENT OF A MODEL FOR EVALUATING QUALITY OF WORK OF INTERNAL AUDITORS <sup>16</sup></b>	16.1	Stipulating external evaluation of quality of work of internal audits in PFBs by a regulation	4 <sup>th</sup> quarter 2019	Regulation on external quality control of internal audits adopted BV: no TV: yes	Ministry of Finance/ CHU	
		16.2	Development of a model for internal assessment of the quality of internal audit which will be used by the internal audit units and will be prepared by the CHU, and development of guidelines for quality assurance of internal audits for heads of internal audit units	4 <sup>th</sup> quarter 2019	Model for internal quality assessment of the internal audit and guidelines for quality assurance of internal audit developed for the heads of of internal audit units BV: 0 TV: 1	Ministry of Finance/ CHU	Twinning partner

<sup>16</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.2.

17.	<b>ESTABLISHING MINIMUM CRITERIA FOR ORGANIZING A JOINT INTERNAL AUDIT OF TWO OR MORE PFBs (FROM A DESIGNATED TERRITORY, FOR THE SAME-TYPE OR SIMILAR ACTIVITIES, OF A SMALL SIZE)<sup>17</sup></b>	17.1	Development of Guidelines for the establishment of the internal audit functions within small PFBs, in relation to establishing the joint internal audit unit <sup>18</sup>	1 <sup>st</sup> quarter 2020	Guidelines for establishing the functions of internal audits in small PFBs developed for setting-up of the joint internal audit unit BV: 0 TV: 1	Ministry of Finance/ CHU	PFBs, Twinning partner, RELOF
<b>MONITORING OF THE STRATEGY IMPLEMENTATION</b>							
	<b>Objectives</b>	<b>No.</b>	<b>Measure / Activity</b>	<b>Deadline</b>	<b>Indicator</b>	<b>Leading institution</b>	<b>Partner institutions</b>
18.	<b>MONITORING AND REPORTING<sup>19</sup></b>	18.1	Monitoring of the implementation of the Strategy and fulfilment of objectives, measures and activities envisaged by the Action Plan at meetings of the Working group for public internal financial control	Meetings, at least twice per year	Meeting report BV: 0 TV: 4	PIFC working group and CHU	
		18.2	Annual reporting to the Government on the implemented activities, achieved results and possible difficulties in the implementation of the objectives and measures	Once a year within the Consolidated annual report on the status of public internal financial control	Consolidated annual report on the status of public internal financial control BV: 0 TV: 2	Ministry of Finance/ CHU	

<sup>17</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 13.5.

<sup>18</sup> Envisaged by the Action plan of the PAR Strategy for 2018-2020, Activity 3.3.2

<sup>19</sup> Envisaged by the Public Financial Management Reform Program 2016-2020, Measure 11.1

**Abbreviations:**

**PIFC** – Public Internal Financial Control

**CHU** – Central Harmonization Unit

**AFCOS** – Anti-fraud Coordination Services

**FMC** – Financial Management and Control

**IA** – Internal Audit

**COSO** –The Committee of Sponsoring Organizations of the Treadway Commission, the National Commission on Fraudulent Financial Reporting

**OLAF** – European Anti-fraud Office

**INTOSAI** – Guidelines for internal control in the public sector issued by the International Organisation of Supreme Audit Institutions

**SIGMA** – Support for Improvement in Governance and Management (joint initiative of the OECD and the European Union)

**PEMPAL** – Public Expenditure Management Peer Assisted Learning

**PFBs** – Public Fund Beneficiaries

**SDC** – Swiss Agency for Development and Cooperation

**UNDP** – United Nations Development Programme

**TWINNING** – European Union instrument for institutional cooperation between Public Administrations of EU Member States and of beneficiary country

**IT** – Information Technology

**RELOF** – Local finance reform project

**SECO** – State Secretariat for Economic Affairs of the Swiss Federal Department of Economic Affairs, Education and Research

**GIZ** – German Agency for International Cooperation