

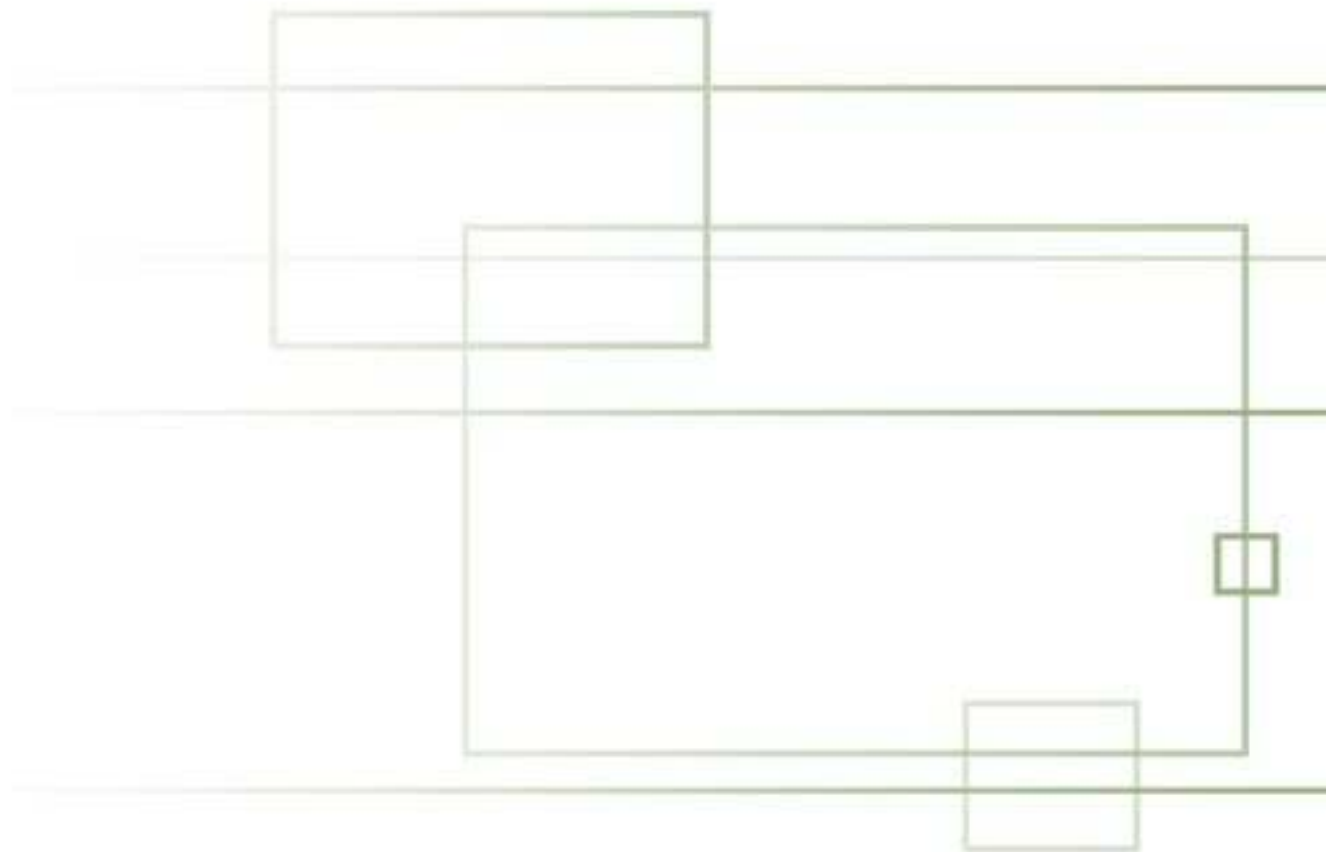
# MAKING SUPREME AUDIT INSTITUTION TWINNING SUCCESSFUL



A GOOD PRACTICE GUIDE

By Presidents of the SAs of the Candidate and Potential Candidate Countries and the European Court of Auditors





A great deal of additional information on the European Union is available on the Internet.  
It can be accessed through the Europa server (<http://europa.eu>).

Cataloguing data can be found at the end of this publication.

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# MAKING SUPREME AUDIT INSTITUTION TWINNING SUCCESSFUL

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By Presidents of the SAIs of the Candidate and Potential Candidate Countries and the European Court of Auditors

# LIST OF ABBREVIATIONS

<b>BRH</b>	The Bundesrechnungshof (the German Federal Court of Auditors)
<b>CEEC</b>	Central and Eastern European Countries
<b>ECA</b>	The European Court of Auditors
<b>IT</b>	Information Technology
<b>MS SAI</b>	Member State Supreme Audit Institution
<b>NPAA</b>	National Programme for the Adoption of the Acquis
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PIU</b>	Project Implementation Unit
<b>RTA</b>	Resident Twinning Adviser
<b>SAI</b>	Supreme Audit Institution
<b>SDP</b>	Strategic Development Plan
<b>SIGMA</b>	Support for Improvement in Governance and Management – is a joint initiative of the OECD and the European Union, principally financed by the EU
<b>STE</b>	Short Term Expert
<b>TWP</b>	Twinning Work Plan

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# FOREWORD AND ACKNOWLEDGEMENTS

In Riga in April 2004, the Presidents of the Supreme Audit Institutions (SAIs) of the EU Candidate Countries and the ECA, supported by SIGMA<sup>1</sup>, agreed that promotion of technical and development activities with and among Candidate and Potential Candidate countries should be continued after the EU enlargement of May 2004. The cooperation network recognised the usefulness that cooperation and sharing experiences and good practice had been towards the development of SAIs.

