



## ANNEX C1bis: Twinning Light Fiche <sup>1</sup>

**Project title:** Strengthening the Audit Capacity of the Audit Authority

**Beneficiary administration:** Audit Authority of Turkey

**Twining Reference:** TR 20 IPA OT 01 22 TWL

**Publication notice reference:** EuropeAid/175704/ID/ACT/TR

**EU funded project**

***TWINNING TOOL***

*(It is recommended that the Twinning Fiche should not exceed 10 pages, excluding annexes)*

## LIST OF ABBREVIATIONS

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<sup>1</sup> For Twinning Light the project Fiche should be detailed as it will form an annex to the Twinning Light Grant Contract together with the selected Member State proposal. The Twinning Light project Fiche, besides all the data and information mentioned under section 2.1.1, provide also concrete indications on how the work plan should be established, on the suggested schedule of activities, on the profile of short-term experts and on indicators and targets that should be used to ensure the timely achievement of the mandatory results.

AA	Audit Authority
BoTC	Board of Treasury Controllers
CFCU	Central Finance and Contracts Unit
CL	Component Leader
EC	European Commission
EU	European Union
EUD	Delegation of the European Union to Turkey
IM	Indirect Management
IPA	Instrument for Pre-Accession Assistance
MCSS	Management, Control and Supervision Systems
MoFA	Ministry of Foreign Affairs
NAO	National Authorising Officer
PL	Project Leader
TPMS	Twinning Partner Member State
FFPA	Financial Framework and Partnership Agreement

## 1. Basic Information

1.1 Programme: Annual Action Programme for Turkey (2020) - Strengthening the audit capacity of the Audit Authority (AA) - IPA/2020/042-385/4/Turkey/Audit Capacity of the Audit Authority

The management mode of this Project is indirect management with ex-ante control.

**For UK applicants:** Please be aware that following the entry into force of the EU-UK Withdrawal Agreement<sup>2</sup> on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union and to goods originating from an eligible country, as defined under Regulation (EU) No 236/2014<sup>3</sup> and Annex IV of the ACP-EU Partnership Agreement<sup>4</sup>, are to be understood as including natural or legal persons residing or established in, and to goods originating from, the United Kingdom<sup>5</sup>. Those persons and goods are therefore eligible under this call.

1.2 Twinning Sector: Other (Democracy and Governance)

1.3 EU funded budget: EUR 250,000.00

1.4 Sustainable Development Goals (SDGs): 8- Decent Work and Economics Growth; 16- Peace, Justice and Strong Institutions; 17- Partnership for the Goals.

## 2. Objectives

2.1 Overall Objective(s):

The overall objectives of the project of which this contract will be a part is as follows:

- To contribute to the management and control systems in public sector through independent and effective external audit and ensure full compliance to international audit standards;
- To strengthen the Audit Authority capacities to give assurance on the proper and effective use of IPA funding and support the development of sound financial management.

2.2 Specific objective:

The specific objective of this project is:

- To strengthen the Audit Authority (will be referred to as 'AA') capacities to provide assurance on the proper and effective use of IPA funds managed indirectly in Turkey and to contribute to the accountability and effective functioning of the management and control systems of the structures entrusted with budgetary implementation tasks. The objective also aims to enhance efficiency and effectiveness in audit activities of the AA.

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

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<sup>2</sup> Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

<sup>3</sup> Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.

<sup>4</sup> Annex IV to the ACP-EU Partnership Agreement, as revised by Decision 1/2014 of the ACP-EU Council of Ministers (OJ L196/40, 3.7.2014).

<sup>5</sup> Including the Overseas Countries and Territories having special relations with the United Kingdom, as laid down in Part Four and Annex II of the TFEU.

## **Link with Regulation (EU) No 447/2014 of the European Parliament and of the Council of 11 February 2015 establishing an Instrument for Pre-accession Assistance (IPA II)**

In accordance with Article 12 of Regulation (EU) No 447/2014, the AA shall perform an independent external audit in relation to the structures and authorities referred to in Article 7(1) and 7(2) of that Regulation. Also, the AA shall carry out audits on the MCSS (management, control and supervision systems), on actions, transactions and on the annual accounts in line with internationally accepted auditing standards and in accordance with a tri-annual audit strategy reviewed on an annual basis.

According to the Framework Agreement between the Government of the Republic of Turkey and the European Commission (EC) on the arrangements for implementation of Union Financial Assistance to the Republic of Turkey under the Instrument for pre-accession assistance (IPA II) dated 11 February 2015, under the responsibility of its head, the AA shall aim at verifying:

- The completeness, accuracy and veracity of the annual financial reports or statements and the underlying annual accounts;
- The efficient and effective functioning of the management, control and supervision systems;
- The legality and regularity of the underlying transactions.

Eventually the same will apply for the IPA III (2021-2027) period, once the corresponding Financial Framework and Partnership Agreement (FFPA) between the EU and the Republic of Turkey is signed and ratified.

