

## Example of an indicative work programme for Operational Assessment

A typical *Operational Assessment* will examine the following areas:

### *Ministry of Finance*

#### 1) Preparation of the budget

The objective of the work will be to make a comprehensive description of the practices in place for preparing the general budget of the country. It will also be necessary to gather all the information about the Community funds (as well as funds from other institutions) included in the budget. The 'flow-chart' of the Ministry of Finance, as well as the relevant statistics, will be obtained from officials in the departments concerned by the audit, during interviews scheduled in the programme.

The work will cover the following aspects:

- Legal framework (legislation in place relating to preparation of the budget)
- Description of the notion of the state budget
  - Local budgets, special bodies
  - State-owned companies
  - Funds not included in the budget
- Budget classification (GFS)
- Budget amendments (allocation changes)
- Medium-term expenditure policies (MTEF)
- Reserve funds, funds from donors, state subsidies
- Reforms in progress
- Computerisation of procedures
- Statistical information (sources and uses of funds)
- Observations and recommendations

#### 2) Budgetary implementation

As much information as possible must be gathered about the functioning of the department responsible for the treasury. The aspects below will be studied in order to gain sufficient knowledge about the procedures which exist within the national administration, in particular with regard to European funds as well as funds provided by other donors.

The checks will relate to the following aspects:

- The legal framework
- The administrative structure of the Treasury Department
- The accounting system in the Treasury Department
  - Treasury single account
  - Local accounts
  - Sub-accounts
  
- Agreements with commercial banks and other financial institutions.
- Budget implementation cycle and procedures (existence of a manual for commitments, expenditure and payment authorisations, etc.).
- Auditing salary files (frequency of checks, results)
- Internal audit within the Treasury Department
- Accounting and 'reporting'

Management of funds from donors within the Department  
Information technology  
Reforms planned  
Observations and recommendations

3) Procedures relating to calls for tender and the procurement framework (central and local level)

4) Treasury and management of debt

Information about the daily management of the treasury and debt of the country must be studied as well as the relevant statistical data. A description of the IT systems put in place would also be appreciated.

The checks will relate to the following aspects:

- The regulatory framework
- Treasury management (forecasts and decisions)
- Debt management
  - Country's debt structure
  - Payment forecasts
  - Statistical data concerning the country's debts
- IT systems used to manage debt
- Reforms planned
- Observations and recommendations

5) Internal financial control

A comprehensive analysis of the internal control procedures of the Ministry of Finance is expected. The quality of the work carried out as well as of the information relating to methodologies will also be assessed.

Moreover, a summary of the main observations in the audit reports would be appreciated.

The checks will relate to the following aspects:

- The regulatory framework
- The structure and organisation of the internal audit service (number of auditors, their professional qualifications, their independence, training, etc.).
- Reports and conclusions from the latest audits (summary of the main conclusions)
- Work programme (annual, multiannual ...)
- Reforms planned
- Observations and recommendations

6) Planned reforms

International donors' programmes to support PFM reforms

Evaluation of the progress in implementing reforms

Identification of the key actions (laws/institutional arrangements) to secure smooth implementation of the reforms.

Progress made in addressing weaknesses identified in the previous Operational Assessments (*if applicable*)

Observations and recommendations.

*External audit*

A detailed analysis of the functioning of the internal audit services must be undertaken. The independence of the audit bodies will be assessed, as well as the methodologies used (INTOSAI). An overview of the existing situation will be necessary, as well as the conclusions of the analyses undertaken.

The follow-up to comments made in the reports submitted to the parliaments should be studied, in particular with regard to the discharge procedure.

Recommendations aimed at improving the existing situation will be particularly appreciated.

The checks will relate to the following aspects:

- The legal and institutional frameworks of the audit bodies (independence)
- The organisation of external audit bodies
- Analysis of annual work programmes
- Nature of the audits carried out (conformity, performance, etc.)
- Audits carried out during the last three years
- Follow up to conclusions (Parliament, other ...)
- Training, cooperation with other comparable institutions
- Human resources
- Reforms planned
- Observations and recommendations

*The Central Bank*

It will be necessary to gather as much information as possible about the management of Community funds (MFA - macrofinancial assistance) and give an overview, which is as comprehensive as possible, of the bank's activities.

The checks will relate to the following aspects:

- The legal and institutional framework
- The structure (diagram)
- Policy on interest on funds deposited and on loans to government
- Management of MFA funds
- Accounting and financial documents
- Internal audit department (nature of audits carried out)
- Human resources (continuing training, staff regulations, salaries)
- IT department
- Reforms planned
- Observations and recommendations

*"Walk-through-test".*

Treatment of the MFA funds previously disbursed - audit trail (if applicable)

Provision of documentary evidence for the accounting treatment from the various institutions of the MFA funds previously disbursed (if applicable)