

ANNEX C1: Twinning Fiche

Project title: Support to the Public Internal Financial Control in Moldova

Beneficiary administration: Ministry of Finance, Republic of Moldova

Twining Reference: MD 24 NDICI FI 01 25

Publication notice reference: EuropeAid/ 184325/DD/ACT/MD

EU funded project

TWINNING TOOL

1. Basic Information

1.1 Programme:

NDICI/2024/ACT-62645 Support for EU integration

1.2 **Twinning Sector:** Finance, Internal Market and Economic Criteria (Public Finance Management)

1.3 **EU funded budget:** 1,250,000 EUR

1.4 **Sustainable Development Goals (SDGs):**

Strengthening Financial Control implicitly supports all 17 Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development given that strengthening public internal control can lead to the improved actions addressing the needs of the citizens, accelerate the transition to effective governance, reduce bureaucracy and simplify interaction between authorities and citizens. However, most directly the actions under this twinning are linked to the SDG 7 and SDG 16. Strengthening the area of Public Internal Financial Control (PIFC) and setting up the system of preventing and fighting fraud with the EU funds (AFCOS) contributes to the achievement of SDG 7 “Ensuring effective, inclusive and transparent governance. In addition, a key element of the SDG 16 “Promote peaceful and inclusive societies for sustainable development, ensure access to justice for all and build effective, accountable and participatory institutions at all levels” is the effectiveness of all administrative institutions to which this twinning will contribute.

2. Objectives

2.1 Overall Objective: To improve the efficiency, effectiveness and transparency of the public finance management and the implementation of the EU acquis in the area of Financial Control.

2.2 Specific objective: To ensure that public sector’ resources are used in conformity with the good governance principles, internationally recognised frameworks, standards and EU good practice by implementing internal managerial control, internal audit and setting up the capacity for anti-fraud coordination service (AFCOS) in the public sector of the Republic of Moldova.

2.3 The elements targeted in strategic documents i.e., National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans are as follows:

2.3.1 Association Agreement: Articles 49 “Internal control, financial inspection and external audit” and 50 Fight against fraud and corruption;²

2.3.2 Public Administration Reform Strategy 2023 – 2030 (Decree 126/2023) and Public Finance Management 2023 – 2030 (Decree 71/2023) which set up the strategic direction of the development of the public sector in Moldova. Further to those two strategies the Ministry of Finance has drawn up a PIFC Programme with an action plan, approved by Decree 165/2024.

The PIFC action plan 2024 – 2027 has three components: Internal Management Control, Internal Audit and Centralised Coordination and Harmonization of PIFC. The PIFC Action plan is one of the basis for the Twinning fiche.

² Association agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part (OJ L 260 30.8.2014, p. 4) in its consolidated version from 06.10.2023, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014A0830%2801%29-20231006>

In addition, support actions have been added to initiate the reform of the MoF' State Financial Control Inspectorate and towards developing capacities in protecting the EU financial interests (AFCOS).

3. Description

3.1 Background and justification

The PIFC has been implemented in Moldova since 2010 under three development programmes. The last one was for the period 2018–2020. The implementation of the PIFC programmes resulted in a legal framework, standards and methodology for internal control and internal audit³, organizational structures – internal audit units and designated internal control (financial management and control) experts among the senior managers in the budget organisations. The Central Harmonisation Department for PIFC (CHU) is functioning in the MoF since 2008. The Government of Moldova and the MoF in particular, have been committed to the reforms by adopting the necessary decisions and monitoring the implementation of the PIFC action plans.

The PIFC system is in developing stage in conformance with the COSO Internal Control Integrated Framework and International Internal Audit Standards. The implementation of the good governance principles, including risk management and benefiting from the internal audit function, requires longer time and goes hand in hand with the maturity of the public sector organisations and their management.

As part of the PFM, the progress in the area of PIFC has been assessed on a regular basis - PEFA, SIGMA OECD, and ad hoc for various EU budget support programmes and other donor projects. The PEFA report from July 2022⁴, and the Monitoring Report on Public Administration of the Republic of Moldova, prepared by SIGMA OECD in October 2023⁵ confirm the adequacy of the legislation with some deficiencies in the standards and in the methodologies. Both reports provide recommendations for strengthening the internal managerial controls and the internal audit capacity.

The first European Commission's Enlargement Report, chapter 32 “Financial control”, published on November 8, 2023, concludes that the PIFC has not yet been fully implemented and is not fully operational in the Republic of Moldova.

In brief the issues for the PIFC implementation are:

- 1) Difficulties to conform with the National Internal Control Standards (NSIC), including in organisations with designated coordinators for internal management control. This is caused by the persisting situation of unclear division between governing level, management of first and second level and the role of the internal audit.⁶ The risk assessment and management is in very early development stage, internal controls are not sufficiently integrated in the business processes to mitigate the risks. Subsequently, the internal auditors cannot fulfil their obligation to provide assurance and advice on the adequacy and effectiveness of governance and risk management.
- 2) The majority of the Internal Audit (IA) units remain understaffed. There are 131 IA units with 263 job positions, out of which 134 were occupied in 2023. 60% of the IA

³ Law No. 229 of 23 September 2010 on Public Internal Financial Control, OMF No. 189 of 5 November 2015 on the Approval of National Standards on Internal Control in the Public Sector, 250 PIFC Policy Division (2020), Manual on Managerial Internal Control, Chisinau.

⁴ <https://www.pefa.org/node/4990>

⁵ <https://www.sigmaxweb.org/publications/Monitoring-Report-2023-Republic-of-Moldova.pdf>

⁶ Three lines model - <https://www.thejia.org/globalassets/documents/resources/the-ias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

units had only one staff member. While this situation is a major obstacle for implementing the internal audit standards there is room for consolidation of the IA resources.

- 3) The CHU PIFC in the MoF provides oversight, methodological advice, trainings and monitors the reforms. The unit comprises 7 staff members, 4 positions being filled in, and has no division between the Internal Control (Risk Management, Managerial Accountability) and Internal Audit harmonization functions. The CHU functions should be clearly differentiated to meet the growing demand for implementing the COSO Internal Control and the Risk Management frameworks and for conformance with the internal audit standards. The work of the staff should be facilitated by adequate information and analytical tools with possibility to outsource some of the tasks.
- 4) The entire PIFC process does not benefit from the digitalization, apart from recently implemented software for collecting the PIFC reports by the CHU.
- 5) The State Financial Control Inspectorate (SFCI) conducts transaction-based compliance control. The size of the organisations included in the action plans varies from schools, municipal clinics, municipalities to state level' agencies and state-owned enterprises. The periods vary from 1.5 to 5 years. In 2023 the SFCI carried out 635 inspections. The amount of the non-compliant transactions was under 1% from the overall inspected volume of financial means (646 266 t. Lei out of 69 266 562 t. Lei). Some 30% of the funds spent by violating financial regulations were recoverable.⁷

The review of the EC on the progress for Chapter 32 “Financial control” indicates a potential risk of overlapping between the financial inspection and internal audit and even overarching the internal audit: “The State Financial Inspectorate operates a significant financial inspection function, with more resources and power than internal audit bodies, as it has the power to issues penalties. There is a risk that the Inspectorate could undermine the role of the internal audit.”⁸

- 6) The system of protecting the EU financial interests needs to be developed. In the context of the EU Enlargement the institutional set up as well as the legal and strategic framework for the effective functioning of the protection of the EU financial interests in Moldova should be developed.