### **3. Description**

#### 3.1 Background and justification:

The AA has been established as a unit under the Board of Treasury Controllers (BoTC) and headed by the Chairman (Head of AA), and a Vice-Chairman (Deputy Head) has been assigned for IPA audits. In addition, audit team managers and adequate number of Treasury Controllers and Junior Treasury Controllers have also been appointed to audit teams.

The Turkish Audit Authority (AA) is one of the most important control body of the IPA set up which has key role for effective functioning of the management and control system, project's compliance with national and European regulations. It has also a crucial role on the use of the budget implementation tasks entrusted to Turkey and for providing assurance on financial reports and statements to the EU Commission. It should be noted that the AA has a key control role and the EU Commission would like to place more reliance on the AA's work. Thus, there is a growing need for the AA to strengthen its capacity and knowledge to ensure effective, efficient, economic and sustainable use of the EU funds. In this regard, the AA ensures significant contribution to understanding and adopting the new legislation and sustaining smooth implementation of the IPA assistance in Turkey. On the other hand, some improvements are particularly needed in audit activities of the AA.

In accordance with legislation process for both the IPA I (2007-2013) and the IPA II (2014-2020) period, the BoTC was designated as the AA with responsibilities for verifying the efficient and effective functioning of the MCSS established for implementation of the IPA. Eventually the same will apply for the IPA III (2021-2027) period, once the corresponding Financial Framework and Partnership Agreement (FFPA) between the EU and the Republic of Turkey is signed and ratified. The AA shall carry out audits on the MCSS, on actions, transactions and on the annual accounts in line with internationally accepted auditing standards. Under the responsibility of its head, the AA shall aim at verifying:

- The completeness, accuracy and veracity of the annual financial reports or statements and accounts;
- Reliability of financial data and reports;
- The legality and regularity of the underlying transactions;
- Effectiveness, economy and efficiency of operations;
- Compliance with European Union and national regulations;
- Proper protection of financial interests of the European Union and the Turkish State Budget;
- Fulfilment and continuing maintenance of EU criteria within Indirect Management (IM) (written procedures, segregation of duties, payment procedures, accounting procedures, computer security, identification and updating of the audit trail, etc...).

### 3.2 Ongoing reforms:

Independent external audit is largely carried out by the private sector in Turkey. BoTC is one of the public institutions that provide independent external audit service in the public sector. In addition to the audit of IPA funds, the BoTC meets audit need for the international financial institutions such as International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), Japan International Cooperation Agency (JICA), Islamic Development Bank (IDB) ... etc.

Reform studies in the sector have taken place in two separate plans. First is the 2019-2023 Strategic Plan prepared by the Ministry of Treasury and Finance. In this plan, it is envisaged that the following actions should be taken to reach the goal of "Increasing efficiency in the inspection and audit activities needed due to public financial assets and liabilities":

- To fully align the guidelines prepared for the audit of funds provided by EU and international financial institutions with international audit standards;
- To increase the trainings given to BoTC regarding international auditing and accounting standards and computer-assisted auditing techniques.

Second plan is the 11th Development Plan which is prepared by the Directorate of Strategy and Budget within the Presidency of Turkey. Under the article 276.2. of this plan it is aimed to enhance the quality of financial reporting and independent audit in government business enterprises. The Twinning Light project is expected to assist in achieving the above-mentioned targets.

### 3.3 Linked activities:

In the pre-IPA period, the BoTC implemented two projects between 2004 and 2008. The first project was prepared by Ministry of Finance on internal audit and financial control. With this project, an immediate training request for CIA has been provided from EU funds for limited number of Treasury Controllers. Majority of participants of these trainings attained international audit certificates. Within the scope of the second project named "Strengthening Audit Capacity of the Board of Treasury Controllers with respect to Pre-Accession Funds", an audit software and additional equipment were purchased by BoTC and used these in audits of operations for years. Objectives of the second project were: helping in improving the implementation of the IM established in Turkey by increasing the audit capacity of the BoTC and enabling the BoTC have a sustainable ability for auditing EU funds under the standards of internal auditing and requirement of the European Commission. The earlier projects implemented by the AA formed the vital basis of the IPA audits within the BoTC. Trained auditors led the teams and transferred their experience to newly recruited auditors.

Since the BoTC was assigned as the AA, we have not implemented any projects so far.

The twinning light project will complement the supply and technical assistance projects specified in the action document named Turkey Strengthening the Audit Capacity of the Audit Authority.

Technical Assistance Project mainly covers: developing an audit software, acquiring international audit certification programs, training for developing audit methodology, improving audit staff policies, enhance audit capacities and skills. And to ensure the sustainability of the project results and to prevent the loss of know-how by establishing a Team of Trainers in order to transfer knowledge and experience to newly recruited auditors.

Supply Project focus on improving the audit capacity of AA and shorten the time audits take and ensure the audit works is carried out effectively and efficiently by purchasing necessary supplies such as laptops and tablets which will run the audit software developed under TA Project.