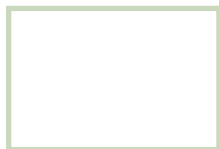
At their meeting in Sofia in April 2005, the Liaison Officers (LOs) of the SAIs of the Candidate and Potential Candidate countries, the European Court of Auditors (ECA) and SIGMA noted that the cooperation between their network and the Contact Committee of Heads of SAIs of the European Union under the EU enlargement agenda had usefully involved a range of Twinning contracts from 1999 onwards.

They decided to draw together their combined experience of SAI Twinning, as well as those of previous Candidate country SAIs, to produce a tool that might inform future would-be Twinning partners of the key risks and success factors they should consider in preparing, developing and implementing their own Twinning projects.

The LOs at the meeting in Sofia mandated a Working Group – the Twinning Expert Group (TEG) – to take this work forward with the aim of producing a Good Practice Guide. The SAIs of Bulgaria, Croatia and Romania, and the ECA and SIGMA are represented in the Group. It was also decided to seek inputs from SAI Twinning providers from the Member States, and so the German Bundesrechnungshof and the UK National Audit Office were also asked to support the Expert Group.<sup>2</sup>

Terms of reference were developed and agreed by the Expert Group – see Annex 1.

This Good Practice Guide is mainly directed at SAIs which find themselves in a process of fundamental change and are considering the use of, or have decided to use, Twinning as a mechanism to support their change process. It is also hoped that the Guide will be of interest and benefit to SAIs who wish to provide Twinning assistance and services, and also be supportive to Commission Services who finance and manage SAI Twinning.







## References

- 1 SIGMA – Support for Improvement in Governance and Management – is a joint initiative of the OECD and the European Union, principally financed by the EU. [www.oecd.org/gov/sigma](http://www.oecd.org/gov/sigma)
- 2 The Expert Group comprised Galia Ivanova and Snezhina Dimitrova (Bulgaria), Lidija Pernar (Croatia), Dragos Budulac (Romania), George Paterson (ECA), and Nick Treen (SIGMA). Excellent support was also provided by Martin Winter (Germany), and Iain Johnston (UK). The Group would also like to thank Bill Burnett (currently UKNAO Resident Twinning Adviser in Croatia), and members of Audit Group III at the ECA for their expert advice and support

# EXECUTIVE SUMMARY

The purpose of the “Good Practice Guide (GPG) for Making Twinning Successful” is twofold; to encourage and assist developing and transitional SAIs to use the EU Twinning Mechanism to help them reach their development goals; and to encourage and support EU Member State SAIs who may wish to be future Twinning partners. The Guide has been developed from a number of sources including the practical experience of both Member State and beneficiary SAIs who have taken part in Twinning activities and an analysis based on responses to a questionnaire received from SAIs that have participated in Twinning projects.

The Guide is divided into 4 substantive Chapters – *Preparing for Development; Preparing the Twinning Project; Project Implementation; and Post-Twinning*. Drawing on the collected data and the experience of the Twinning Expert Group members (who have prepared this document), the GPG identifies key success factors and good practices for Twinning. The TEG is particularly concerned with identifying factors most likely to assist in achieving sustainable and effective change – i.e. ensuring that beneficial changes brought about by Twinning are embedded in the institution to the point where they become irreversible. These key success factors, which are often relevant at different stages of the Twinning process, are developed and expanded upon in the following chapters of this guide, and may be headlined as opposite.

It is recognised that SAI Twinning has been useful in the EU Accession process and it is hoped that the GPG will encourage more Twinning between SAIs; as well as make future SAI Twinning better where it is applied.

In conclusion, to ensure that SAI Twinning will be as effective as possible, it is essential to build a Twinning on the basis of a real partnership. It is also necessary to get the timing of the project right and that the Twinning will maximise its contribution to the change management process of the SAI by providing the right expertise at the right time. It is essential that the beneficiary SAI has a clear strategic view and plan of where it wants to be and how it is going to get there. Twinning can then be tailored and managed to ensure it delivers the right inputs at the right time to maximise its impact within the context of the SAIs overall development activities. The better the preparation of the strategic view and development plan, and any necessary Twinning, the greater the likelihood for successful and sustainable development outcomes for the SAI.



## Keys success factors for:

### CHAPTER 2

#### Preparing for Development

- Start with a self assessment process
- Have realistic expectations
- Consider carefully absorption capacity
- Ensure commitment of the beneficiary SAI
- Develop a capacity for training
- Have a change management process
- Have a project management process
- Establish contacts and communications

### CHAPTER 4

#### Project Implementation

- Allocate clear responsibilities and accountabilities
- Establish monitoring and evaluation procedures
- Expertly manage the risks to implementation
- Ensure the commitment of senior management
- Establish good co-ordination
- Develop effective project communication
- Involve as many people as possible
- Train staff
- Develop systematic follow-up and feedback procedures
- Ensure information dissemination
- Plan to continue with development post Twinning

### CHAPTER 3

#### Preparing the Twinning Project

- Develop a consistency of effort
- Ensure the quality of the Project Fiche
- Ensure the quality of the Resident Twinning Adviser (RTA)
- Make the right choice of SAI partners
- Have a realistic work plan
- Plan any investments well
- Build a real partnership

### CHAPTER 5

#### Post Twinning

- Establish senior management commitment
- Develop commitment between partners
- Open and honest communication between partners
- Making difficult decisions
- Challenge and response
- Ensure absorption capacity
- Sound management structures
- Consistency with Strategic Development Plan (SDP)
- Monitor progress
- Consistency in implementation
- Have a flexible approach
- Link theory and practice
- Remember Twinning is not cloning
- Be aware of the wider environment
- Identify and manage sustainability risks

# CHAPTER ONE



## Introduction

### Background

1 Since 1998, Twinning has been one of the key instruments of the European Union for assisting the institution building, legislative and administrative reform processes required in countries preparing for membership of the European Union. In 2004, the instrument was extended beyond its initial remit of accession assistance to support transformation processes in the framework of the European Union's Neighbourhood Policy.