3.2 Ongoing reforms

Public sector' reforms concerning PIFC are described in the following national strategies and programmes:

- Strategy for Public Administration Reform in the Republic of Moldova 2023 – 2030 (Decree № 126 /2023 of the Government of RM).
- Strategy for development of the public finance management 2023 – 2030 (Decree № 71/2023 of the Government of RM), and in particular component 4. Public internal financial control with the three sub divisions: Managerial Internal Control; Internal Audit and Central Harmonisation Unit of PIFC.
- Programme for development of Public Internal Financial Control (PIFC) for years 2024 – 2027 (Decree № 165/2024 of the Government of RM). The Twinning fiche is

⁷ SFCI website reports and action plans <https://icfs.gov.md/content/program-de-activitate>; <https://icfs.gov.md/content/informatii-privind-activitatea-inspectiei-financiare>

⁸Commission staff working document, analytical report Moldova 2023 https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-02/SWD_2023_32_%20Moldova.pdf

based on the objectives, the performance indicators and the action plan of this programme. Additional actions have been included to support the initial development of the AFCOS' capacity in the State Financial Control Inspection.

The strategies above reflect the context of the international agreements of the Republic of Moldova and in particular:

- ✓ The Association agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part (OJ L 260 30.8.2014, p. 4) in its consolidated version from 06.10.2023, art. 49 and 50;
- ✓ The recommendations for strengthening the PIFC and fighting fraud, corruption and protecting the EU financial interests in Chapter 32 Financial, provided in the European Commission's report, from 8 November 2023;
- ✓ The EU' Action document 2024 defined the support via a twinning project.

3.3 Linked activities

The current strategic framework for Public Administration reform was set in 2023 by the adoption of the Public Administration Reform Strategy (PARS) 2023-2030 and the Implementation Program of PARS 2023-2026. In the second half of 2023 the primary and secondary legislation on voluntary amalgamation was adopted. The implementation and monitoring structures of the PARS 2023-2030 have been created at the level of State Chancellery and they are functional: the Secretariat in charge with the PARS implementation, where also other central public authorities (Ministry of Finance, E-Governance Agency, Agency for Public Property, Agency of Public Services) are represented; and the Central Unit for Implementation and Monitoring (CUIM) in charge with the process of voluntary amalgamation, which is supported by international donors programmes.

To ensure the effective and sustainable implementation of the PAR Strategy, the Government has budgeted funds in the mid-term Budgetary Framework 2024-2026. In the national budget for 2024 a total of 422 million MDL were planned for the implementation of the PAR, mainly funding the financial incentives for voluntary amalgamation– probably the amount will not be spent entirely due to the slow speed of the process.

Several relevant policy documents were adopted by the Government: the National Action Plan (NAP) for the Accession of the Republic of Moldova to the European Union for the years 2024-2027; the National Development Plan (NDP) for the period 2024-2026 (NDP); the Action Plan of the Government for 2024. These documents offer a perspective of the main priorities and objectives of the Government on short and medium term and the action included in them are partially reflected in the mid-term Budgetary Framework 2024-2026 and in the Annual State Budget for 2024.

The Government implemented several measures to increase the institutional capacity to carry out reforms, to improve the quality of policy design and the coordination process related to accession to the European Union. However, major problems remain unsolved, despite the existence of an appropriate regulatory framework in the field. These are issues especially generated by the low administrative capacity in central public institutions: (i) in-silo approach of policy design, lack of consultations and transfer of information and dialogue at the horizontal level of central public administration from the early stages of

policy process; (ii) very limited use of ex-ante or ex-post evaluations and in general the lack of effective use of evidence-based policy instruments; (iii) partial lack of cost estimations or correlation between policy documents requesting financial resources and MTBF; (iv) the quality of reporting documents is still insufficient, due to the lack of measurable outcome-level indicators in the adopted policy documents; (v) difficult horizontal policy coordination, including the institutions that form the "Centre of Government": State Chancellery and the Ministry of Finance.

In the area of Public Finances the 2023-2030 strategy for the development of public finance management, which was elaborated according to the international standards is under implementation. The strategy includes seven major reform areas with medium- and long-term priorities and expected results. The implementation of the public finance management strategy requires time to implement, resources and external support, and the Ministry of Finance needs to strengthen its capacity and improve the quality of dialogue on the governance of public finances with public and private stakeholders.

The new Public Internal Financial Control (PIFC) Development Programme was developed reflecting the commitment of the authorities to improve the efficiency and effectiveness of use of public funds. The twinning project represented with this fiche is supposed to support its implementation and it brings on previous support in the area listed in the table below.

No.	Period	Partner	Donor	Area of support
1.	2024	Croatia	European Union	TAIEX on AFCOS principles
2.	2024	Croatia	European Union	TAIEX on PIFC next steps
3.	2010 – 2024	National Academy for Finance and Economics Dutch Ministry of Finance	Dutch Ministry of Foreign Affairs Cooperation Agreement	Broad PIFC, Internal Audit and control
4.	2022 – 2023	GIZ	European Union	Support to drafting the new PIFC Programme (strategy)
5.	2019	Latvian Ministry of Finance	Latvian Ministry of Foreign Affairs	Development of efficient internal control and internal audit systems Guidelines (IT and Performance Audit), trainings and workshops
6.	2017 – 2019	Germany Romania	European Union Twinning Project	Internal audit and financial inspection
7.	2010 – 2016	Romanian Ministry of Finance	Ministry of Finance Cooperation Agreement	Broad PIFC exchange of experience, including study visits Internal Audit Internal Control
8.	2011 – 2013	Sweden	European Union Twinning Project	Legislative and Normative framework, CHU support

		Netherlands		
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3.4 List of applicable *Union acquis*/standards/norms

The EU acquis

The EU acquis is under chapter 32 Financial control and it relates to the adoption of internationally recognised frameworks and standards, as well as EU good practice, on public internal financial control (PIFC) and protection of the EU financial interests.

PIFC should apply across the entire public sector, and include the managerial internal control and internal audit of both national and EU funds. In particular, the acquis requires the existence of effective and transparent management systems, including accountability arrangements for the achievement of objectives; a functionally independent internal audit; and relevant organisational structures, including central co-ordination of PIFC development across the public sector.

The PIFC is based on the principles of COSO Internal Control Integrated Framework and the International Standards for Professional Practice of Internal Auditors⁹.

In addition to the PIFC the EU Member States are required to designate an AFCOS in accordance with Article 12a of Regulation 883/2013 to facilitate effective cooperation and exchange of information, including information of an operational nature, with OLAF. The AFCOS could be placed under different administrative structures in each country with relevant mandate in the field of protection of the EU's financial interests. Although Moldova has nominated OLAF contact point no official AFCOS has been nominated.