Therefore, indicators of overall objective will need to be evaluated within this scope.

#### 3.4 List of applicable *Union acquis*/standards:

- Regulation (EU) No 537/2014 (specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC Text with EEA relevance);
- Regulation (EC) No 1221/2009 (the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC);
- Directive 2006/43/EC (statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (Text with EEA relevance);
- Regulation (EU) No 258/2014 ( establishing a Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-20 and repealing Decision No 716/2009/EC Text with EEA relevance);
- Directive 2013/34/EU ( the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC Text with EEA relevance).

#### 3.5 Components and results per component

The project shall provide advisory support to the AA as the main beneficiary.

#### **Result 1 (Component 1) - Enhanced quality, knowledge and competences of the AA auditors**

Enhancing quality, knowledge and competences of the AA auditors in the field of IPA audits are the main goals of this result. In this context, it is expected TPMS to review AA's current audit procedures and update the documents (Audit Manual, Audit Strategy and checklists) used in audits. Afterwards, trainings will be delivered in accordance with the updated audit documents.

This result will be achieved through the following steps:

##### *Review of AA's Current Audit Procedures*

Analytical review of existing audit procedures of AA will be conducted in order to prepare a report on detailed map (gap analysis) of the current system, and requirement for its improvement. The report will also indicate all strengths and weaknesses as well as compliance with the relevant standards, EU requirements and best practices for improvement of the identified deficiencies.

### Updating the Audit Manual and its Annexes

Audit guides will be improved in accordance with international auditing standards and IPA regulations and EU best practices on external audit. In addition, with a special emphasis on project items and output, attainment of project outcomes, objectives and their sustainability, training will be provided within the scope of the audit of operation, system audit and audit of annual financial statements/accounts to be carried out in accordance with the manual. The current methodology of AA will be reviewed and suggestions for improvement will be made to meet IPA regulations and requirements, including the topics below:

- to perform audits aiming to verify the completeness, accuracy and veracity of the annual financial reports or statements and the underlying annual accounts;
- to perform audits aiming to verify the efficient and effective functioning of the management, control and supervision systems;
- to perform audits aiming to verify the legality and regularity of the underlying transactions;
- to update and improve the checklists (especially checklists for works contracts) and audit programmes in line with IPA II and IPA III and upcoming regulations;
- to improve the reporting process and follow up of the recommendations;
- to improve the quality of the annual audit reporting.

### Updating the Audit Strategy

Audit Strategy which is prepared for 3 years and renewed every year, is expected to be revised in accordance with IPA regulations in force, taking into account the same principles under the above sub-heading "Updating the Audit Manual and its Annexes".

### Training to be delivered under the updated manual

Training will be provided in order to internalize the updated manual by the AA.

## **Result 2 (Component 2) - Improved Harmonisation of the Audit Procedures and Activities with EU Requirements and Best Practices**

Improving the audit quality and harmonisation of the audit procedures and activities with EU requirements, recommendations and best practices are an integral part of achieving this result. In this context, the AA aims to reach this goal through seminars, workshops, study visits, training courses, and internships on the topics mentioned below:

### - Audit of NAO's Assurance

The audit scope of the AA includes the National Authorising Officer (NAO)'s assurance provided through the management declaration. The audit scope needs to be extended to specifically cover the NAO's self-assessment of the internal control framework design and effectiveness. The document and guidance concerning this audit engagement should be established and form an integrated part of the Audit Manual.

### - Sustainability and Results Oriented Auditing

With the IPA II period, the European Commission reinforced its expectations from beneficiary countries' assigned Audit Authorities (AA) to assess specifically the sustainability of the projects, accomplishment of their results/objectives, proper use of their assets and funds in compliance with sound financial management rules when they carry out their audit activities.

Thus, Turkish AA wants to improve its capacity on auditing sustainability, accomplishment of results/objectives, use of assets and funds of projects.

### - Audit of Works Contract

This topic requires specific audit skills and professional knowledge. The specific objective of this activity is to train AA auditors to improve their skills and equip them with necessary professional knowledge during auditing works projects. The AA is planning to train its auditors on works contract or similar contracts with audit perspective.

### 3.6 Expected activities:

Twinning Partner Member State will be expected to indicate in their proposal the training content, duration and number of participants per training session mentioned above. The Twinning Partner Member State may propose additional training topics as well to improve the effectiveness of the Project.

#### Activity 1.1: Analytical Review of AA's Current Procedures and Updating the Audit Manual and the Audit Strategy

##### Sub-Activity 1.1.1: Updating the Audit Manual and the Audit Strategy

The AA's current audit procedures will be reviewed in all aspects by using analytical methods. As a result of this study, a report should be submitted to the AA including minimum following matters:

- Demonstrating strengths and weaknesses of existing procedures;
- Includes road map to be followed during revision works;
- Containing detailed explanations about the steps included in this road map;
- Containing recommendations to the AA.