2 Twinning is primarily a vehicle of know-how transfer and a potential starting point of sustainable partnerships. The know-how transferred relates to the legislation of the European Union and its effective implementation and enforcement. In addition, European standards and good practice that have developed over the past decades are shared through Twinning projects. The institutions involved are those essentially responsible for the implementation of EU legislation and the application of EU standards and practices – state institutions, public administrations and judicial bodies at all state levels, and agencies and professional bodies entrusted with tasks of enforcement.

3 Supreme Audit Institutions (SAIs), as the independent bodies responsible for public sector external audit in their countries, are also involved in this EU related know-how transfer process. The European Union expects SAIs of Member States to fulfil their mandates in line with international and European audit standards and best practice. The production of high quality audit reports by SAIs is very much in the Community's financial interests. In addition and to varying degrees, national legislation in EU Member States provides for the audit of the use of EU funds by the national SAI.



4 So far, 16 Twinning projects have been completed or are still under implementation in the area of external financial control. These projects involved 10 beneficiary SAIs, in partnership with a number of Member State SAIs. A summary of the SAI Twinning to date are shown in Annex 3.

## Purpose of the guide

5 Given the potential benefits of Twinning for the development of SAIs and the existence of an important knowledge-base on Twinning in participant SAIs, this Guide seeks to gather past and current experiences of Twinning between SAIs into this Good Practice Guide with the simple objective of helping current and future SAIs, both recipient and provider, to achieve better implementation of high quality Twinning projects. It seeks to pinpoint those key aspects in Twinning which the participant SAIs have, over the past seven years, found to be most critical when implementing a Twinning project with the aim of achieving lasting effects. It does so through and from the unique perspective of an SAI and its particular circumstances as an independent body of public sector external audit.

6 The purpose of the Guide is therefore to encourage and assist SAIs to use Twinning to the best effect in order to reach their development goals, as well as Member State SAIs who may wish to be future Twinning partners. In this respect, it is crucial to note that Twinning is not an end in itself. Reaching the benchmarks and results of a Twinning project is one thing. Consolidating key development steps within the SAI through the

achievement of these results is another. This not only requires the successful implementation and completion of the project, but presupposes the proper placement of the project within the overall development strategy of the SAI. The success of a Twinning project is reflected by the sustainability of its results and its contribution to the overall development of the SAI. For this reason, sustainability is one of the guiding principles and recurring themes of this Guide.

## Sources of information

7 The Guide is drawn up from a number of sources. One such source is information on key situations experienced by participant SAIs during the preparation and implementation of Twinning projects. They are taken from reported case studies based on a questionnaire circulated to beneficiary SAIs and the questionnaire is annexed to the Guide for information (see Annex 2 for the questionnaire and Annex 3 for a summary of information on Twinning actually carried out). SAIs were asked about their experiences during the different phases of a project and on crucial aspects of Twinning in general, such as communication between the partners, the quality of the resident Twinning adviser, or the commitment of the beneficiary SAI to make real changes.

8 Another source of information is the result of a risk analysis undertaken on the basis of responses received from SAIs that have participated in Twinning projects. A risk matrix listing 32 areas, from the drafting of the Twinning Project Fiche, over the quality of the work

plan, to the management of project budgets, was circulated to the SAIs with the request to identify and weigh those areas considered to be most critical for the success of a project. The template of the matrix and further information on the approach can be found in Annex 4. The risk matrix may also serve as a checklist for SAIs engaged in Twinning to monitor whether sufficient steps have been taken to satisfy the necessary requirements in each of the issue areas. The responses (to the risk matrix) suggest that four areas are considered as key to the success of a Twinning project:

- The quality of the expertise provided.
- The quality of the key documents such as the Twinning Project Fiche and the work plan.
- Timing at all stages of the project cycle.
- Administrative matters such as managing changes to the work plan.

These results by no means suggest that other issues, e.g. commitment, sustainability etc. are less important. Nevertheless, they were identified most often by the respondents as those areas critical for success, and thus provide an interesting account of the experiences and perceptions made in SAI Twinning.

9 In addition to the above the SAIs, engaged in drafting this Guide, drew from their own experiences since the beginning of the Twinning instrument and

some with numerous projects. Part of that experience draws on material published elsewhere on Twinning. Since its inception there have been a number of written accounts on Twinning, guidelines, analyses, even audit reports. Reference is made here to a selection of publications for the orientation of the reader.

- The European Commission's *Reference Manual on Twinning Projects*<sup>3</sup>, usually referred to as the Twinning Manual is the most comprehensive information available on Twinning, and provides the technical rules and regulations which need to be observed for the implementation of Twinning projects.
- The European Commission has also published a ten page information brochure on the instrument with the title *Twinning: A Tested Experience in a Broader European Context*.
- In 2003 the European Court of Auditors published a *Special Report Concerning Twinning as the Main Instrument to Support Institution-building in Candidate Countries*.