The applicable EU regulation that should be transposed is Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law¹⁰. Adequate organisational structure and human resource capacity should be established to facilitate the cooperation and communication with European Anti-Fraud Office (OLAF) under Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999¹¹.

The national legislation of the Republic of Moldova

The national legislation of the Republic of Moldova in the area of PIFC is comprehensive. The PIFC Law № 229 has been adopted in 2010, complemented later by a regulatory framework, including MoF orders for adopting internal control and internal audit standards, regulation on the internal control self-assessment and declaration for managerial accountability, association and outsourcing of internal audit, manuals for internal control and internal audit, utilisation of the software application “Internal Management Control and Internal Audit” and others.¹²

The twinning project aims at the further implementation of the legal framework and its update where required, as for example with the new Global Internal Audit Standards.

⁹ Global Internal Audit Standards since 09.01.2024

¹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017L1371>

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013R0883-20210117>

¹² Complete list and content of the PIFC legal framework - <https://www.mf.gov.md/ro/content/controlul-financiar-public-intern>

The Statute of the State Financial Control Inspectorate (Annex 1 to Decree 938/2023 of the Government of RM) has been updated recently. Its mandate has been expanded with the function of national Anti-fraud coordination service (AFCOS). Those legal amendments are a precondition for the preparation of secondary regulations and building administrative capacity. In order to mitigate the risk of overlapping between financial inspection and internal audit and to increase the efficiency of the financial inspection the internal regulations and methodology of the financial inspection should be updated and shift to risk-based activities.

3.5 Components and results per component

The project has 5 components.

Component 1: Internal Managerial Control

Result 1.1: Concept and model for decentralized business process management, detailing the delegated management duties and responsibilities developed.

Result 1.2: Planning and reporting of the budget organisations based on risk management and performance indicators developed and piloted.

Result 1.3: Increased number of budget organisations with implemented procedures and enhanced capacity for organizing, monitoring and reporting on internal managerial control in the public sector.

Component 2: Internal Audit

Result 2.1.: Consolidated Internal Audit function at all levels in the public sector by concentration under the main budget spending units, or other forms of joint use of internal audit resources and reduction of the Internal Audit Units with one staff member.

Result 2.2.: Improved training and certification scheme for internal auditors facilitating the qualification and continuous professional development of the internal auditors.

Result 2.3.: Updated internal audit procedures, standards and manual for deploying up-to-date risk assessment and audit tools, including preparation of the Functional and Technical Specification for digitalizing the internal audit.

Component 3: Centralised Harmonisation and Coordination of the PIFC

Result 3.1.: Enhanced quality of the information and communication on the role, requirements and benefits from the PIFC and the responsibilities of the management in the public sector enabled by improved content of the PIFC report and strengthening the mandate of the PIFC Council.

Result 3.2.: CHU structure, capacity and resources adjusted to the mandate and the responsibilities for coordination and monitoring of the PIFC implementation.

Component 4: Methodology development for State Financial Control Inspectorate

Result 4.1.: Developing methodology for operation of the State Financial Control Inspectorate

Component 5: Setting up and operationalising the system of the protection of the EU financial interests (AFCOS)

Result 5.1 Strengthening the national framework for the protection of the EU's financial interests (including AFCOS coordination)

Result 5.2 Operationalisation of the AFCOS-network

Result 5.3: Irregularity and Fraud Risk Assessment related to EU funds developed and conducted.

Result 5.4: Raising awareness on EU funds and increasing administrative capacities of the authorities involved in reporting on potential irregularities and fraud.

**Two visibility events will be organized during the implementation of the project; a kick-off meeting at the start of the implementation and the ceremony for the conclusion of the implementation of the project activities.*

3.6 Means/input from the EU Member State Partner Administration(s)*:

This twinning project, as learning from the experience and direct transfer of expertise from EU Member States' institutions is considered to be the most efficient approach when it comes to implementing the PIFC requirements and notably the EU regulations concerning AFCOS and aiming at conformance with the criteria, included in Chapter 32 Financial Control.

The implementation of the project requires one Project Leader (PL) with responsibility for the overall coordination of project activities and one Resident Twinning Adviser (RTA) to manage implementation of project activities, Component Leaders (CLs) and pool of short-term experts (STEs) within the limits of the budget. The team should have sufficiently broad expertise to cover all project' areas.

Proposals submitted by Member State shall be concise and focussed on the strategy and methodology and an indicative timetable underpinning this, the administrative model suggested, the quality of the expertise to be mobilised and clearly show the administrative structure and capacity of the Member State entity/ies. Proposals shall be detailed enough to address the requirements of the Twinning Fiche, but are not expected to contain a fully elaborated project. They shall contain enough detail about the strategy and methodology and indicate the sequencing and mention key activities during the implementation of the project to ensure the achievement of overall and specific objectives and mandatory results/outputs.

The interested Member State(s) shall include in their proposal the CVs of the designated PL and the RTA, as well as the CVs of the potentially designated component Leaders-CLs.

The Twinning project will be implemented by close co-operation between the partners aiming to achieve the mandatory results in sustainable manner.

The set of proposed activities will be further developed with the Twinning partners when drafting the initial work plan and successive rolling work plan every three months, keeping in mind that the final list of activities will be decided in cooperation with the Twinning partner. The components are closely inter-linked and need to be sequenced accordingly.

3.6.1 Profile and tasks of the PL:

Qualifications and skills:

- Public servant or equivalent staff of a Member State administration, preferably a Head of a Department, engaged in PFM, risk management, internal control, internal audit or protection of the EU financial interests within a relevant institution with relevant working experience of minimum 8 years;

- Proven contractual relation to a public administration or mandated body (see Twinning Manual 4.1.4.2);
- Minimum university degree in finance, public administration, law/political science, economy or internal/external auditing or linked discipline.
- Excellent knowledge of EU policies, legislation and institutional set up related to the areas of public finance management and particularly, internal control and /or internal audit.
- Previous experience in project management of EU funded projects will be an asset.
- Fluent written and spoken English.
- Strong inter-personal skills.

Tasks:

- Supervise the overall Twinning project including:
 - Monitor the overall implementation of the project including coordination with the MS Twinning partner;
 - Consult the initial and subsequent work plans;
 - Communicate with the beneficiary and EUD;
 - Ensure the backstopping functions and financial management;
 - Guarantee from the MS administration side, the successful implementation of the project;
 - Participate in quarterly meetings of the Project Steering Committee with the BC PL;
- Provide strategic advice on high level reforms supported by the Twinning.

