

STANDARD SUMMARY PROJECT FICHE

1. Basic Information

- 1.1 Désirée Number :** RO-0006.07
- 1.2 Title:** **STRENGTHENING OF THE INSTITUTIONAL CAPACITIES OF THE ROMANIAN COURT OF AUDIT**
- 1.3 Sector:** Finance
- 1.4 Twinning:** **RO2000/IB/FI/04**
Strengthening the Romanian Court of Audit
- 1.4 Location:** Romania - Court of Audit

2. Objectives

2.1 Wider Objective

Strengthening of the Romanian Court of Audit as an independent, professional and trusted external audit institution in position to competently contribute to the discharge of management / or settlement of liability as far as the use of the funds by the public administration is concerned, and to present to Romanian Parliament and European Union reliable and high quality reports on the manner public money have been used.

2.2 Immediate Objectives

- a* . Improvement and development of the audit related legal framework;
- b* . Adoption, adaptation to the Romanian context and implementation of international external audit standards;
- c* . Improvement of the audit quality regarding legality (regularity and conformity) of revenues and expenditures of the public budgets, public debt, investment projects, administration of the public and private patrimony of the state, assessment of internal control system, privatisation; EU-pre-accession funds;
- d* . Introduction of performance auditing ;
- e* . Improvement of management, administration and utilisation of the human resources, including training
- f* . Development of the IT support for the Court's management, the audit work and training;

2.3 Accession Partnership and the priorities of the NPAA

Accession Partnership 1999

● **3.1 Short-term priorities(2000)- Political criterion** : “continue restructuring of public finances”; **priority**: “Reinforcement of administrative and judicial capacity including capacity to manage and control EU funds”

- “start preparation for the introduction of the performance audit and audit methodology by the Court of Auditors”;
- “PHARE, ISPA and SAPARD: further elaborate the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and SAPARD, including (...) EU compatible public procurement rules for projects co-financed by Community Funds; establish a functioning paying agency for SAPARD”.

• **3.2 Medium-term priorities:** ““Reinforcement of administrative and judicial capacity including capacity to manage and control EU funds”,

- “ensure training of prosecutors, judges and lawyers in EU law”
- “strengthen public financial control functions through the provision of adequate staff, training and equipment”.

2.4 Contribution to National Development Plan

Not applicable

3. Description

3.1 Background and justification:

- Romania’s accession to EU requires that the Court of Audit, the Romanian Supreme Audit Institution, should reform its institutional capabilities.
- The impact of the different stages of Romania’s accession to EU makes it necessary to adopt and implement common international audit standards including the European guidelines for implementation of INTOSAI auditing standards.
- The reform and modernisation of the public finance system in Romania, including the changes already introduced in the work of the Court of Audit, implies to focus on and to improve the capacity of the institution to carry out its ex-post audit mandate.
- The Court of Audit has been designated as Certifying Body of the SAPARD Agency. The personnel involved in the certification activities have to be provided with specific training.

3.2 Linked activities:

- In 1997 SIGMA evaluated parts of the activity of the Court of Audit and made recommendations for its improvement;
- The Court of Audit has elaborated an institutional self-assessment study aiming to evaluate its weak points, in order to establish the basic elements of a future development strategic plan.
- Co-operation with SIGMA is being envisaged to complete the institutional assessment by carrying out a peer-review and assist in the drafting of a strategic development plan (to be completed by the end of September 2000).
- The objectives mentioned in this project are the results of the diagnosis made in the assessment study, and they will be subject to development based on the conclusions formulated in the peer-review and the strategic development plan.
- Bridging activities are envisaged for the period between the completion of SIGMA-assisted activities and the actual start of this project.
- The project has to be closely linked to other components of the overall project on financial control and audit systems in Romania. To that effect, a joint working group will be set up by the Ministry of Finance and the Court of Audit in order to:
 - monitor the harmonisation of legal framework modifications
 - approximate the standards and working methodology
 - organise joint activity on pilot audit projects
 - safeguard the unity of the project as a whole.