## Structure of the guide

10 The starting point of the Guide is the need for each SAI to identify its development needs before it must ask itself: to Twin or not to Twin? Chapter 2 therefore looks at those issues that should be taken into account before opting for a Twinning project. Which stage in

its development process has the SAI reached? What instruments can take the SAI effectively forward? Is Twinning one of them? And if so, should it be a full scale Twinning project with a long-term adviser, or a short-term Twinning project (Twinning Light) addressing few and well defined development issues?

**11** Chapter 3 focuses on the preparation of the Twinning project. This process starts with the development of the Twinning Project Fiche, continues with the selection of the Member State SAI and concludes with the design of the project work plan, jointly prepared by the beneficiary and Member State SAIs. Once again, linking the identified needs of the SAI to its overall development aims, is critical at this stage, constituting an important precondition for sustainable success.

**12** Chapter 4 of the Guide concentrates on the project implementation, as well as on those issues important

and relevant throughout the life of the project, such as communication between stakeholders, the commitment of the beneficiary SAI or the quality of the Member State SAI long-term adviser and experts, as well as an overview of achievement of mandatory results. Finally, Chapter 5 deals with the post-Twinning period, suggesting a number of ways to maintain the momentum gained through Twinning in order to ensure continuation/sustainability of the change process.

**13** Each chapter of the Guide is concluded by a list of key success factors highlighting the most important lessons learned by SAIs in Twinning.

## Reference

3 [http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)



## CHAPTER TWO



### Defining development needs

**14** Twinning projects are generally based on the priorities identified in the Accession Partnership and the National Programme for the Adoption of the Acquis (NPAA) aimed at reinforcing the institutional and administrative capacity of the Candidate Countries in their preparation for accession to the EU. In the context of Accession, it is important that SAIs ensure their institution is rightly and appropriately accorded high priority in the NPAA to ensure that their development needs will be reasonably met. To ensure they receive the right expertise at the right time, beneficiary SAIs should identify their development needs so that, in the event of a positive decision on Twinning, they can be communicated clearly to prospective Twinning partners.

**15** SAIs are in a very good position to determine their own needs, and a self-assessment can be a useful process for focussing the institutions' attention on estimating the availability, structure and quality of the SAI's resources and capacity for development. However, some SAIs may choose to supplement the self-assessment by involving external partners. This can provide a broader and more objective perspective of the development needs.

**16** In practice, many SAIs have drawn on SIGMA expertise to undertake a peer assistance review to evaluate the functioning of the institution and recommend measures for its improvement.<sup>4</sup> The purpose of the peer review is to analyse current policies and practices, thus providing help in identifying the changes required as well as external assistance needs. This is done by SIGMA SAI experts and its peers (senior and leading experts from different MS SAIs) together with their peers from the beneficiary SAI. Some areas that have been discussed in a peer assistance review are adequacy of the legal framework, leadership and strategy, management and governance of the SAI, adequacy of staff resources, audit





methodology for financial and performance audits, relations with external stakeholders (including parliament<sup>5</sup>), quality<sup>6</sup> control and assurance, actual outcomes of the SAI's work, and so on.

**17** The main outputs of each peer assistance review are recommendations to the institution's leadership for consideration of possible changes and improvements to bring the SAI's work in line with international standards and good European practice. In addition, the SAI also receives both detailed and summary reports, formal presentations by the peers, and any other ad-hoc advice and guidance that may be helpful for the SAI. The expected outcomes of the peer assistance review are a deeper and better understanding by the SAI of its development requirements, a strategic development plan and implementation framework. The peer assistance review will also help SAIs decide on whether to twin or not, and help to demonstrate the need for the Twinning and the beneficiary SAIs commitment to beneficial change to the relevant Commission services. Where an SAI does decide it would be useful and helpful to have some form of Twinning to support its implementation of their strategic development plan SIGMA may also help in the preparation of the Twinning proposal.

**18** An objective assessment of the capacity of the beneficiary SAI to absorb and implement the delivered expertise lays the foundation for a results-oriented approach to the Twinning project. The absorption capacity of the beneficiary SAI is considered one of the key areas critical for the success of a Twinning project.

**19** It is critical that the self-assessment exercise and any peer review are thorough, and carried out in a spirit of openness and honesty. There are no doubts that beneficiaries will have to face some harsh and difficult realities if such an exercise is to be worthwhile but there is no point in glossing over the issues. Nor is there any point in dwelling on and defending past practices if they are no longer appropriate in the modern audit world. Unless the beneficiary can accept this, change becomes even more difficult than it already is. At the same time, such an exercise needs to be carried out carefully and constructively, and the results presented in a way which is sensitive to the often difficult environment in which the beneficiary operates.

**20** Another important source of assistance to developing SAIs is the Commission's TAIEX<sup>7</sup> programme. This can provide valuable and useful centrally managed short term technical assistance to SAIs, especially in the area of multi country training; short term experts; help with legal approximation; and study visits. TAIEX can also do peer reviews.

### Strategic Development Plan (SDP)

**21** The necessary developments and changes identified from the self assessment process should be prioritised and incorporated into a Strategic Development Plan (SDP). The plan needs to set out the priorities and a realistic timetable for change as well as identify the most appropriate change mechanism. The plan should allocate responsibilities to individual members of staff and/or working groups and involve staff at all levels of the organisation. It should be discussed with external

stakeholders as well as employees. External discussion is particularly important where desired changes are dependent upon the support of others, in particular Parliament for legislative changes.

**22** The plan will need to consider the full range of the SAIs activities including human resources, information technology, and management information needs as well technical training needs. The plan should also consider management and leadership training where appropriate for senior staff, as well as external communications and relations particularly in relation to Parliament and the media.

