



**Republic of Croatia
Ministry of Finance**

SIGMA
Support for Improvement in Governance and Management
A joint initiative of the OECD and the European Union, principally financed by the EU

AGENDA

Regional Conference on Public Internal Financial Control for Candidate and Potential Candidate Countries

Host: Ministry of Finance of Croatia

Coordination and financial support from: OECD/ SIGMA

27– 29 October 2010

Hotel Regent Esplanade

Zagreb, Croatia

Background to the Conference

In the late 1990's Public Internal Financial Control (PIFC) became a negotiation chapter in the enlargement process of the European Union (EU). All countries that became members of the EU in 2004 and 2007, complied with the PIFC requirements for accession. However, in most of these countries the development of PIFC did not go smoothly. Different administrative cultures and a lack of understanding at the top levels of governmental institutions of what the PIFC concept is about can be mentioned as obstacles on the path of developing PIFC. Besides the annual CHU networking meetings of DG Budget of the European Commission there have not been many opportunities to learn from each other's mistakes.

That there is a real need for sharing experiences was made clear in the Conference "Assessing PIFC in practice", which was organised by DG Budget in Brussels on 28 and 29 September 2009 in which 35 countries participated. In this Conference DG Budget presented the outcome of a survey among the so-called 'EU-12' countries regarding the experience of CHUs with the introduction and implementation of PIFC. One of the results of the survey was that institutionalised networking could provide an excellent basis for good governance in line with international practice in the national context¹. A large majority of the participants acknowledged that they may benefit from the lessons learned and from good internal control practices.

It will therefore be no surprise that Sigma reacted positively to the request of the Central Harmonisation Unit (CHU) of the Ministry of Finance and the EU Delegation in Zagreb to organise a PIFC Conference for Candidate and Potential Candidate Countries.

Objectives

The objectives of the Regional Conference for Candidate and Potential Candidate Countries are:

- to discuss the lessons learned from the introduction and implementation of PIFC in the new Member States -- Bulgaria, Hungary, Romania, and Slovenia;
- to discuss the basics of the reform of the three pillars of PIFC : Financial Management and Control, Internal Audit and CHU and its relation to other reforms such as Public Administration Reform
- to consider ways of establishing a networking mechanism for sharing experiences on a frequent basis.

We hope that this conference will give a boost to the development of PIFC in the countries participating in the event and will lead to close cooperation between them.

On behalf of the Ministry of Finance and Sigma we wish you a fruitful and pleasant conference in the beautiful city of Zagreb.

Ivana Maletić, State Secretary, Ministry of Finance, Croatia

Joop Vrolijk, Senior Advisor, OECD/Sigma, Paris

¹ Other interesting results were the potential benefits of linking PIFC to Public Administration Reform and Public Finance Management Reforms with PIFC and the necessity of developing adequate change management policies in order to avoid PIFC being subject to political manoeuvring.

Tuesday, 26 October 2010

Arrival of Participants

- 19.00 Registration
- 20:00 Welcome Reception & Registration - Hotel Regent Esplanade

Wednesday, 27 October 2010

- 08:15 **Registration**
- 09:00 **Introduction**
Mr. Paul Vandoren, Head of the Delegation of the European Union to the Republic of Croatia
Mr. Ivan Šuker, Deputy Prime Minister, Minister of Finance, Croatia
- 09:30 *Press conference / Coffee break*
- PIFC: CONCEPT AND PRACTICE***
- 10:10 **Introduction of the Chair - François-Roger Cazala** former Senior Advisor Sigma, Conseiller Maitre Cour de Comptes, France
- 10:15 **Presentation "PIFC, an integrated approach",**
Mr. Robert Gielisse, Head of PIFC Department, DG Budget, European Commission
- 10.45 **Presentation "Implementation of PIFC - Experience of the Republic of Croatia"**
Ms. Ivana Maletić, State Secretary, Ministry of Finance, Croatia
Ms. Danijela Stepić, Director Central Harmonisation Unit, Ministry of Finance, Croatia
- 11.15 **Questions and answers**
- 11:30 **Brief presentations** of 10 minutes by the representatives of the participating countries on their experience in the implementation of PIFC
- 12:45 *Group Photo and Lunch (hosted by Sigma)*