3.6.2 Profile and tasks of the RTA

Qualifications and skills:

- Civil servant or equivalent staff seconded to work within departments/units dealing with PFM, risk management, internal control, audit or protection of the EU financial interests in EU Member State bodies.
- Proven contractual relation to a public administration or mandated body (see Twinning Manual 4.1.4.2).
- Minimum university degree in finance, public administration, law/political science, economy or internal/external auditing.
- Minimum of 3 years of experience in Public Finance Management.
- Good knowledge of EU policies, legislation and institutional set up related to the areas covered by the project.
- Experience in developing and/or delivering training programmes to build capacity for efficient internal control and audit in public sector will be considered as an advantage.
- Excellent communication skills.
- Fluent written and spoken English.

Tasks:

- The RTA has the overall responsibility for the day-to-day implementation of the Twinning project in the Beneficiary Country. The RTA tasks include:
 - Provide technical advice and assistance to the administration or other public sector bodies in the BC as specified in the project work plan;
 - Coordinate all project activities and experts' inputs in the country;
 - Ensure day-to-day implementation of the Twinning project in the country;

- Manage the implementation of the project work plan: activities, deadlines, results, any updates and timely communication with the beneficiary and the EUD if required;
- Preparation of the information for regular monitoring and reporting;
- Together with the Project Leader, to nominate, mobilize and supervise the Short-Term experts.

RTA Assistant:

The RTA will be provided with a full-time RTA assistant acting as an assistant for technical and organizational support. The assistant will be contracted in line with the Twinning Manual rules (see point 4.1.6.10) and paid from the Twinning budget. The assistant will be selected through an open call. The role of RTA Assistant is to support the RTA in the project management. In addition, the assistant will be responsible for organisation of meetings, seminars etc. and their logistics as well as for providing translation and interpretation services on a daily basis.

Full-time translator / interpreter:

For the purpose of the project and for cost effectiveness the Twinning Project foresees a part or full-time translator / interpreter who should be selected through an open call. The full-time translator / interpreter will be involved in all necessary project activities (training sessions, translation of project documents/reports and materials, organizational activities, etc.). The role of the translator / interpreter will be to provide translation and editing as well as interpretation services to the Twinning project in general.

3.6.3 Profile and tasks of Component Leaders

Qualifications and skills:

- Be a national of a Member State of the European Union;
- Proven contractual relation to a public administration or mandated body;
- At least a university degree in law/economics or another relevant discipline or equivalent professional experience of 5 years;
- At least 5 years of specific experience linked to the relevant component.
- Experience in implementing at least one international or EU funded project with similar nature, will be considered as asset;
- Strong initiative, analytical and team working skills;
- Fluent written and spoken English.

Tasks:

- Provide practical expertise/advice to relevant staff for execution of different tasks related to the project;
- Assist in key tasks, in the field of relevant component
- Contribute to the project reporting, to drafting the notes and other documents and reports on their missions;
- Provide technical advice, support and assist the BC institution in the context of the project's components;
- Define the areas and tasks, where short term expertise is required;
- Participate in preparation of both interim and final reports.

3.6.4 Profile and tasks of other short-term experts

The following short-term experts are foreseen:

- Experts in implementation of effective internal control systems;

- Experts involved in transition to newly issued Global IA Standards;
- IT expert to consult and assist the elaboration of the Functional and Technical specification for the IA software and for the upgrades of the PIFC reporting software;
- Expert(s) in developing and managing national AFCOS authority;
- Other experts as required.

Qualifications and skills:

- University degree in economics/law/public administration/ IT or discipline relevant to the project and professional experience of 8 years;
- At least 5 years of working experience in the field of automation of PFM/PIFC/IA processes, fight against fraud and irregularities of EU funds and other as per the field, where the assistance is required;
- Fluent in written and spoken English.

A pool of short-term experts is required to implement the project activities covering the following indicative subjects:

- Prepare and implement specific tasks where specific expertise and short-term assistance is required;
- Provide practical expertise/advice and transfer knowledge to relevant staff for execution of all activities related to the results and objective required within the project;
- Provision of practical support, advice, recommendations and reports as foreseen under the Project in close cooperation and coordination with the relevant institution;
- Address cross-cutting issues.

4. Budget: 1, 250, 000 EUR.

5. Implementation Arrangements

5.1 Implementing Agency responsible for tendering, contracting and accounting (AO/CFCU/PAO/European Union Delegation/Office):

European Union Delegation to the Republic of Moldova

Contact person - Mrs Natalia Burciu

Contact person for Twinning

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MD-2004, Chişinău, Republic of Moldova

Tel.: +373-22-505210, E-mail: Natalia.BURCIU@eeas.europa.eu

5.2 Institutional framework

The Ministry of Finance of the Republic of Moldova will be the main beneficiary of the project, in particular the PIFC Policy Department (PIFC CHU) and the State Financial Control Inspectorate. Other organisations that will take part in the pilot activities and stakeholders in the PIFC process include: the Government of RM, State Chancellery, the National Anti-Corruption Centre, Line ministries, Local Self-governments etc. They will be involved in the project's activities, benefiting from expert advice, expertise, hands-on experience obtained during on the job and off the job trainings and study visits.

5.3 Counterparts in the Beneficiary administration:

- The MoF' State Secretary as the top management representative in charge for PIFC and the State Financial Control Inspectorate;
- The MoF' PIFC Department;
- The MoF' State Financial Control Inspectorate

5.3.1 Contact person:

Ms Emilia Cebotari
Head of External Assistance and European Funds Coordination Department
State Chancellery
1, Piața Marii Adunări Naționale,
MD-2012, Chișinău, Republic of Moldova
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5.3.2 PL counterpart

Ms. Cristina Ixari
State Secretary
Ministry of Finance of the Republic of Moldova
7, Constantin Tănase street
MD-2005, Chișinău, Republic of Moldova
T: +373 22 26 25 00

5.3.3 RTA counterpart

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Head of Public Internal Financial Control Policy Division
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MD-2005, Chișinău, Republic of Moldova
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6. Duration of the project: 36 months

7. Management and reporting¹³

7.1 Language

The official language of the project is the one used as contract language under the instrument (English / French). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements via-à-vis the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good

¹³ Sections 7.1-7.3 are to be kept without changes in all Twinning fiches.

coordination among the actors, finalising the interim reports and discuss the updated work plan. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

7.3 Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twinning: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements *via-à-vis* the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

8. Sustainability

The twinning project is embedded in the PAR and PFM Strategies 2023-2030 and in the PIFC Programme 2024 - 2027. Its implementation is part of the overall public sector reform. The Government of Moldova and notably the Ministry of Finance have demonstrated firm commitment in continuously reforming the PFM and the PIFC in particular. The current twinning fiche is prepared as a logical continuation of strengthening the internal control, internal audit, establishing the AFCOS legal framework and capacity aiming at conformance with the EU requirements.

The project is focused on capacity building, which is an investment in the human capital of Moldova and contributes to the sustainability of the public administration. The digitalisation of the PIFC processes enhances the sustainability of the results by providing a robust structure, communication channels and embedded PIFC methodology. The assessment and the initial steps in implementing the AFCOS requirements will lay down the foundation for further support and capacity building in this area, including for protecting the EU financial interest.