**23** Ownership of the plan is essential, as are change management skills and effective delivery mechanisms. The plan should cover the whole office and have an element dealing with technical assistance. It should be integrated with the budget and with the corporate and business plan. Many SAIs use the INTOSAI strategic plan as a model and use log frame matrix techniques to develop detailed work plans and activity timetables.

**24** It is essential that the plan recognises that the SAI concerned has its day to day job to perform. It must be able to continue carrying out the work it is mandated to do throughout the change process and this should be recognised when work is prioritised and planned. This is particularly important for smaller SAIs where flexibility in how resources are used is likely to be more limited. By adopting the SDP, the SAI has made the main strategic decisions on the future directions for development of external audit and demonstrates clearly the commitment and understanding of SAI senior management for institution building and development.

**25** It is at this stage that a decision should be taken on whether Twinning is or is not an appropriate means of contributing to the change process.

### To twin or not to twin

**26** Twinning provides the best way in which SAIs can get real long term practical help from more experienced SAIs in implementing their plans and can therefore make a major contribution to the change process. On the other hand, SAIs which are considering going down the Twinning route should be under no illusions that Twinning will provide all the answers. The Twinning rules are complex and, under particular circumstances, lack the necessary flexibility which can lead to additional problems in the change process. Although subject to EU rules, it is important that Twinning projects are fully integrated into the existing change management process.<sup>8</sup>

**27** Perhaps the most important and often least recognised factors in this process is the culture of the organisation and the people – at all levels – who work in it. Change management in an SAI can only succeed if employees, as well as management at all levels, are convinced that it is the right thing to do. This conviction must be genuine, held at all levels of the organisation and be demonstrated throughout the change management process. Open and honest communication with all staff is essential if trust and commitment are to be maintained. Commitment of the beneficiary SAI management is crucial as is the active involvement of the beneficiary SAI staff.

**28** An SAI opting for Twinning should be aware that it will need to allocate sufficient resources for the project if it is to be a success. In concrete terms, this requires the availability of staff to co-manage the project on a daily basis throughout and for senior management to show interest and involvement on a regular basis particularly when key decisions with respect to the project have to be taken. In addition, sufficient infrastructure facilities will also have to be made available.

**29** Through the creation of an SDP, the SAI can determine and communicate its main goals and objectives, and decide which of the identified needs and objectives should be included in the Twinning project and which could be achieved by its own development activities, to ensure that the proposed Twinning is not over-ambitious. In other words, objectives stated by the Twinning should be realistic and fully achievable within the project period. At the same time, it is very important that the current state of affairs and anticipated changes in the beneficiary's public sector are taken into account, along with other related programmes or technical assistance.

**30** While determining in what priority areas Twinning might be helpful, the capacity of the SAI to absorb all developments and short term experts' input should also be assessed. The understanding that the assistance provided through Twinning represents value added to, rather than substitution of, own efforts is fundamental.

**31** The stages from needs assessment up to project realisation should not take too long. If the time between initial identification of needs and practical action to meet those needs is too long, some elements in the project design could become outdated and may need to be reassessed.

## Reasons to twin

"While we studied the methodology and the practice of the audit of EU funds, we needed guidance to establish our new approach. The idea of Twinning was very good. It provided the framework for administrations in the Candidate Countries to work with their counterparts in Member States. The possibility to jointly develop and implement a project that targets the transposition, enforcement and implementation of a specific part of the *acquis communautaire* helped our preparatory works." (Hungary)

"Slovenia's accession to the EU required that sound financial management and control of public funds is ensured. To that end, the CoA, the Slovene Supreme Audit Institution, had to reform and advance its institutional capabilities. This undertaking has been supported by the Twinning project with its purpose of further developing both financial and performance audit techniques to the CoA as well as providing generic guidance on audit methods and practices." (Slovenia)

"The main reason for a Twinning project was to support the SAO in making its strategic decisions operational as well as fine-tune the strategic framework, where necessary, with the final goal to help to strengthen the SAO and increase the effectiveness of its auditing activities." (Croatia)

## Areas where Twinning may be helpful

32 Typically there will have to be changes to audit legislation, strengthening of independence, better SAI management systems including human resource processes, adequate IT and IT competencies, better follow up and implementation of audit findings, and improved audit methodologies. Generally, the areas developed through Twinning represent the different components of the project, which jointly contribute to the achievement of its overall objective. The most common areas in this sense, identified by the beneficiary SAIs, are the following:

### Legal framework

33 An indispensable requirement arising from the accession commitments is the availability of a stable and applicable legal framework (laws, regulations, rules and procedures).<sup>9</sup>

34 The first step should be a comprehensive comparative analysis of the relevant legislation against the internationally accepted requirements. Since the legislation on the status and audit activities of most SAIs in Candidate Countries is comparatively new, development of the legal framework is focused mainly on amendments to the existing laws and regulations. In this legal area, it is important that constitutional and legal references establish an independent SAI in accordance with the Lima Declaration and INTOSAI Auditing Standards.<sup>10</sup>

## Administrative and management capacity

35 The most important asset of any SAI is its people. Twinning projects can support the implementation of best practice in the development of Human Resources, including recruitment and retention of staff, promotion procedures, career development and staff evaluation processes.

36 The management capacity to develop, implement, monitor and modify the SAI's activities makes the organisation capable of meeting accession requirements. Fundamental changes in the SAI's structure and resource allocation are achieved through the adoption of new organisational structure. Development of a coherent training strategy based on identified needs is a necessary requirement for building administrative and management capacity.