FINANCIAL MANAGEMENT AND CONTROL

- 14:15** **Presentation "Public Finance Reforms and PIFC"**
Noel Hepworth, former Chief Executive and Head International Relations
CIPFA, United Kingdom
Question and Answer Session
- 15:00** *Coffee break*
- 15:20** **Parallel sessions**
- 1 "Managerial Accountability and Financial Management and
Control "**
- Presentation Dr. Imre Szakács**, Advisor, Ministry for National
Economy, Hungary
- and forum discussion:** Hungary, Bulgaria, Croatia, DG Budget, Noel
Hepworth and Sigma (chair)
- 2 " The Meaning of Financial Management and Control "**
- Presentation Ms. Nataša Prah**, Director of Budget Supervision
Office, Ministry of Finance, Slovenia
- and forum discussion:** Slovenia, Romania, Croatia, DG Budget, and
Sigma (chair)
- 3 "Role of CHU/FMC"**
- Presentation Ms Aurelia Coman**, Internal Auditor, Central
Harmonisation Unit for Public Internal Audit, Ministry of Finance,
Romania,
- and forum discussion:** Romania, Slovenia, Croatia, DG Budget, Jean-
Pierre Garitte and Sigma (chair)
- 17.00** **Plenary reporting on outcomes of parallel sessions**
- 17.30** **End of Day 1**
- 18.00** *Social event - Walking tour of Zagreb*

Thursday, 28 October 2010

- 09:00** **Opening of Day 2 of the Conference**
Mr. François-Roger Cazala, former Senior Advisor Sigma, Conseiller
Maitre Cour de Comptes, France
- PIFC in MEMBER STATES***
- 09:10** **Presentation "PIFC and Public Administration Reform",**
Ms. Nataša Prah, Director of Budget Supervision Office, Ministry of
Finance, Slovenia
- 09:40** **Presentation "Development Managerial Accountability",**
Ms. Dobrinka Mihaylova, Executive Director, Audit of EU Funds Agency,
Ministry of Finance, Bulgaria
- 10:10** **Question and Answer Session**
- 10:30** *Coffee Break*
- 10:50** **Presentation "PIFC and EU Fund Management ",**
Dr. Imre Szakács, Advisor, Ministry for National Economy, Hungary
- 11:20** **Presentation "PIFC at Local Level",**
Mr. Camil Bojin, Internal Auditor, Central Harmonisation Unit for Public
Internal Audit, Ministry of Finance, Romania
- 11:50** **Question and Answer Session**
- 12:10** **Discussion on development and sustainability of PIFC: experiences
member states**
- 12:30** *Lunch (hosted by Sigma)*
- INTERNAL AUDIT IN THE PUBLIC SECTOR***
- 14:00** **Presentation "Internal Audit in the Public Sector"**
Mr. Jean-Pierre Garitte, Management Consultant, Belgium
- Question and Answer Session**
- 14:45** *Coffee break*

15:05

Parallel sessions

1 Internal Audit and Management

Presentation Mr. Miran Gostiša, Head of PIFC sector of Budget Supervision Office, Ministry of Finance, Slovenia,

and forum discussion: Slovenia, Romania, Croatia, DG Budget, JPG and Sigma (chair)

2 Relation Internal Audit and Audit Authority for EU Funds

Presentation Ms. Dobrinka Mihaylova Executive Director, Audit of EU Funds Agency, Ministry of Finance, Bulgaria

and forum discussion: Bulgaria, Croatia, DG Budget, Noel Hepworth and Sigma (chair)

3 Role of the CHU/IA

Presentation Mr Imre Szakács, Advisor, Ministry for National Economy, Hungary,

and forum discussion: Hungary, Slovenia, Croatia, DG Budget, and Sigma (chair)

16.30

Plenary reporting on outcomes of parallel sessions

17.00

End of Day 2

Friday, 29 October 2010

- 09:00** **Opening of Day 3**
Mr. Francois-Roger Cazala, former Senior Advisor Sigma, Conseiller Maitre Cour de Comptes, France
- 09:10** **Lessons learned on implementing PIFC concept**
Mr. Joop Vrolijk, Senior Advisor Audit and Financial Control, Sigma
Question and Answer Session
- 10:00** **Forum discussion on future challenges**
Forum: Hungary, Romania, Slovenia, NH, CHU Croatia, DG Budget, Sigma
- 11:00** **Coffee break**
- 11:15** **Conclusions of the Conference and suggestions for the Way Forward**
DG Budget, Sigma, JPG
- 12:00** **Closing of the Conference**
Ms.Ivana Maletić, State Secretary, Ministry of Finance, Croatia
Mr. Joop Vrolijk, Senior Advisor Sigma,
- 12:15** **Lunch hosted by Sigma**