After the submission, report will be evaluated based on sufficiency and effectiveness by the Beneficiary Country PL and the auditors of AA. Then a working group will be formed which consists of AA auditors and short-term experts. Together with the recommendations included in the report, the group will start to revise manual and audit strategy (especially risk assessment part, and put special emphasis on works contracts, and accountability for project outputs, outcomes, objectives and their sustainability) considering the up-to-date IPA regulations and guidelines.

Finally, on-the-job training together with the case studies will be provided within the scope of the audit of operations, system audits and audit of annual financial statements/accounts, which will be carried out in accordance with the AA's new IPA audit manual.

Proposed duration for this activity is minimum 20 working days

#### Activity 1.2: Training to be held within the scope of the updating and improving audit manual

Under this activity, a training sessions will be organized by the Twinning Partner Member State (TPMS) in order to carry out practical implementation of the updated manual by the AA. The target group of the training sessions will be the Auditors of the Audit Authority. At the end of the each of training, a training completion report will be submitted to the CA. The report will include at least a brief assessment about the level of overall participation in training process, progress observed in the knowledge of the participants and recommendation of the trainer/s for further improvement. The training report will also be accompanied with a staff satisfaction survey, attendance sheet signed by attendees and training certificate per trainee. This procedure is also applicable to the study visit and internships.

##### Sub-Activity 1.2.1: Training on audit of operations, system audits and audit of annual financial statements/accounts

Topic: Implementation of AA's new IPA audit manual

Indicative Content:

- Audit of Operations;

- System Audits;
- Audit of Annual Financial Statements and underlying annual accounts.

Type of organization: Training (In Beneficiary Country)

Proposed Duration: Minimum 6 working days

Number of Attendants: 40 auditors

Activity 2.1: Advanced Topics on Audit Procedures:

Under this activity, sub-activities will be organized by the TPMS.

It is expected that TPMS will organize trainings on the subjects related to Audit scope of AA, with special attention to, but not limited to, the issues covered under the heading “*Result 2 (Component 2)- Improved Harmonisation of the Audit Procedures and Activities with EU Best Practices*”. During the trainings, reference will always be provided to relevant rules and procedure of the new chapter on “Audit Works” in the revised AA Audit Manual. The number of staff to attend the training and the duration of the training vary from subject to subject. For this reason, the minimum expected training, workshop, study visit and internships duration and indicative number of participants are indicated given in the list below.

Sub-Activity 2.1.1: Audit of NAO’s Assurance

Topic: Twinning Partner Member State’s and other EU Member States’ best practices with regard to Audit of NAO’s/ institutions equivalent to NAO Assurance.

Indicative Content:

- NAO’s self-assessment of the internal control framework design and effectiveness;
- Matters of NAO’s Assurance to be added to the manual which will be revised;
- Good practices for audit of NAO’s assurance;
- A case study regarding the Audit of NAO’s Assurance includes;
- NAO’s examination to ensure efficiency and effectiveness of the design and functioning of the internal control systems;
- NAO’s evaluation of changes in the MCSS;
- NAO’s Self Assessment on the accounting system that needs to provide accurate, complete and reliable information.

Type of organization: Training (In Beneficiary Country)

Proposed Duration: Minimum 2 working days

Number of Attendants: 45 Auditors

Sub-Activity 2.1.2: Sustainability and Results Oriented Auditing

Topic: Implementation of Sustainability and Results Oriented Auditing

Indicative Content:

- Compliance of projects or actions to Financial management rules;
- Result oriented audit functions and methodology; Good practices for Sustainability and Results Oriented Auditing;
- Assessing indicators, outputs and results;
- Analysing whether project actually serve the purpose;
- Analysing whether the acquired items are used for project purposes.

Type of organization: Study visit (In Twinning Partner Member State)

Proposed Duration: Minimum 3 working days

Number of Attendants: 5 auditors

### Sub-Activity 2.1.3: Audit of Works Contract

Topic: Audit of Works Contract

Indicative Content:

- Specific audit skills and professional knowledge for audit of works contract;
- Selection criteria of sample construction poses to be audited;
- Differentiating between construction materials (fundamentals);
- Practical construction control methods on site.

Type of organization: Workshop (In Beneficiary Country)

Organization Methodology: At first working on existing control checklist and pose selection of sample works contracts and then a field visit will be organized as on-the-job training.

Proposed Duration: Minimum 5 working days

Number of Attendants: 45 Auditors

### Sub-Activity 2.1.4: Internship Programme

Topic: On-site observation of partner member states audit process.

Indicative Content: To closely observe the work of the member state AA, and work with the auditors of Member State's AA to get insight on the EU best practices.

Proposed Duration: 15 working days for each group

Number of Attendants: Total 5 Interns

Internship Program will be held in the form of one or two (2+3 people) periods on different dates depending on the availability of the member country.

Interns will be selected by head of AA preferably among junior auditors, by taking into account workload of auditor and sustainability of training received.