3.3 Results:

- Improved legal and regulatory framework in which the Court of Audit operates
- Improved organisation and functioning of the Court of Audit of Romania;

- Development of regularity audit regarding the public budgets revenues and expenditures, public debt, administration of the public and private patrimony of the state, public investment projects, assessment of internal control system, privatisation.
- Development of performance audit;
- Audit follow-up improved
- Audit manuals and practical guidelines based on European standards in the field;
- EU grants for guaranteed rural development proper used (certification audit);
- Increased capacity of the Court of Audit to audit EU funds and resources.
- Management control system introduced;
- Human resources developed, professional competence enhanced at all levels;
- IT infrastructure developed
- Interconnecting unit established between the Court of Audit and the Ministry of Finance for the observance of the budgetary execution operation
- Introduction of Computer Assisted Audit Techniques(CAAT) and development of the capability to audit IT systems
- Training centres of the Court modernised with audio-video devices.

3.4 Activities:

- ⇒ Review of and eventual amendments to the legal and regulatory framework of the Court of Audit
- ⇒ Development of the current quality control system of the audit in compliance with international standards;
- ⇒ Development of audit manuals;
- ⇒ Carrying out of performance audit Pilot projects focused towards an area of strategic importance with the support of external experts;
- ⇒ Carrying out of financial audit Pilot projects focused towards an area of strategic importance with the support of external experts;
- ⇒ Planning and carrying out of Pilot audit projects of EU funded programmes;
- ⇒ Definition of the tasks and responsibilities for all levels of the Court;
- ⇒ Analysis of the Court of Audit's internal communication needs and definition of an internal communication strategy;
- ⇒ Development of the personnel training, development of the training programme;
- ⇒ Analysis of the current state and information needs;
- ⇒ Implementation of CAAT methods in the audit work;
- ⇒ Review and assessment of the software for Computer Assisted Audit.

These activities will be implemented through a twinning arrangement with one or two EU member states Supreme Audit Institutions, involving the assistance of a PAA, seconded by a team of short-term experts. The PAA will be seconded by a local team composed of 7 specialists, to be designated by the management of the Court of Audit.

The Court of Audit will allocate the necessary material resources (computers, printers, furnished offices for the foreign experts) and the financial resources for bearing all the local costs related to the participation of its staff to the project activities (internal transport, per diem, multiplication of documents, communications, audio-video equipment).

PAA will be a long-term advisor for maximum 23 calendar months, the exact duration being left to the twinning covenant. The task of the advisor will be the co-ordination of project implementation.

PAA Profile:

- Expert in external audit of public funds, with long term professional background within a Supreme Audit Institution from an EU State Member.
- Good understanding of the audit institutions organised in the jurisdictional form
- Experience in management and co-ordination of institutional restructuring projects;
- Experience in organisation of management information systems, preferably in the field of external audit;
- Computer literate
- Fluency in English/French;

Short-term experts should have the relevant experience and competence to match the project components in the field of law, international audit standards and audit quality improvement, strengthening of the management and administration capacity and IT support and development. They must be fluent in English/French.

⇒ Procurement of equipment will be contracted separately through a supply contract.

4. Institutional Framework

The Court of Audit of Romania is the Supreme Audit Institution of the Republic of Romania. It also exercises juridical attributions for the settlement of liability.

The Court of Audit has decentralised structures- of financial control and jurisdiction, organised on territorial levels; it has 1856 employees, out of which 1081 financial controllers and 228 magistrates.

The scope of the project covers most of the Court's audit activity, being the prerequisite for a comprehensive institutional reform.

5. Detailed Budget

MEURO						
	Phare	Support				
	Investment Support	Institution Building	Total Phare (=I+IB)	National Cofinancing	IFI*	TOTAL
Contract 1 Twinning Covenant		0,9	0,9	-		0,9
- PAA		0.5	0.5			
- STE		0.4	0.4			
Contract 2 IT,Equipment for modernisation of territorial centres	0,7	-	0,7	0,175		0,875
Total	0,7	0,9	1,6	0,175	-	1,775

6. Implementation Arrangements

6.1. Implementing Agency

The CFCU will be the Implementing Agency. The Implementing Authority is:

The Court of Audit of Romania
22-24, Lev Tolstoi str.
Bucharest, Romania

CFCU will be responsible for disbursement of the twinning component in accordance with Twinning Manual and procedures

CFCU will be responsible, at the request of the Programme Officers (see below) for tendering, contracting, and disbursement of the Technical Assistance component strictly in accordance with PHARE DIS procedures.