Speaker's Biographies

Camil Bojin, Romania

Camil Bojin has worked as an internal auditor in the Ministry of Public Finance since 2001, when Romania started the negotiation process for integration in the EU, on the Chapter on financial control. He was the liaison officer of CHU-PIA with DG Budget responsible for maintaining the negotiating contacts regarding the implementation of internal audit in line with the new concept of PIFC. He was involved in drafting the law on public internal audit and on setting up CHU-PIA and gained valuable experience working as the Romanian counter-part in the various TA and twinning projects that CHU-PIA had since its establishment in 2003. Currently he works in the Unit for Evaluation, Coordination and Reporting. He is also a Founder Member of IIA Romania

François-Roger Cazala, France

François-Roger Cazala is Conseiller maître at the Cour des comptes, and has been a Member of the Court since 1981. Besides his activities as an external auditor, he has carried out various tasks in the public administration: Ministers' cabinets (1986-1988 Advisor to the Minister for Public Administration, and in 1995 Head of Cabinet of the Minister of Environment). Between 1989 and 1995 Mr Cazala was seconded to the Ministry of Foreign Affairs, out of which he spent three years at the French Embassy in Germany. From 1998 -2008, he was a Senior Advisor in the OECD / Sigma Programme where he took part in the programme's technical assistance projects for the Candidate and Potential Candidate Countries to the EU. Within this framework, he focused on the areas of public finance, public expenditure management and control, development of internal control and internal audit within the public sector and setting up of Supreme Audit Institutions. A former trainee of the Ecole nationale d'administration (ENA), François-Roger Cazala has a Diploma in Political Sciences (Sciences Po Paris), and has a Bachelor's Degree in Law. He is also a certified government auditing professional (CGAP/IIA).

Aurelia Coman, Romania

Aurelia Coman has been working in the Ministry of Finance since 2004 and her present position is that of Chief Internal Auditor in the Central Harmonisation Unit, assisting in the analysis and evaluation to internal audit activities and coordination of implementation and internal audit standards. Ms Coman has a postgraduate degree in financial audit and a Masters in Management, both from the Academy of Economic Studies in Bucharest.

Jean-Pierre Garitte, Belgium

Jean-Pierre Garitte is an international governance, risk management and internal audit trainer and consultant. In previous positions he served as the Director of Internal Audit at J. Van Breda & Co (Belgium) and as a partner with Deloitte Enterprise Risk Services (ERS), in charge of the corporate governance, internal audit and risk management practice for Europe, the Middle East and Africa. He is Professor in Corporate Governance, Internal and Information Systems Auditing at the University of Antwerp Management School. He advises Boards of Directors and Audit Committees. He trains and develops internal audit departments. He advises parliaments and national audit offices on new legislations. He is specialized in the strategic assessment and reengineering of internal audit functions.

He holds a bachelor degree in Commercial and Financial Science and a Master degree in Accountancy. He is a Certified Internal Auditor (CIA), a Certified Accountant (CA), a Certified Information Systems Auditor (CISA), a Certified Fraud Examiner (CFE) and holds a Certification in Control Self Assessment (CCSA). He is the Past Chairman of the Board of the international Institute of Internal Auditors (IIA). At the European level he has been for six years the President of the European Confederation of Institutes of

Internal Auditing (ECIIA). Jean-Pierre is currently a global Ambassador for the international Institute of Internal Auditors.

Robert Gielisse

Robert Gielisse has been Head of PIFC Department within DG Budget of the European Commission since 2003. As an economist with a legal background, he is very committed to reengineering public internal control systems to PIFC compliant PIC environments. His main focus is the Chapter 32 related work concerning Candidate countries and potential Candidates as well as countries that benefit from the European Neighbourhood Policy programme.

Miran Gostiša, Slovenia

Miran Gostiša has been working in the Ministry of Finance of the Republic of Slovenia since 2000. At present, he is Head of the Public Internal Financial Control Department responsible for the drafting of regulations and guidelines, training, monitoring development, proposing measures for improvement and protecting the financial interests of the EU. Before joining the Ministry of Finance he worked in industry. Mr Gostiša has a degree in Economics from the University of Ljubljana and is a certified State Internal Auditor and a member of the Institute of Auditors of Slovenia.

Noel Hepworth, United Kingdom

Noel Hepworth retired in June 2008 as Chairman of CIPFA International (Chartered Institute of Public Finance and Accountancy), with over 40 years experience of public sector financial management. He was Chief Executive of CIPFA from 1980-1996, and from 1996 he was responsible for the whole European Accountancy profession preparations for the introduction of the Euro and worked closely with the European Commission on this. From 1996 he was also Chairman of the Institute of Public Finance (a wholly owned subsidiary of CIPFA). In this capacity he was responsible for the development and management of the Institute's international strategy with particular regard to the establishment of certified training programmes in public sector accounting and internal and external audit, in developing and transition economy countries, including Slovenia, Croatia, Albania, Macedonia and Kosovo. Noel has wide experience of the local authorities, local authority finance and the accountancy profession, especially as it impacts on the public sector. This experience includes the public sectors of European countries and of some countries within the Commonwealth. He also has wide experience in the development of public sector accounting and auditing standards (both internationally and in the UK).