### Activity 2.2: Delivery of Training on Audit Topics:

In order to disseminate, consolidate and sustain the Twinning project achievements, Trainings related with Audit Topics have been designed. In addition to organizations mentioned in Activity 2.1, it is aimed that the participants involved in the Twinning Project to have a good grasp of literature, theoretical background and general procedures on Audit Topics. Therefore, they would increase their perpetual capacity and transfer their knowledge learning from trainings in question to both their colleague and newly recruited auditors. For this purpose, three audit topics were determined as follows.

#### Sub-Activity 2.2.1: EU Public Procurement Rules

Topic: European Union Public Procurement Rules and Regulations.

Indicative Content:

- General objectives and actions of EU procurement rules;
- Reviewing formal procurement, paying and digitization process;
- Method of market research and price forecasting;
- Management of supply chain and quality concept.

Proposed Duration: Minimum 2 working days (In Beneficiary Country)

Number of attendants: 45 Auditors

#### Sub-Activity 2.2.2: Audit of Verification of Project Sustainability

Topic: Sustainability Verification Audit Practices

Indicative Content:

- Project Management Cycle;
- Key audit standards on sustainability assurance engagement (AA1000AS – Accountability Assurance Standard, ISAE – International Standard on Assurance Engagement etc.);
- Sustainability review and verification on-the-spot;
- Verifying the information on accountability, transparency and reliability in the financial reporting and sound financial management context;
- Gathering non-financial and operational performance data and its analyses in the scope of verifying of project sustainability.

Proposed Duration: Minimum 2 working days (In Beneficiary Country)

Number of attendants: 45 Auditors

#### Sub-Activity 2.2.3: Skills in Works Contracts

Topic: Developing skills in Works Contracts

Indicative Content:

- Construction terminology;
- Basis of evaluating and testing the adequacy and effectiveness of construction project;
- Determining source document depend on stage of works audit;
- Key point to review documents such as progress payment report, invoice, financial account, per type of contracts (i.e. FIDIC red/yellow book, EU contract, infrastructure, treatment plan, railway) etc. pertaining to works audit.

Proposed Duration: Minimum 2 working days (In Beneficiary Country)

Number of attendants: 45 Auditors

#### 3.7 Means/input from the EU Member State Partner Administration:

The project will be implemented in the form of a Twinning Light contract envisaged to provide exchange of experience and know-how with a Member State Institution with good practice in the stated project activities. The Twinning Partner shall provide an adequate team of experts – one Member State Project Leader (PL), responsible for overall coordination of project activities, Component Leaders (CL) responsible for a specific component/mandatory result/output in the project and a pool of Short Term Experts (STEs) with suitable knowledge to carry out the activities described.

The MS Partner Administration should demonstrate experience in the delivery of services in the relevant project fields mentioned above. This experience should be described in the proposal. Experience in providing assistance in similar EU projects would be considered as an advantage.

Profile and tasks of the PL:

The Member State PL will manage the implementation of the project with the Beneficiary PL from the AA. The PL will ensure his/her ability to mobilise the necessary staff in support of the efficient implementation of the project. In addition, he/she should coordinate, on the Member State side, the Project Steering Committee. The Member State PL will continue to work at his/her Member State administration. As a minimum, the PL should be able to dedicate to the project at least 3 days per month, He/she will be supported by his/her Member State administration for logistics, accounting and administrative affairs.

#### Requirements:

- University degree or equivalent professional experience of 8 years
- At least 3 years of specific professional experience in the area associated to this project
- At least 2 years of experience in executive administrative position (such as department head and above)
- Engagement in a similar Member State Audit Institution would be considered an asset;
- Experience in the implementation of at least one international cooperation projects in a managerial or coordinating function;
- Be in a position, which allows him/her to easily contact with the AA and his/her counterparts in beneficiary institution;
- Experience in a similar EU funded projects is an asset;
- PMP certificate is an asset;
- Fluent in English;
- Computer literate.

Tasks:

- Conceive, supervise and coordinate the overall thrust of the project;
- Ensure the attainment of the projected outputs and outcomes/results;
- Co-manage the implementation of the project with the Beneficiary Country Project Leader;
- Coordinate Member State experts' work and availability;
- Communicate with the Beneficiary, the CFCU and the EUD;
- Ensure the backstopping functions and financial management;
- Co-chair the Project Steering Committee Meetings;
- Draw up reports in accordance with the Twinning Manual;
- Where necessary, provide technical assistance and advice under the Project.

3.7.1. Profile and tasks of the Component Leaders:

Requirements:

- University degree or equivalent professional experience of 8 years
- At least 3 years of specific professional experience in the area associated to this project
- Engagement in a similar Member State Audit Institution would be considered an asset;
- Experience in a similar EU funded projects is an asset;
- Fluent in English;
- Computer literate.

Tasks:

- Conceive, supervise and coordinate the actions regarding the appointed Component of the Project;
- Ensure the attainment of the projected outputs and outcomes/results;
- Organise all activities under the components of the project.