6.2.Twinning

- *Beneficiary institution is the Court of Audit of Romania*

- Contact persons will be:

Mr. Marin Tole - tel. ++(401) 230.23.26; fax ++(401) 230.03.92

Mr. Popa Mihail Stelian - tel ++(401) 230.31.23; fax ++(401) 230.13.72

The Court of Audit of Romania, 22-24 Lev Tolstoi str., Bucharest, Romania

6.3 Non-standard aspects

Not applicable

6.4 Contracts

- (1) Twinning covenant- amounting maximum 0.9 MEURO
- (1) Contract for IT and Modernisation of territorial training centres amounting maximum 0.875 MEURO

7. Implementation Schedule

7.1. Start of tendering/call for proposals

- The procedures will be settled in the twinning covenant, in accordance with the activities schedule: **October 2000**

7.2. Start of project activity

- To be established when concluding the twinning covenant: **January 2001**

7.3. Project completion

- To be established in the twinning covenant: **December 2002**

8. Equal Opportunity

There is no legal stipulation limiting the free access of women to the project activities. Equal opportunity will be taken into account in the preparation of all tender dossiers and in the recruitment of personnel through the placement of appropriate wording each tender dossier.

9. Environment

Not applicable

10. Rates of return

Not applicable

11. Investment criteria

Not applicable

12. Conditionality and sequencing

- Adoption of a strategic plan by the Court
- Enhancement of co-operation and co-ordination between the Ministry of Finance and Romanian Court of Audit

- Projects to be implemented through twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the twinning partner with adequate staff and other resources to operate effectively, the senior management must be fully involved in the development and implementation of the policies and institutional change required delivering the project results.
- When the twinning covenant is settled, there will be considered the establishment of conditions and steps for project accomplishment, through organising periodical meetings of the members of the joint Working Group.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix
2. Detailed implementation chart
3. Cumulative contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)

LOGFRAME PLANNING MATRIX			Programme name: and number:	Date of drafting 12.02.2000
STRENGTHENING OF THE INSTITUTIONAL CAPACITIES OF THE ROMANIAN COURT OF AUDIT			Contracting period expires: 30.11.2002	Disbursement period expires: 30.11.2003
Project NumberRO-0006.07			Total Budget (MEURO) - 1,775	Phare contribution (MEURO) - 1,6
Objectives	Indicators of Achievement	How, When and By Whom Indicators Will Be Measured	Assumptions and Risks	
<i>Wider Objective</i> · Strengthening of the Court of Audit of Romania as an independent, professional and trusted external audit institution in position to competently decide upon the discharge of management / or settlement of liability as	1. Improvement of the content of minimum 2 laws: - law on public finance; - law on the organisation and operation of the Court of Audit; 2. Modification with at least 60% of the secondary legislation (standards and internal regulations)	<i>Preparing periodical reports</i> 1. quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) 2. half-yearly by a neutral body 3. in 30 days after ending up the necessary activities for the accomplishment of each objective; report drawn up by the technical assistance		

far as the use of the funds by the public administration is concerned, and to present to Romanian Parliament and European Union reliable and high quality reports on the manner public money have been used.	3. Training for: - 15 trainers - 126 audit specialists and managers 4. Modernisation of 4 training territorial centres (Bucharest, Buzau, Suceava, Cluj-Napoca) 5. Development of the IT infrastructure	supplier for the respective objective 4. final report of institutional assessment	
Immediate Objectives: · a. Improvement and development of the audit related legal framework	1. Improvement of the content of minimum 2 laws: - law on public finance; - law on the organisation and operation of the Court of Audit; 2. Training for: - 15 trainers	1. quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) 2. half-yearly by a neutral body	· extension of legislating process with more than 6 months from the initiation of the regulations
· b. Adoption, adaptation to the Romanian context and implementation of international external audit standards	· modification and completion of internal standards and regulations · 15 trainers · 110 specialists and managers	· Final institutional assessment completed in co-operation with a neutral body	
· c. Improvement of the audit quality regarding legality (regularity and	· modification and completion of minimum 60% internal	· quarterly by the Implementing Agency and approved by the Plenum of	