Ivana Maletić, Croatia

Ivana Maletić is State Secretary in the Croatian Ministry of Finance responsible mainly for financial management of the national funds and EU pre-accession funds and coordination of preparatory activities for structural instruments. She has occupied this position since February 2008. She has worked in the Ministry of Finance since 1997 first as a trainee whose main responsibilities were: development and implementation of accounting methodology, cash planning and management, financial planning, development of the Single Treasury Account, development of the Treasury Strategy, managing National Accreditation for IPA and activities to achieve conferral of management, improvement of control mechanisms within the system of preaccession funds. Ms Maletić is Deputy Chief Negotiator and Negotiator in Chapter 22 Regional policy and coordination of structural instruments. She has a degree in Economics from the University of Zagreb, she holds CIPFA International Certificate and Diploma in Public Sector Accounting and Audit and currently she is in a process of gaining masters degree in Accounting, Audit and Finance at the University of Zagreb.

Dobrinka Mihaylova, Bulgaria

Ms Dobrinka Mihaylova has a Masters in Economics with over 20 years of experience in the field of accounting, auditing and control. She joined the Ministry of Finance in 1996 where she held a variety of

posts in the Public Internal Financial Control Agency. From 2005 to September 2009 Ms Mihaylova was the director of CHU for FMC and IA. She played a key role in the reform of the national control system in Bulgaria. Under her supervision the Law for Internal Audit in the Public Sector and the Law for Financial Management and Control in the Public Sector were prepared and adopted. She is a Certified Internal Auditor in the public sector and has gained numerous certificates from training courses in the field of risk management, international audit standards, audit of EU funds and techniques for detecting fraud and irregularities. She has international experience as a project consultant working for the EU and OECD for review and establishment of national control and internal audit in Kosovo, Albania, Croatia, Moldova and Armenia. At present Ms Mihaylova is the Executive Director of Audit of EU Funds Agency in the Bulgarian Ministry of Finance.

Nataša Prah, Slovenia

Nataša Prah has an Economics degree and has 16 years working experience of which 8 in accountancy and statutory auditing, the rest in public sector auditing and for the last four year has been working in a management capacity. She has acquired the following professional titles: Auditor (national title for statutory auditing issued by Slovenian Institute of Auditors), Verified State Internal Auditor (International title issued by CIPFA), Verified State Auditor (national title for state auditors issued by Slovenian Supreme Audit Institution)

Danijela Stepić, Croatia

Danijela Stepić is Head of the Central Harmonisation Unit in the Ministry of Finance in Croatia and she has occupied that position since May 2008. Before joining the Ministry of Finance she worked in the Ministry of Defence for nine years, firstly seven years in the Finance and Budget Directorate in various positions such as financial advisor and head of different departments, then two years as Senior Internal Auditor. Ms. Stepić has a degree in Economics from the University of Zagreb, she is a certified Internal Auditor in the Public Sector, a member of the Institute of Internal Auditors of Croatia, she holds the CIPFA International Certificate and Diploma in Public Sector Accounting and Audit and currently she is in the process of gaining masters degree in Managerial Accounting and Internal Audit at the University of Zagreb.

Imre Szakács, Hungary

Since receiving a law diploma at University of Pécs in 2003, Mr Imre Szakács has worked in the public administration in Hungary. He started his career at the National Bureau of Investigations, which is the designated police body for the investigation of serious financial crimes such as tax evasion, EC fraud and criminal bankruptcy. In 2005 he became a member of the Hungarian Finance and Customs Guard, OLAF Coordination Bureau (AFCOS Hungary).

Joop Vrolijk, Sigma

Joop Vrolijk has been a Senior Advisor on Audit and Financial Control in the OECD Sigma Programme since 2003, working in Central and Eastern Europe in the fields of external and internal audit, financial control and anti-fraud structures (OLAF). Before joining Sigma he worked for more than 20 years in different management functions in the Netherlands Court of Audit in the fields of Financial and IT audit, and participated officially in diverse national and international working groups (e.g. INTOSAI Working Group on Internal Control). He is a member of the Netherlands Institute of Registered Accountants. For the last four years he has cooperated closely with the Albanian, Armenian, Bulgarian and Croatian Ministries of Finance and Supreme Audit Institutions in developing Financial Management and Control, Internal Audit and External Audit.