3.7.2. Profile and tasks of other short-term experts:

Other specialist staff will be made available by the Twinning Light Partner to support the implementation of activities. The proposed pool of STEs is expected to cover all relevant areas targeted under this project.

Requirements:

- University degree or equivalent professional experience of 8 years
- At least 3 years of specific professional experience in the area associated to this project
- Published academic work in the field of sustainability or works contract is an asset;
- Experience in the fields of in-graduate training or vocational training;
- Knowledge of international audit standards and best audit practices of EU member states;
- Fluency in English;
- Computer literacy.

Tasks:

- Revising audit manual with AA's representatives;
- Drafting programmes of workshops, training sessions and study visits;
- Conducting pre-assessment and post-assessment of project activities;
- Participation in the round tables- presentation of the experience, best practices and study cases;
- Delivery of training sessions;
- Provision of information and advice on EU member states' best practices;

#### **4. Budget**

EUR 250,000.00

#### **5. Implementation Arrangements**

##### 5.1 Implementing Agency responsible for tendering, contracting and accounting

The Central Finance and Contracts Unit (CFCU) will act as a Contracting Authority for the project, which will be responsible for all aspects for the project's tendering, contracting and payments.

The contact person on behalf of the CFCU is:

Mr. Barbaros Murat KÖSE

Acting Director of CFCU

Central Finance and Contracts Unit

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##### 5.2 Institutional framework

According to the Presidential Circular numbered 2019/20, BoTC was designated as the AA with responsibilities for verifying the efficient and effective functioning of the MCSS established for implementation of the Instrument for IPA II. AA comprises of one head, one deputy head and sufficient number of Treasury Controllers and Junior Treasury Controllers.

The AA of Turkey is the Beneficiary of this Project. The Project will be coordinated by a Vice-Chairman (Deputy Head) (PL) and the five controllers (2 CL and additional 3 personnel of AA) assigned to the project will contribute to the implementation of activities.

Instead of changing the institutional structure of the AA, the Project will mainly aim to increase the efficiency and effectiveness of the AA through the capacity building activities it involves.

This project was accepted as stand-alone project under the IPA II 2020 Action Document following the assessments carried out by the Directorate for EU Affairs. All the activities and outputs are in line with the Action Document.

### 5.3 Counterparts in the Beneficiary administration:

#### 5.3.1 Contact person:

Mr. Murat Erinç BAYRAKCI

Acting Deputy Head

AA of Turkey

Address: T.C. Hazine ve Maliye Bakanlığı Kampüsü

İnönü Bulvarı No:36 A Blok 06490 Emek / ANKARA

#### 5.3.2 PL counterpart

Mr. Murat Erinç BAYRAKCI

Acting Deputy Head

AA of Turkey

Address: T.C. Hazine ve Maliye Bakanlığı Kampüsü

İnönü Bulvarı No:36 A Blok 06490 Emek / ANKARA

## 6. **Duration of the project**

8+3 months.

## 7. **Sustainability**

This project is designed as a stand-alone, it will serve overall strengthening the sub field 'Government & Civil Society-National Audit' and help further alignment with the EU acquis and standards in this field. The sustainability of the results will be ensured by the improved administrative structure, and specifically for the AA, a trainer team to be established under the TA component of the AA project. In addition, this project will serve to consolidation of accountability mechanism and good governance principle in public administrations and so contribute to public administration reform process through increasing capacity of AA staff.

The AA is fully committed to ensuring the long-term impact of the Twinning Light project. The TPMS shall transfer the expertise necessary to achieve the mandatory results

to the AA. During the project, the twinning partner will develop documents/guidelines that will be delivered to easily accessible for later use by the AA for its use.

The development and delivery of training programmes under the scope of this Project will be conducted with an inclusive and needs-based process. Training needs assessment will be conducted to analyse training needs of the AA in depth and the programmes will be developed to meet the identified needs. With this needs-based approach, the local ownership of training results will have been strengthened and prospects for sustainability will have been enhanced.

All training materials to be developed under the scope of the Project will be of high quality; they will be professionally developed and will be easily accessible for later use. These documents will be utilized in later trainings those are planned to be delivered by the Team of Trainers which designated under the Technical Assistance part of this Project. Electronic copies of the materials will be uploaded to the Intranet of the Institution as well to ensure ease of Access.

The AA will continue to support professional development efforts of its employees through various capacity building activities and actions to be funded both by the national budget and by international donors. Staff to be trained under this Project will be prioritised to attend other capacity building activities of the Institution.

The Communication Strategy of the Project would aim to highlight that this project contributes to the accession process and the Democracy and Governance's objectives. Communication and Visibility Plan of the project will be in line with the overall communication plan of the Democracy and Governance Sub-Field.

The final report of the Project will include concrete recommendations and strategies for safeguarding the achievement of the mandatory results/outputs in the Beneficiary administration.