The beneficiary administration is fully committed to ensuring long term impact of the Twinning project. The MS Twinning partners shall transfer the necessary knowledge to achieve the mandatory results to the final beneficiary administration. During the project, the twinning partners should develop documents/handouts, guidelines, manuals that will be easily accessible for later use by the final beneficiary administration.

Final beneficiary institutions will ensure that staff benefiting from trainings/study visit shall transfer acquired knowledge further on, through subsequent training to their colleagues by on-the-job training. A final conference at the end of the implementation which capitalises and presents the concrete results with practical implications for further follow up will add to the sustainability of results.

As outlined in the specific objective and mandatory results, the project results will create numerous and varied benefits due to the improvement in the overall PFM system, by strengthening the risk management, internal control and internal audit.

9. Crosscutting issues (*equal opportunity, environment, climate etc...*)

The PFM Strategy 2023 – 2030 emphasises on the need to consider gender specific medium-term budgeting. For the implementation for such measures, a further analysis is required. However, empowering women in the Republic of Moldova is no exception. Thus, the understanding of the specific needs of certain social groups when it comes to allocation and spending of public funds is well represented at decision making level and certainly at the level

of middle management. Matters, like accessibility to public services and public funds for any eligible citizen and equal spread of the public resources over the territory of Moldova will be addressed via the risk assessment, risk management and internal audit.

Engagement with civil society

The civil society is an important partner in the transparent and accountable public finance management and fighting fraud and corruption. The entire project is aiming at improving the conditions for mitigating the risks in mismanagement, waste of public resources and fraud at the level of the budget organisation and in the public sector as whole.

The PIFC reports are now and will be publicly available, so that any interested party can use the information, suggest further measures, provide their own observations and initiate relevant actions addressing the weaknesses identified in the PFM and the internal control system.

Environment and climate change

The project does not address directly environment or climate issues. However, it will promote the principles of environmental suitability, by organising the project activities aiming at preserving the environment by using electronic communications, paperless delivery and digitalising processes.

High risk issues related to environmental protection could be included in the risk assessments and internal audit engagements.

10. Conditionality and sequencing

Conditionality

- Appointment of counterpart personnel by the final beneficiary before the launch of the call of proposal and guaranteeing the continuity of the appointed and trained staff;
- Allocation of working space and facilities by the final beneficiary within the premises of the final beneficiaries before contract signature;
- Participation by the final beneficiary in the selection process as per EU regulations;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiaries.
- Use and application of project outputs

Sequencing

Key milestones will be:

- 1) Approval of the Twinning project fiche;
- 2) Circulation of the Twinning Project Fiche to Member State National Contact Points;
- 3) Completion of the selection of the twinning partner;
- 4) Signature of the Twinning contract;
- 5) Commencement of the implementation of the twinning (i.e., the arrival in the country of the RTA);
- 6) End of the implementation period;
- 7) Submission of the final report;
- 8) Twinning review mission (6 to 12 months after end of the project).

11. Indicators for performance measurement

Measurable indicators Component 1:

Result 1.1: Concept and model for decentralized business process management, detailing the delegated management duties and responsibilities developed.

1.1.1. Administrative capacity for improving/transforming of the managerial accountability at the level of Government of RM based on good practice in the EU enhanced and lessons learned from a study visit in EU Member State (MS).

1.1.2. Principles and standards for decentralized business process management defined in relevant secondary regulations piloted minimum in at least one central level organization (Main Budget Spending Unit – MBSU)

1.1.3. Key business processes defined and documented, with priority on PFM, public procurement and other resource processes in at least one central level organisations.

1.1.4. Managerial accountability and delegation of duties' model for a joint procedure developed and piloted in at least one MBSU and its subordinated organisations.

1.1.5. Simplified Internal Managerial Control model for local self-government level I developed and piloted in at least in one Local Self-government (LSG).

Result 1.2: Planning and reporting of the budget organisations based on risk management and performance indicators developed and piloted.

1.2.1. Risk management process implemented in the central level organisations with strategic and operational dimensions, including:

- unified fraud and corruption risk assessment methodology developed;

1.2.2. Procedure for planning and reporting on the performance of the organisation based on the risk assessment, risk appetite, risk tolerance, efficiency (performance) targets and linked to the budget planning and execution with a minimum set of PFM performance indicators, drafted and piloted in at least one MBSU;¹⁴

1.2.3. Risk management procedure with performance indicators piloted in at least one central level' MBSU and its subordinated organisations;

1.2.4. Procedure regarding (prevention), detection and reporting of irregularities, drafted and piloted.

Result 1.3: Increased number of budget organisations with implemented procedures and enhanced capacity for monitoring and reporting on internal managerial control in the public sector.

1.3.1. Internal Managerial Control' external quality assessment procedure improved and piloted in at least two central level' MBSU and their subordinated organisations.

Measurable indicators Component 2:

Result 2.1.: Consolidated Internal Audit function at all levels in the public sector by concentration under the main budget spending units, or other forms of joint use of internal audit resources and reduction of the Internal Audit Units with one staff member.

¹⁴ The scope of the original activity 1.2.1 from the PIFC programme is very broad and heavily depending on the programme budgeting. Therefore, a limited scope is proposed for the twinning project, with universal PFM performance indicators with a significant for the budget management: % of the Capital investment budget absorbed, % of the public procurement plan executed; % of overbudgeted payroll redistributed as bonuses or allocated to other budget lines, % of coverage with budget funds of the social allowances' applications etc.

2.1.1. Implemented steps in the process of consolidation of the internal audit resources, including based on a good practice from EU member state gained in a study visit.

2.1.2. Organization and functioning of Central (Government or MoF) level IA unit(s) for managing horizontal and specialized audits (IT, performance) set in a draft regulation;

2.1.3. At least two pilot horizontal internal audits conducted, based on a specifically developed procedure.

2.1.4. Internal Audit Quality assurance mechanism implemented through:

- methodological procedure on external assessment of internal audit developed and piloted in at least 3 internal audit units.

Result 2.2.: Improved training and certification scheme for internal auditors facilitating the qualification and continuous professional development of the internal auditors.

2.2.1. The Internal Audit' training and certification process conforms with the good practice and the updated National Internal Audit Standards (or GIAS); .

Result 2.3.: Updated internal audit procedures, standards and manual for deploying up-to-date risk assessment and audit tools, including preparation of the Functional and Technical Specification for digitalizing the internal audit.

2.3.1. The quality of the internal audit and conformance with the internal audit standards improved by:

- updated National Internal Audit Standards with the applicable requirements of the Global Internal Audit Standards,

- updated Internal Audit regulations (methodological norms, IA reporting, IA self-assessment);

- updated IA manual, complemented with detailed guidelines for specific topics – quality assurance, data analysis and sampling techniques, informing on fraud and corruption risks and findings, advisory services;

- on the job training for implementing the updated Internal Audit standards, methodology and the detailed guidelines for specific topics.

2.3.2. Steps implemented for the digitalization of the Internal Audit process by:

- Functional and technical specification for the entire internal audit process developed, from planning to reporting and generating reports to the CHU, according to latest procedural and organizational developments.