37 Relevant long-term training programmes include initial training of the newly recruited staff followed by training courses on a regular basis. To support this process and ensure full benefit from training opportunities during Twinning, SAIs should develop their own institutional capacity for managing training activities after the project ends. Thus, the knowledge and experience gained in the project will be made available to a wider group of staff.



## Audit methodology and skills

**38** An important condition for ensuring that the audit work is carried out in accordance with EU and international standards and guidelines is the preparation of national audit manuals and guidelines. Development of audit methodologies is a long-term exercise and may be an issue for more than one Twinning project. SAs should have sound arrangements for updating and amending their audit standards and manuals. These may include having designated audit methodology staff (in a specialised unit) to further develop the audit methodology or revise the audit manual and standards.

**39** Audit standards, manuals and guidelines should be introduced,<sup>11</sup> in conjunction with a proper training programme (seminars, workshops) and tested in a real work environment (pilot audits). Pilot audits have proved to be a particularly effective way of developing and testing new audit methodologies. In addition, they offer significant benefits because the practical experience gained from implementing the training contributes directly to developing the professional competence of audit staff. At the same time, the development of auditors' skills provides feedback about how the new audit methods are working in practice. This facilitates the elaboration of audit procedures and manuals.

**40** SAs should consider maximising the benefits of seminars, workshops and pilot audits by using members of the pilot audit teams as "trainers" for other SAI staff. This audit activity approach contributes to the sustainability of the development process and to the spreading of knowledge throughout the SAI.<sup>12</sup>

### Examples of Training Activities

Development of training strategy and programmes for in-house training, training of future trainers specialised in different areas to ensure continuation of development activities after the project ends. **(Bulgaria, Czech Republic, Croatia, Lithuania, Poland, and Romania)**

In preparation for the Twinning, many SAs designated auditors to receive training in the IDI adult training methodology (Course Design and Instruction Techniques Workshop) and with other donor-funded technical assistance.

The trained trainers participated in the design and development of key audit workshops during the Twinning. **(Turkey)**

It is a useful practice to consider training for non-audit staff as well, such as the audit-awareness training course for employees envisaged in the Twinning project. This will help staff such as administrative support staff to better understand the work of their SAI and purpose of changes introduced through the Twinning activities. **(Croatia)**

Taking an active part in EUROSAs Training Committee activities.

### Pilot Audits

Pilot audits and workshops proved to be the most effective in the second project when auditors already had basic theoretical knowledge. Although most auditors were capable of working in line with INTOSAI auditing standards, some seemed to find the transition from control to audit difficult to accept because changes needed a lot of effort. Others found it difficult to change their usual working habits, and still others lacked appropriate skills and competencies. **(Lithuania)**

## Examples from the Practice of the SAIs

In the first project, assistance aimed at improving the IT systems was not provided because of the inadequate state of the IT infrastructure, in particular the age of the IT servers. Before the second Twinning project, the older servers had been replaced and additional servers purchased. This provided the necessary basis for further IT development. (Latvia)

As a result of the first project, a new IT strategy was designed and approved; staff were equipped with proper hardware and software. The second project introduced the audit of information systems, a manual was adopted. The audit management and documentation system TeamMate was acquired, training in using the system is to be provided at a later stage. (Lithuania)

IT strategy was developed and adopted as part of the strategic plan. During the first project, it was updated and Phase 1 of setting up the IT system was completed. In the second project, the IT strategy was reviewed and updated, a second phase of establishment of the IT system covering also the regional offices was implemented. IT training in CAATs was provided under the Supply Contract for hardware and software. (Bulgaria)

## IT development

41 The use of Information Technology is important for the work of SAIs, both as an audit tool to assist in carrying out their audits but also as an aid to the efficient management of the organisation. It is important to decide how Twinning could be useful for the development of knowledge and skills in the use and audit of information systems.

42 IT development may need more time and resources than planned in one Twinning project. To ensure that the resources are committed in line with SAI objectives rather than on pure technical considerations, development of an IT Strategy could be a part of the Twinning project. Generally, the IT strategy is elaborated and adopted before or in the framework of the first Twinning project, but it should remain an issue for review and update in order to keep in line with the latest auditing developments and the changing audit environment.

43 In many cases, Twinning projects have an investment component attached for supply of hardware and software. Good coordination and planning of the public procurement procedures for supply of equipment and software are essential, so that delays in the delivery are avoided. The beneficiary should develop an appropriate replenishment strategy for both hardware and software.



## Development Challenges

The practical experience of the SAI of Latvia whose first Twinning project showed that without some changes in the SAI's structure and resource allocation, certain desired changes in the way the SAI operated would be more difficult to achieve. These issues were identified by the senior management but implementing the changes required was complex and difficult.

These changes therefore became issues for a second SIGMA peer assistance review with the Latvians to consider and this helped senior managers decide and agree a new strategic development plan for the next period and secure approvals for some needed legislative changes. The main themes for a second Twinning project became: help in developing a new structure for the SAO (setting up a fully resourced and competent Audit Methodology Unit, and allocating sufficient resources to the SAO's statutory financial audit work); and help in developing a new pay and grading system for auditors.

Based on their experience, the SAI of Latvia recommends that beneficiaries put in place a good and effective change and project management process which is supported by senior management with a clear strategic vision. Twinning can effectively be used to help achieve the desired changes. Twinning projects should not become a series of disparate activities and largely an end in itself.

## Choosing Twinning Light

The SAI of Bulgaria considered implementing a Twinning light project to accommodate the need for a single pilot audit on a particular audit subject which was preceded by a seminar on audit planning and followed by a final workshop on report drafting (aiming to modernise the methodology of state debt auditing). This was considered a suitable approach because of its more compact and focused nature, and its ability to deliver quickly the targeted public sector expertise.