conformity) of revenues and expenditures of the public budgets, public debt, investment projects, administration of the public and private patrimony of the state, assessment of internal control system, privatisation, EU pre-accession funds	standards and regulations (manuals) <ul style="list-style-type: none"> · 15 trainers · 110 specialists and managers 	the Court (management body) <ul style="list-style-type: none"> · half-yearly by a neutral body 	
<ul style="list-style-type: none"> • d. Introducing performance auditing 	<ul style="list-style-type: none"> · modification of the Law on the organisation and operation of the Court of Audit no.94/1992; · drawing up of practical guidelines and of audit manual on performance audit · 15 trainers · 16 specialists and managers 	<ul style="list-style-type: none"> · quarterly by the Implementing Agency and approved by the Plenum of the Court · half-yearly by a neutral body · in 30 days after ending up the necessary activities for the accomplishment of the objective; report drawn up by the technical assistance supplier for the respective objective 	<ul style="list-style-type: none"> · extension of legislative process with more than 6 months from the initiation of the regulations
<ul style="list-style-type: none"> · e. Improvement of management, administration and utilisation of the human resources including training 	<ul style="list-style-type: none"> · creation of the management control structure · 15 trainers · manual of the trainers · creation of organisational structure for training 	<ul style="list-style-type: none"> · quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) · half-yearly by a neutral body 	

<p>· f. Development of the IT support for the Court's management, the audit work and training</p>	<ul style="list-style-type: none"> - establishment of a pilot unit interconnecting the Court of Audit and the Ministry of Finance for observing the budgetary execution operation; - an IT network, a server and 41 working stations; - a database concerning the chronology of audit documents, audited domains, infringements and jurisdictional solutions formulated - modernisation of 4 territorial training centres (Bucuresti, Buzau, Suceava, Cluj-Napoca) ⇒ adaptation of the existing meeting rooms (sound, illumination, climate); ⇒ simultaneous translation system ⇒ audio-video devices for the management of training activities] ⇒ IT for sustaining practical training activities. 	<ul style="list-style-type: none"> · quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) · in 30 days after ending up the necessary activities for the accomplishment of the objective; report drawn up by the technical assistance supplier for the respective objective 	
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<u>Results:</u> <ul style="list-style-type: none"> Improved legal and regulatory framework in which the Court of Audit operates 	<ul style="list-style-type: none"> Improvement of the content of minimum 2 laws: <ul style="list-style-type: none"> law on public finance; law on the organisation and operation of the Court of Audit; 	<ul style="list-style-type: none"> quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) final institutional assessment report (carried out together with a neutral body) 	<ul style="list-style-type: none"> extension of legislative process with more than 6 months from the initiation of the regulations
<ul style="list-style-type: none"> Development of regularity audit regarding the public budgets revenues and expenditures, public debt, administration of the public and private patrimony of the state, public investment projects, assessment of internal control system, privatisation 	<ul style="list-style-type: none"> Increase with minimum 25% of the degree of the confirmation of audit report findings while passing the jurisdictional procedure; Decrease of duration of audits with minimum 10 days/auditor/report 	<ul style="list-style-type: none"> quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) final institutional assessment report (carried out together with a neutral body) 	
<ul style="list-style-type: none"> Development of performance audit 	<ul style="list-style-type: none"> one audit manual and practical guidelines one Pilot performance audit report 	<ul style="list-style-type: none"> quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) final institutional assessment report (carried out together with a neutral body) 	
<ul style="list-style-type: none"> Audit manuals and 	6 audit manuals and	<ul style="list-style-type: none"> quarterly by the 	