Measurable indicators Component 3:

Result 3.1.: Enhanced quality of the information and communication on the role, requirements and benefits from the PIFC and the responsibilities of the management in the public sector enabled by improved content of the PIFC report and strengthening the mandate of the PIFC Council.

3.1.1. Strengthen the role of the PIFC Council through by revision of the organization and operation regulation of the PIFC Council ;

3.1.2. Improved content and format of the consolidated annual PIFC report containing risk and control analysis, related to PFM strategic goals, with recommendations for strengthening the internal control and consolidating the internal audit capacity

3.1.3. Organizing awareness events and promoting success stories and sharing good practices in organizing internal managerial control and internal audit

Result 3.2.: CHU structure, capacity and resources adjusted to the mandate and the responsibilities for coordination and monitoring of the PIFC implementation.

3.2.1. Strengthening the CHU capacity and procedure for analysis, evaluation and monitoring the situation regarding the implementation of public policies in the field of PIFC.

Measurable indicators Component 4:

Result 4.1.: Developing methodology for operation of the State Financial Control Inspectorate

4.1.1. Methodology for compliance and fraud risk-based planning and conducting of the inspection engagements by the State Financial Control Inspectorate (SFCI) developed and piloted in at least two cases.

4.1.2. Risk-based planning methodology for the strategic and annual financial inspection activity of the SFCI.

Measurable indicator Component 5:

Result 5.1: Strengthening the national framework for the protection of the EU's financial interests (including AFCOS coordination)

5.1.1. Performing of the analysis of Moldova's existing institutional set up for development of legal framework for the effective functioning of the system for the protection of the national and EU financial interests in Moldova.

5.1.2. Developing the amendments on the draft Government Decision on the organization and functioning of National Anti-Fraud System, that designates the National Anti-Fraud Unit and defines the roles and responsibilities of authorities involved in AFCOS network and their collaboration for efficient protection of the EU's financial interests.

5.1.3. Developing the amendments of legal framework for defining all the elements of the AFCOS network according to EU requirements.

5.1.4. National Anti -Fraud Strategy for the protection of the EU financial interests and its implementation Action plan in accordance with recommendations for the improvements from the Sub-Result 5.1.1. and NAFS Guidelines of OLAF.

Result 5.2: Operationalisation of the AFCOS network

5.2.1 : Development and piloting of inter-institutional cooperation procedures within the AFCOS network

5.2.2 : Training of AFCOS contact points on case coordination, irregularity reporting, and communication protocols

5.2.3. Training on irregularity and fraud risk management methodology implementation.

5.2.4. Conducting Irregularity and fraud risk assessment.

5.2.5: Development of a monitoring and feedback mechanism for AFCOS cooperation

Result 5.3: Irregularity and Fraud Risk Assessment related to EU funds developed and conducted.

5.3.1. Developing procedure for preventing and reporting irregularities and fraud following OLAF's Guidelines related to irregularity reporting

Result 5.4: Raising awareness on EU funds and increasing administrative capacities of the authorities involved in reporting on potential irregularities and fraud.

5.4.1. Preparing informative promotional materials (leaflets and brochures), co-developed with line ministries and implementing agencies and delivering a public event with the purpose of raising awareness of all relevant stakeholders and general public about proper use of the EU funds and importance of reporting on potential irregularities and fraud,

5.4.2. Training conducted for the national authorities which are part of the AFCOS-network and which are involved in the protection of the EU's financial interests .

5.4.3 Competent authorities informed on the EU Irregularity Management System that would enter into force with EU membership.

12. Facilities available

The key final beneficiary institution, the Ministry of Finance, commits itself to make available free of any charge for the project:

- Office facilities for the RTA and the RTA assistant(s) for the entire duration of their secondment, with a level of equipment at least comparable to that in use in the final beneficiary administration;
- Adequate conditions for the short-term experts to perform their work while on mission to the final beneficiary;
- Training and conference venues, presentation and interpretation equipment.

ANNEXES TO PROJECT FICHE

1. The Simplified Logical framework matrix as per Annex C1a (compulsory)

Annex C1a : Simplified Logical Framework

	<u>Description</u>	<u>Indicators</u>		<u>Sources of verification</u>	<u>Risks</u>	<u>Assumptions (external to project)</u>
		<u>Baseline</u>	<u>Target</u>			
<u>Overall Objective</u>	Improvement of the efficiency, effectiveness and transparency of the public finance management and the implementation of the EU acquis in the area of Public Internal Financial Control (PIFC)	As per SIGMA OECD 2023 and PEFA 2022 assessments and relevant indicators. ¹	Improved in comparison to the baseline.	SIGMA OECD and PEFA reports. Annual EC progress reports.	The major change should take place at governing level. Most of it is beyond this project – Public Administration Reform.	The PAR will progress as planned in the PAR strategy.
<u>Specific (Project) Objective(s)</u>	To ensure that public sector resources are used in conformance with the good governance principles, internationally recognised frameworks and standards and EU good practice by implementing internal managerial control and internal audit in the public sector of Republic of Moldova	Relevant SIGMA OECD 2023 and PEFA 2022 indicators.	Improved in comparison with the baseline.	SIGMA OECD and PEFA reports.		
	<u>Description</u>	<u>Indicators</u>	<u>Source of verification</u>		<u>Risks</u>	<u>Assumptions</u>

¹ Links to the documents are provided in point 3.1. in the Twinning fiche.

	Component 1: Internal Managerial Control				
Mandatory results/outputs by components	<p>Result 1.1: Concept and model for decentralized business process management, detailing the delegated management duties and responsibilities developed.</p> <p>Result 1.2: Planning and reporting of the budget organisations based on risk management and performance indicators developed and piloted.</p> <p>Result 1.3: Increased number of budget organisations with implemented procedures and enhanced capacity for organizing, monitoring and</p>	<p>1.1.1. Administrative capacity for improving/transforming of the managerial accountability at the level of Government of RM based on good practice in the EU enhanced and lessons learned from a study visit in EU Member State (MS).</p> <p>1.1.2. Principles and standards for decentralized business process management defined in relevant secondary regulations piloted minimum in at least one central level organization (Main Budget Spending Unit – MBSU).</p>	<p>1.1.1. Report from a study visit to an EU member state for improving the BC administrative capacity on improving managerial accountability at Government level</p> <p>1.1.1. Analytical report, outlining the current status and recommended transformation for clear division between governing bodies, management level, role of the IA linked to the public resources they are in charge of and based on the experience from a study visit to EU Member State.</p> <p>1.1.2. Updated/new regulations / guidelines on decentralized business process management, managerial</p>	The overall risk for the IMC is the need to coordinate and implement actions hand in hand with the PAR.	The MoF' top management will ensure coordination and joint discussions with the PAR' implementing actors.