The scope of the Polish Twinning light project included two pilot audits aiming to provide auditors with practical experience of the MS SAI approach in financial and performance audits; training of audit staff in modern methods of auditing public finances which was provided by the MS SAI and covered areas like audit sampling, assessment of internal control systems, regularity audit; improvements to the Audit Manual; and development of a training programme for future use by the Supreme Chamber of Control of Poland.

## Full-scale twinning or twinning light

**44** The decision whether to implement a project through full-scale Twinning or Twinning light is taken at the programming stage, based on the scope of needs to be addressed. The choice is basically determined by the complexity of planned activities. A major reform of the SAI is more likely to require full-scale Twinning which may extend to legal framework, audit methodologies, management and administrative capacity and IT development. It is most suitable where the development needs of the beneficiary are more complex and span across the full scope of their activities.

**45** Twinning light, on the other hand, targets specific areas of limited scope and concerns implementation rather than general or legal issues. Twinning light may apply to all institutional issues in so far as the subject addressed is of limited scope and the beneficiary SAI assumes responsibility for conceiving and driving the reform process with only ad-hoc assistance from a Member State. Twinning light projects provide an opportunity for continuous institutional development and capacity building. It can be difficult to fit quick,

flexible and tailor-made solutions to specific problems into the full Twinning framework. Twinning light provides an opportunity for development of a specific issue or technical area.

## Early contact with relevant parties

**46** Having made the decision to Twin, early contact should be made with the Commission, the local Delegation, and the relevant authorities in the Beneficiary Country in order to plan programming. Good timing is considered to be critical for the sound preparation of a Twinning project.

**47** It is especially important to have good relations with the local EU Delegation, with whom there will be many administrative dealings during the Twinning. Maintaining good contacts with the Ministry of European Integration (or similar) is also sensible. As always for an SAI, the ECA can be relied upon to be a good partner and should be seen as another party with whom good business contacts should be established.



## Basic Differences between Full-Scale Twinning and Twinning Light

	Full-Scale Twinning	Twining Light
Scope	Activities cover the legal framework, audit methodology, management and administrative capacity and IT system.	It is more likely to focus on specific development issues and implementation of audit methodologies. It is suitable to accommodate a couple of pilot audits on particular audit subjects or types of audit.
Work Plan / Contract	Jointly defined and agreed work plan between the MS and beneficiary SAI partners. Requires approval by the European Commission before work can start.	No work plan required. More detailed Project Fiche and Terms of Reference. Requires approval by the local EC Delegation.
Responsibility	Both partners commit themselves to work towards commonly agreed results in a joint implementation process.	The MS responsibilities are limited to the inputs (missions of short term experts). Responsibility for the results rests with the Beneficiary Country.
Resident Twinning Advisor (RTA)	Provides technical advice and assists the beneficiary SAI and is in charge of the day-to-day implementation of the project.	No RTA. The individual activities under the project are timed and co-ordinated by the two project leaders.
Duration	Minimum duration 12 months.	Maximum duration is limited to 6 months – in exceptional cases, up to 8 months.
Consortium	When more than one MS is involved in a Twinning, this is regulated through an agreement between the lead MS and the junior MS partner.	No consortia between MS partners allowed. Each proposal comes from a single MS SAI, though it may include experts from others who will work under the lead of the MS Project Leaders' authority and responsibility.

## KEY SUCCESS FACTORS IN PREPARING FOR DEVELOPMENT

<b>Self assessment process</b>	The first stage is for the beneficiary to identify its needs. This can be done through a self-assessment process, including peer review, and should lead to the preparation of a Strategic Development Plan (SDP).
<b>Realistic expectations</b>	It is essential that the objectives stated in the SDP should be achievable and realistic.
<b>Absorption capacity</b>	A realistic assessment of the beneficiary SAI's capacity to implement the SDP and absorb the required changes will assist the Twinning project to achieve the expected results.
<b>Commitment of the beneficiary sai</b>	Implementation of the SDP needs to be supported by a senior management with a clear strategic vision and a genuine conviction at all levels of the organisation that this is the right thing to do.
<b>Own capacity for training</b>	Beneficiary SAIs should take advantage of the Twinning for developing training programmes for their future use and designate experienced and skilled audit staff with the potential to train others after the project finishes.
<b>Change management process</b>	There should be change management structures and processes put in place within the beneficiary SAI to manage the implementation of the SDP and a clear understanding of how Twinning might be used to achieve the changes.
<b>Project management process</b>	The beneficiary SAI has a project management and well thought out approach to implementation. This is well supported by the Twinner.
<b>Establish contacts</b>	Establish good communications early on with the European Commission and other interested stakeholders.