practical guidelines based on European standards in the field	practical guidelines on: <ul style="list-style-type: none"> · Legality of revenues/expenditure of public budget · Internal and external public debt · Public investment projects · Assessment of internal control system · Administration of the public and private patrimony of the state · Privatisation 	Implementing Agency and approved by the Plenum of the Court (management body) <ul style="list-style-type: none"> · final institutional assessment report (carried out together with a neutral body) 	
<ul style="list-style-type: none"> • EU grants for guaranteed rural development proper used (certification audit) · Increased capacity of the Court of Audit to audit EU funds and resources 	<ul style="list-style-type: none"> · Certification manual and practical guidelines · Pilot audit report on certification of accounts of the Paying Agency 	<ul style="list-style-type: none"> · quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) · final institutional assessment report (carried out together with a neutral body) 	
Management control systems introduced	<ul style="list-style-type: none"> · Flowchart, obligations and functioning relations for all the 	<ul style="list-style-type: none"> · quarterly by the Implementing Agency and approved by the Plenum of 	

	structures of the Court · The Rules for institutional functioning	the Court (management body) · final institutional assessment report (carried out together with a neutral body)	
• Human resources developed, professional competence enhanced at all levels	· 15 trainers · 126 specialists and managers · set of rules regarding obligations and functional relations · 5 subscriptions to English international audit reviews for 3 years · 5 INTERNET subscriptions	· quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) · final institutional assessment report (carried out together with a neutral body)	
• IT infrastructure developed • Pilot unit interconnected with the Ministry of Finance and with the territorial units of the Court • Computer Assisted Audit Techniques (CAAT)	· Pilot unit interconnected with the Ministry of Finance · Informatic network · Database: - audit reports, audited fields, irregularities found, juridical decisions	· quarterly by the Implementing Agency and approved by the Plenum of the Court (management body) · final institutional assessment report (carried out together with a neutral body)	
• Training centres of the Court modernised with audio-video devices	· 4 training centres to be modernised with audio-video devices	· final institutional assessment report (carried out together with a neutral body)	

<u>Activities:</u>			
• Selection of trainers	• 15 trainers		
<ul style="list-style-type: none"> • Conclusion of Twinning Covenant (within the covenant will be detailed the activities, human and material resources, modalities of execution and achievement of objectives, monitoring and control) • Conclusion of contracts for modernising training centres • The Court of Audit will provide material resources 	<ul style="list-style-type: none"> · 0,9 MEURO PHARE funds · 0,875 MEURO PHARE funds 		

ANNEX 2 TO THE PROJECT FICHE

DETAILED TIME IMPLEMENTATION CHART FOR PROJECT NUMBER RO-0006.07
STRENGTHENING OF THE INSTITUTIONAL CAPACITIES OF THE ROMANIAN COURT OF AUDIT

calendar months activities	2000						2001												2002											
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Conclusion of Twinning Covenant				D	D	C																								
• Internal Financial control and Audit																														
• External Audit																														
• Implementing the covenants							I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
• Equipment procurement									D	D	C	C	I	I	I															
• Modernisation of the territorial training centres for RCoA									D	D	C	C	I	I	I	I	I													

D = Design**C = Contracting****I = Implementation**

ANNEX 3 TO THE PROJECT FICHE***STRENGTHENING OF THE INSTITUTIONAL CAPACITIES OF THE ROMANIAN COURT OF AUDIT*****CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE 1.6 MEURO****DATE:**

	31/12/00	30/03/01	30/06/01	31/09/01	31/12/01	30/03/02	30/06/02	31/09/02	31/12/02	30/06/03	30/09/03	31/12/03
CONTRACTED	0.9	-	1.6	-	-	-	-	-	-	-	-	-
DISBURSEMENT	-	0.2	0.4	1.0	1.2	1.4	1.6	1.6	1.6			

NB: 1. *All contracting should normally be completed within 6-12 months and **must** be completed within 24 months of signature of the FM.*

2. *All disbursements **must** be completed within 36 months of signature of the FM.*