	reporting on internal managerial control in the public sector.	<p>1.1.3. Key business processes defined and documented with priority on PFM, public procurement and other resource processes in at least one central level organisations.</p> <p>1.1.4. Managerial accountability and delegation of duties' model developed and piloted in at least one MBSU and its subordinated organisations.</p> <p>1.1.5. Simplified Internal Managerial Control' model for local self-government level I developed and piloted in at least in one Local Self-government (LSG).</p>	<p>accountability and delegation of duties, with priority on the PFM.</p> <p>1.1.2. Report on the pilot of decentralized business process management, managerial accountability and delegation of duties at least in one MBSU.</p> <p>1.1.3. Records on the key business processes in one MBSUs.</p> <p>1.1.4. Joint procedure for MBSU and subordinated bodies on managerial accountability and delegation of duties</p> <p>1.1.4. Report on piloting the managerial accountability model for a joint procedure in one MBSU and subordinated body</p>		
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		<p>1.2.1. Risk management process implemented in the central level organisations with strategic and operational dimensions, including:</p> <ul style="list-style-type: none"> - unified fraud and corruption risk assessment methodology developed; <p>1.2.2. Procedure for planning and reporting on the performance of the organisation based on the risk assessment, risk appetite, risk tolerance, efficiency (performance) targets and linked to the budget planning and execution with a minimum set of PFM performance indicators drafted and piloted in at least one MBSU;¹</p> <p>1.2.3. Risk management procedure with performance indicators piloted in at least one central level' MBSU and its subordinated organisations;</p>	<p>1.1.5. Procedure on Simplified Internal Managerial Control' model</p> <p>1.1.5. Report on the piloting of the Simplified Internal Managerial Control' model for local self-government level I.</p> <p>1.2.1. Risk Management' guidelines updated including fraud and corruption risks.</p> <p>1.2.2. Procedure for planning and reporting on the performance based on risks and linked to budget planning and execution;</p> <p>1.2.3. Report on piloting the procedure for planning and reporting on the performance and risk management in at</p>		
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¹ The scope of the original activity 1.2.1 from the PIFC programme is very broad and heavily depending on the programme budgeting. Therefore, a limited scope is proposed for the twinning project, with universal PFM performance indicators with a significant for the budget management: % of the Capital investment budget absorbed, % of the public procurement plan executed; % of overbudgeted payroll redistributed as bonuses or allocated to other budget lines, % of coverage with budget funds of the social allowances' applications etc.

		<p>1.2.4. Procedure regarding (prevention), detection and reporting of irregularities, drafted and piloted.</p> <p>1.3.1. Internal Managerial Control' quality assessment procedure improved and piloted in at least two central level' MBSU.</p>	<p>least one MBSU and its subordinated organisations.</p> <p>1.2.4. New procedure regarding (prevention), detection and reporting of irregularities.</p> <p>1.3.1. New Regulation on Internal Managerial Control' quality assessment ;</p> <p>1.3.1. Reports on the piloted Internal Managerial Control' quality assessment in two MBSUs.</p>		
	Component 2: Internal Audit				
	<p>Result 2.1.: Consolidated Internal Audit function at all levels in the public sector by concentration under the main budget spending units, or other forms of joint</p>	<p>2.1.1. Implemented steps in the process of consolidation of the internal audit resources, including based on a good practice from EU member state gained in a study visit,</p> <p>2.1.2. organization and functioning of Central (Government or MoF)</p>	<p>2.1.1. Report from a study visit on consolidation of internal audit resources based on the good practice of EU member state,</p> <p>2.1.2. Regulation for organization and</p>	<p>The main risk with the implementation of the internal audit function in the light of the three lines model and the</p>	<p>The MoF' top management will take action for implementing the recommendations, deriving from the analysis of the accountability at the level of</p>

	<p>use of internal audit resources and reduction of the Internal Audit Units with one staff member.</p> <p>Result 2.2.: Improved training and certification scheme for internal auditors facilitating the qualification and continuous professional development of the internal auditors.</p> <p>Result 2.3.: Updated internal audit procedures, standards and manual for deploying up-to-date risk assessment and audit tools, including preparation of the Functional and Technical Specification for digitalizing the internal audit.</p>	<p>level IA unit(s) for managing horizontal and specialized audits (IT, performance) set in a draft regulation;</p> <p>2.1.3. at least two pilot horizontal internal audits conducted, based on a specifically developed procedure.</p> <p>2.1.4. Internal Audit Quality assurance mechanism implemented through: - development of methodological procedure on external assessment of internal audit and piloted in at least 3 engagement missions.</p> <p>2.2.1. The Internal Audit' training and certification process conforms with the good practice and the updated National Internal Audit Standards (or GIAS)</p>	<p>functioning of Central (Government or MoF) level IA unit for managing horizontal and specialized audits, drafted based on the experience of EU Member States and aligned to the situation in RM;</p> <p>2.1.3. Procedures for performing two horizontal IA engagements;</p> <p>2.1.3. Reports on two pilot horizontal internal audits.</p> <p>2.1.4. Methodological procedure on external assessment of internal audit;</p> <p>2.1.4. Reports on 3 external quality assessment missions;</p> <p>2.2.1. Training materials for 6 specific topics;</p>	<p>new GIAS is to make sure the Governing level has assumed its responsibilities for strategic management and risk mitigation.</p> <p>The specific risk to the capacity of the internal audit function is the high professional qualification' requirements which is hardly possible in small IA units and manual work (without IA software).</p>	<p>Government of RM (see Component 1, indicator 1)</p> <p>The MoF' top management will pursue and implement the recommended actions for consolidation of the IA function, providing for stronger IA teams with various competences and skills. The MoF' top management will find a solution for</p>
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		<p>2.3.1. The quality of the internal audit and conformance with the internal audit standards improved by:</p> <ul style="list-style-type: none"> - updated National Internal Audit Standards with the applicable requirements of the Global Internal Audit Standards, - updated Internal Audit regulations (methodological norms, IA reporting, IA self-assessment); - updated IA manual, complemented with detailed guidelines for specific topics – quality assurance, data analysis and sampling techniques, informing on fraud and corruption risks and findings, advisory services; - on the job training for implementing the updated Internal Audit standards, methodology and the detailed guidelines for specific topics. <p>2.3.2. Steps implemented for the digitalization of the Internal Audit process by:</p> <ul style="list-style-type: none"> - Functional and technical specification for the entire internal audit process developed, from 	<p>2.2.1. Records from 6 training sessions on specific topics as agreed.</p> <p>2.3.1. Updated National Internal Audit Standards with the applicable requirements of the Global Internal Audit Standards,</p> <p>2.3.1. Updated Internal Audit regulations (methodological norms, IA reporting, IA self-assessment);</p> <p>2.3.1. Updated IA manual, complemented with detailed guidelines for specific topics – quality assurance, data analysis and sampling techniques, informing on fraud and corruption risks and findings, advisory services;</p> <p>2.3.1. records from 6 on-the-job training for implementing the updated Internal Audit</p>		<p>funding the development of the IA software application.</p>
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		planning to reporting and generating reports to the CHU, according to latest procedural and organizational developments.	standards and methodology. 2.3.2. Functional and technical specification for the entire internal audit process and monitoring by the CHU.		
	Component 3: Centralised Harmonisation and Coordination of the PIFC				
	<p>Result 3.1.: Enhanced quality of the information and communication on the role, requirements and benefits from the PIFC and the responsibilities of the management in the public sector enabled by improved content of the PIFC report and strengthening the mandate of the PIFC Council.</p> <p>Result 3.2.: CHU structure, capacity and resources</p>	<p>3.1.1. Strengthen the role of the PIFC Council through by revision of the organization and operation regulation of the PIFC Council, expanding its mandate on enhancing the independence of internal audit activity.</p> <p>3.1.2. Improved content and format of the consolidated annual PIFC report containing risk and control analysis, related to PFM strategic goals, with recommendations for strengthening internal control and consolidating the internal audit capacity.</p> <p>3.1.3. Organizing awareness events and promoting success stories and sharing good practices in organizing internal managerial control and internal audit.</p>	<p>3.1.1. Reviewed Regulation on the organization and operation of the PIFC Council;</p> <p>3.1.2. The consolidated annual PIFC report with updated content and format.</p> <p>3.1.3. Records on awareness public events for promoting success stories and sharing good practices in organizing internal managerial control and internal audit;</p>	<p>Lack of relevant, timely, structured information about the high risks and weak controls is diminished the quality of the PIFC reports for the budget organisations, CHU and PIFC Council.</p> <p>Insufficient analytical and assessment</p>	<p>The MoF' top management will ensure the implementation of the actions above so that information on the risks, controls, root causes, performance indicators is available in a timely manner and reported to the Governing bodies for decision making. The CHU capacity should</p>