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

This project aims to strengthen the capacity of the AA and AA shall have an equal opportunities policy and not discriminate against employees in any form like age, gender, or race/ethnicity. Male and female participation in the project will be based on the relevant standards of the EU. In this regard, all auditors of AA will take the advantage of this action and all female auditors responsible for IPA will be trained.

#### **9. Conditionality and sequencing**

There is no conditionality affecting the start and the implementation of the Project. The project activities will be implemented in a way that ensures the strongest possible impact.

#### **10. Indicators for performance measurement**

Indicators of achievement with regard to the Overall Objective of the Project are as follows:

- Number of findings and opinions prepared by AA to EC;
- Number of findings and recommendations by EU institutions regarding AA's audit work;
- Number of findings reported by the Public Oversight and Standards Board regarding AA work;
- Number of AA recommendations implemented by the auditees;

These indicators mirror those referred to in the Action Document and this project is expected to contribute to the achievement of these indicators in the longer run. (within 3 years of project implementation)

Indicators of achievement with regard to the specific objective of the Project will be as follows:

- Number of findings and recommendations from EU related to deficiencies in the audit methodology, filing, sampling, on-the-spot visits and reporting;
- Number of training sessions per year compared with annual training need analysis and training delivery schedule;
- Number of AA recommendations accepted and implemented by auditees within deadlines set;
- Number of auditors accepted in to internship programme, and their satisfactorily completion as supported by internship reports and staff surveys;
- Number of female auditors trained;
- Number of study visits and on the spot check satisfactorily organised as supported by study visit reports and staff surveys;
- Effective and efficient use by trainees of the assets procured under the AA project as supported by twinning reports.

These indicators also mirror those referred to in the Action Document.

Indicators of achievement with regard to the results of the Project will be as follows:

- GAP Analysis report delivered;
- Number of relevant chapters of AA's audit manuals revised;
- Number of auditors trained in practical implementation of the updated manual;
- Number of training sessions, and trainees regularly attended<sup>6</sup> per sessions;
- Number of auditors trained;
- Overall Grading in Staff Satisfaction survey reading quality and effectiveness of trainings, study visit and internship delivered.

## **11. Facilities available**

The AA of Turkey possesses sufficient office space for the work of the experts to be assigned under the scope of the Project. Moreover, a conference room and meeting rooms are available. The Institution is equipped with proper IT infrastructure. The presentation and interpretation equipment or catering (if required) will be provided by the Beneficiary institution.

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<sup>6</sup> Since indicators of training sessions performed is related with both Twinning and TA Project of AA according to Action Document, for output 3 baseline and target data reflect total number of training sessions which only five of them will be carried out under Twinning Project.

**ANNEXES TO PROJECT FICHE**

1. Logical framework matrix as per Annex C1b (compulsory)

## Annex C1b: Simplified Logical Framework

	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
<b>Overall Objective</b>	<p><b>Long-term Overall objective:</b> To contribute to the management and control systems in public sector through independent and effective external audit, and ensure full compliance to international audit standards.</p> <p><b>Intermediate Overall objective(s):</b> To strengthen the Audit Authority capacities to give assurance on the proper and effective use of IPA funding and support the development of sound financial management.</p>	<ul style="list-style-type: none"> <li>• Number of findings and opinions prepared by the Audit Authority to the EC. (Baseline 30; Targets 42)</li> <li>• Number of findings and recommendation by EU institutions regarding AA's audit work. (Baseline 9; Targets 0)</li> <li>• Number of findings reported by the Public Oversight and Standards Board regarding AA work. (Baseline 5; Targets 0)</li> <li>• Number of AA recommendations implemented by the auditees. (Baseline 10; Targets 40)</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Reports and Opinions issued by AA.</li> <li>• Audit Finding Database.</li> <li>• European Commission's reports and decisions, containing opinions and recommendations regarding the AA Reports.</li> <li>• Report by the Public Oversight and Accounting Standards Board.</li> </ul>	<p>The main risk in implementation phase is lack of dedication among stakeholders which will cause disruptions in cooperation and coordination and would eventually give rise to the occurrence of problems such as delays.</p>	

<p><b>Specific (Project) Objective(s)</b></p>	<p>To strengthen the AA capacities to provide assurance on the proper and effective use of IPA funds managed indirectly in Turkey and to contribute to the accountability and effective functioning of the management and control systems of the structures entrusted with budgetary implementation tasks.</p>	<ul style="list-style-type: none"> <li>• Number of findings and recommendations from EU related to deficiencies in the audit methodology, filing, sampling, on-the-spot visits and reporting. (Baseline 9; Targets 0)</li> <li>• Number of training sessions per year compared with annual training need analysis and training delivery schedule. (Baseline 1; Targets 7)</li> <li>• Number of AA recommendations accepted and implemented by auditees within deadlines set. (Baseline 1; Targets 20)</li> <li>• Number of auditors accepted in to internship programme, and their satisfactorily completion as supported by internship reports and staff surveys. (Baseline 0; Targets 5)</li> <li>• Number of female auditors trained.</li> <li>• Number of study visits and on the spot check satisfactorily organised as supported by study visits reports and staff surveys. (Baseline 0; Targets 5)</li> <li>• Effective and efficient use by trainees of the assets procured under the AA project as supported by twinning reports. (Baseline 0; Target 1)</li> </ul>	<ul style="list-style-type: none"> <li>• Letters regarding results of EC missions and letters including recommendations on reports of AA.</li> </ul>	<p>Though AA has a low turnover rate (% 6,6), naturally there is always a risk of staff loss (turnover risk) among auditors who benefited from training programmes.</p>	<ul style="list-style-type: none"> <li>• Continued government commitment to the EU accession process.</li> <li>• Continued political commitment to meet the EU accession requirements.</li> <li>• Institutional, political and economic stability ensured.</li> <li>• Institutional independence of the AA.</li> <li>• Close cooperation and full commitment of all stakeholders.</li> <li>• Due commitment for the Sustainability of the project results</li> </ul>
<p><b>Mandatory results/outputs by components</b></p>	<p>Result 1: Enhanced quality, knowledge and competences of the AA's Auditors.</p>	<ul style="list-style-type: none"> <li>• Gap Analysis report delivered.</li> <li>• Number of relevant chapters of AA's audit manuals revised. (Minimum 2)</li> <li>• At least 40 auditors trained in practical implementation of the updated manual.</li> </ul>	<ul style="list-style-type: none"> <li>• AA's materials and reports</li> <li>• Project Activity Reports</li> <li>• Project Final Report (incl. training completion reports and staff satisfaction surveys)</li> </ul>	<p>Due to the covid-19 pandemic, there may be deviations in activity execution times.</p>	<ul style="list-style-type: none"> <li>• Appropriate staffing levels ensured.</li> <li>• Existence of the adopted Strategic Plan of AA</li> <li>• Availability of the relevant staff to cooperate with the Twinning partner and motivation to participate in the training / study visit / internship.</li> </ul>

	<p>Result 2: Improved harmonisation of the audit procedures and activities with EU best practices.</p>	<ul style="list-style-type: none"> <li>• Number of training sessions and number of trainees regularly attending the sessions. (baseline 1; targets 20 – only 5 of them required in the Twinning Project.)</li> <li>• Number of auditors trained. (Target: 105 auditors, and all-female auditors attending at least two trainings).</li> <li>• Overall Grading in Staff Satisfaction survey regarding quality and effectiveness of the trainings / study visit / internship delivered.</li> </ul>	<ul style="list-style-type: none"> <li>• Internship attendance certificates</li> <li>• Study visit reports</li> <li>• Training completion report</li> <li>• Training Materials</li> <li>• Training Attendance Sheets</li> <li>• Staff Satisfaction Survey</li> </ul>		
<p><b>Activities</b></p>	<p>Activity 1.1: Analytical Review of AA's Current Procedures and Updating the Audit Manual and Audit Strategy</p> <p>Sub-Activity 1.1.1: Updating the Audit Manual and the Audit Strategy</p> <p>Activity 1.2: Training to be held within the scope of the updating and improving audit manual</p> <p>Sub-Activity 1.2.1: Training on audit of operations, system audits and audit of annual financial statements/accounts</p>		<ul style="list-style-type: none"> <li>• AA's materials and reports</li> <li>• Project Activity Reports</li> <li>• Project Final Report (incl. training completion reports and staff satisfaction surveys)</li> </ul>	<p>Due to the covid-19 pandemic, there may be deviations in activity execution times.</p>	<ul style="list-style-type: none"> <li>• Continued interest and motivation of AA Auditors in project-based capacity building activities</li> <li>• EU Member states willing to engage in twinning partnership with the AA of Turkey</li> </ul>

	<p>Activity 2.1: Advanced Topics on Audit Procedures</p> <p>Sub-Activity 2.1.1: Audit of NAO's Assurance</p> <p>Sub-Activity 2.1.2: Sustainability and Results Oriented Auditing</p> <p>Sub-Activity 2.1.3: Audit of Works Contract</p> <p>Sub-Activity 2.1.4: Internship Programme</p> <p>Activity 2.2: Delivery of Training on Audit Topics</p> <p>Sub-Activity 2.2.1: EU Public Procurement Rules</p> <p>Sub-Activity 2.2.2: Audit of Verification of Project Sustainability</p> <p>Sub-Activity 2.2.3: Skills in Works Contracts</p>		<ul style="list-style-type: none"> <li>• Internship attendance certificates</li> <li>• Study visit reports</li> <li>• Training Materials</li> <li>• Training reports</li> <li>• Training Attendance Sheets</li> <li>• Documents/guidelines delivered regarding Audit of NAO's Assurance, Sustainability and Results Oriented Auditing and Audit of Works Contract</li> </ul>		
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