	adjusted to the mandate and the responsibilities for coordination and monitoring of the PIFC implementation.	3.2.1. Strengthening the CHU capacity and procedure for analysis, evaluation and monitoring the situation regarding the implementation of public policies in the field of PIFC.	3.2.1. Procedure for analysis, evaluation and monitoring the situation regarding the implementation of public policies in the field of PIFC; 3.2.1. Training and sharing of good practices between MC and CHU on monitoring and analytical techniques in PIFC area.	capacity of the CHU.	be strengthened by additional experts and IT tools.
	Component 4: Methodology development for State Financial Control Inspectorate				
	Result 4.1.: Developing methodology for operation of the State Financial Control Inspectorate	4.1.1. Methodology for compliance, and fraud risk-based planning and conducting of the inspection engagements by the State Financial Control Inspectorate (SFCI) developed and piloted in at least two cases. 4.1.2. Risk-based planning methodology for the strategic and annual financial inspection activity of the SFCI.	4.1.1. Risk based methodology for planning and conducting inspection engagements; 4.1.2. SFCI Risk based annual and strategic planning methodology		

	Component 5: Setting up and operationalising the system of the protection of the EU financial interests (AFCOS)				
	<p>Result 5.1: Strengthening the national framework for the protection of the EU's financial interests (including AFCOS coordination)</p> <p>Result 5.2: Operationalisation of the AFCOS network</p> <p>Result 5.3: Irregularity and Fraud Risk Assessment related to EU funds developed and conducted.</p> <p>Result 5.4: Raising awareness on EU funds and increasing administrative capacities of the authorities involved in reporting on potential irregularities and fraud.</p>	<p>5.1.1. Performing of the analysis of Moldova's existing institutional set up and development of legal framework for the effective functioning of the system for the protection of the national and EU financial interests in Moldova.</p> <p>5.1.2. Developing the amendments on the draft Government Decision on the organization and functioning of National Anti-Fraud System, that designates the National Anti-Fraud Unit and defines the roles and responsibilities of authorities involved in AFCOS network and their collaboration for efficient protection of the EU's financial interests.</p> <p>5.1.3. Developing the amendments of legal framework for defining all the elements of the AFCOS network according to EU requirements.</p> <p>5.1.4. National Anti -Fraud Strategy for the protection of the</p>	<p>5.1.1. Analytical Report of existing legal and institutional set up.</p> <p>5.1.2. Amendments to Government Decision on the organization and functioning of National Anti-Fraud System</p> <p>5.1.3. Proposals for amending the current legal framework related anti-fraud coordination system.</p> <p>5.1.2. Draft National Anti-Fraud Strategy.</p>	<p>Developing AFCOS system requires very strong commitment of the Government in order to ensure the collaboration with the other AFCOS actors in the country – judicial, law enforcement, agencies in charge for information flows and resources with high exposure to fraud and corruption.</p>	<p>The MoF' top management expressed strong commitment to ensure the coordination and if required mandatory participation in the AFCOS Strategy of all stakeholders in the anti-fraud and corruption actions.</p>

		<p>EU financial interests and its implementation Action plan in accordance with recommendations for the improvements from the Sub-Result 5.1.1. and NAFS Guidelines of OLAF.</p> <p>5.2.1 : Development and piloting of inter-institutional cooperation procedures within the AFCOS network</p> <p>5.2.2: Training of AFCOS contact points on case coordination, irregularity reporting, and communication protocols</p> <p>5.2.3. Training on irregularity and fraud risk management methodology implementation.</p> <p>5.2.4. Conducting Irregularity and fraud risk assessment and including the results into the operational plan for AFCOS.</p> <p>5.2.5: Development of a monitoring and feedback mechanism for AFCOS cooperation</p> <p>5.3.1. Developing procedure for preventing and reporting</p>	<p>5.2.1. Draft of inter-institutional cooperation procedures within the AFCOS network</p> <p>5.2.1 Reports on a pilot of the inter-institutional cooperation procedures within the AFCOS network</p> <p>5.2.2 1 training session of AFCOS contact points on case coordination, irregularity reporting, and communication protocols</p> <p>5.2.3. 1 training session on the application of the Guidelines on irregularity and fraud risk management reporting</p>		
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		<p>irregularities and fraud following OLAF's Guidelines related to irregularity reporting</p> <p>5.4.1. Preparing informative promotional materials (leaflets and brochures), co-developed with line ministries and implementing agencies and delivering a public event with the purpose of raising awareness of all relevant stakeholders and general public about proper use of the EU funds and importance of reporting on potential irregularities and fraud,</p> <p>5.4.2. Training conducted for the authorities involved in the protection of the EU's financial interests.</p> <p>5.4.3. Competent authorities informed on the EU Irregularity Management System that would enter into force with EU membership.</p>	<p>5.2.4. Records on conducting 1 irregularity and fraud risk assessment exercise</p> <p>5.2.4. Draft of operational plan for AFCOS</p> <p>5.2.5. Set-up of a monitoring and feedback mechanism for AFCOS cooperation</p> <p>5.3.1. Draft of procedure for preventing and reporting irregularities and fraud following OLAF's Guidelines related to irregularity reporting</p> <p>5.4.1. Public event on raising awareness about proper use of the EU funds, supported by promotional materials (leaflets and brochures)</p> <p>5.4.2. training for the authorities involved in</p>		
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			<div>the protection of the EU's financial interests</div> <div>5.4.3. workshop for competent authorities on the EU Irregularity Management System</div>		
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