## References

- 4 Eight of the ten respondent SAIs (**Bulgaria, Croatia, the Czech Republic, Slovenia, Latvia, Lithuania, Poland and Romania**) have carried out peer assistance reviews with SIGMA. All of which resulted in the preparation and/or updating of the strategic plans for the SAI and which would also include planning for institutional development. Assistance in implementing the plans was mainly sought through twinning. Of the above Latvia, Lithuania and Romania have also requested second peer assistance reviews with SIGMA to assist with updating strategic plans and development priorities. Many of the SAIs also sought bridging activities before or between Twinnings from SIGMA. Whilst they did not choose to have Twinnings the SAIs of Estonia and Slovakia have also worked with SIGMA on peer assistance reviews in order to plan well and manage effectively their institutional development.
- 5 For helpful information on SAIs relations with parliaments see the SIGMA Paper No. 33 on **Relations Between Supreme Audit Institutions and Parliamentary Committees (2002)**
- 6 For helpful information on this topic see the SIGMA Paper No. 34 on **Achieving High Quality in the Work of Supreme Audit Institutions (2004)**
- 7 TAIXE is the Technical Assistance and Information Exchange Instrument of the European Commission  
[www.taixec.ec.eu.int](http://www.taixec.ec.eu.int)
- 8 Change management involves both generating the needed changes in an organisation and mastering the dynamics of change by organising, implementing and supporting change.
- 9 The SIGMA short papers on SAI legal and constitutional references and on SAI independence may be helpful.
- 10 [www.intosai.org](http://www.intosai.org)
- 11 The materials produced by the Presidents of the SAIs of the Candidate and other Countries Audit Manuals and Methods Working Group Workshops are very helpful in this regard and can be found via SIGMA at [www.oecd.org/gov/sigma](http://www.oecd.org/gov/sigma)
- 12 See Good co-operation Practice Guide for audit activities based on experience gained by SAIs in the Candidate Countries and the European Union, Joint Working Group on Audit Activities

## CHAPTER THREE



### Preparing the twinning project

#### Project Fiche

**48** Having made the decision to go down the Twinning route, the Project Fiche needs to be prepared. The drafting and the quality of the Project Fiche is one of the most critical areas in the Twinning process. It represents the specification from which the MS SAIs will develop their proposals for delivering the expertise required for the development of the beneficiary SAI. That is why it is very important that the Project Fiche describes the external assistance needs of the beneficiary institution precisely. Only then can the prospective Member State partner prepare an informed and relevant response, envisaging an adequate methodology and structure of a possible consortium (invite a Junior Partner or experts from other national SAIs). The main difficulty in preparing such international projects is knowing and understanding the needs of the Beneficiaries themselves and communicating them clearly to representatives of Member States.

**49** If the Beneficiary SAI does not have the capacity to write the Project Fiche, it may wish to request technical support, as this is a critical phase for putting the Twinning project on a sound footing.

**50** The support of the responsible Task Managers in the EC Delegation and the Beneficiary Country's Administrative Office should again be actively sought. Ideally, the person(s) responsible for preparing the project and Project Fiche within the SAI, should have good contacts with the respective counterparts in the EC Delegation and the Administrative Office. Joint meetings at which draft versions of the Project Fiche are discussed can bring the drafting process considerably forward, ensure good quality, and avoid unnecessary delays and too many revisions.



51 The Project Fiche content is based on a logical framework, or log frame matrix, which must be prepared before the Project Fiche. The log frame plays a role in the preparation, implementation and evaluation of a project. It sets out what the project is trying to achieve and forms the basis for subsequent evaluation. The log frame sets out:

- The project purpose – the single central objective of the project in terms of the benefits to be delivered to the Beneficiary. It stems from a core problem that the project is meant to address.
- Overall understanding and concept (e.g. how much does the bidder's offer correspond to the overall objective of the Twinning project, which refers to the project's importance to society. The project alone will not achieve the stated overall objective, but will make one of several contributions (by other projects as well).
- The results – this is what the project has to achieve by its completion date. It is important that the planned project results be realistic and relies totally on the inputs of the project partners. Laying down conditionality in the Project Fiche depending on external factors, could jeopardise the timely start and completion of the project.
- Activities and means – the results are to be achieved through the implementation of different activities (specific tasks to be undertaken throughout the project) and the input of means (human and financial resources).
- Objectively verifiable indicators – used to measure the achievement of the objectives and to monitor the progress.

### Project Fiche Preparation – Different Approaches used by SAIs

Develop the Fiche with the support of SIGMA.  
(Bulgaria, Croatia)

By a Working Group (two auditors and one international projects expert) set up for drafting the Project Fiche. The draft was discussed at an SAI's Board meeting and forwarded to the Ministry of Finance. (Bulgaria)

By a special organisational unit established and empowered to prepare the project, determine its objectives, form the scope of the Twinning assignment and expected outputs, and sign the Twinning covenant. (Hungary)

## Project Purposes from Case Studies

To strengthen SAI capacity to implement and enforce the *acquis* and ensure a high level of competence and effectiveness in the execution of different types of audit in compliance with EU standards and good practices. (Bulgaria)

To strengthen the TCA as an external audit institution able to fully assume its role in line with international standards and EU practices. (Turkey)

To familiarize NIK audit staff with audit methodologies applicable for studying the use made of the EU resources which will become available to Poland upon entry into the EU. (Poland)

To strengthen SAO's capacity to deliver external audit services fully compliant with international standards and best practice, thus contributing to improved financial reporting to the Parliament of Government activities. (Croatia)

52 The Project Fiche should also take into consideration other linked activities. Technical assistance projects for capacity building in areas related to the implementation of the *acquis* can run in parallel with Twinning, but it should be ensured that there is no duplication of activities. Good coordination of those projects should be ensured so that overlaps are avoided and the projects by other donors make a positive contribution by providing assistance in areas not covered by the Twinning project.

53 MS SAI proposals, and consequently work plans, are developed on the basis of the Project Fiche. On the one hand there is a time lag between needs identification, drafting of the Project Fiche, and on the other hand, the practical action to meet those needs, during which some changes might take place. For this reason, the 2005 Twinning Manual allows for mandatory results to be fine-tuned during work plan development due to changes in the situation.

54 Under the Twinning rules, prospective Twinning partners disqualify themselves for consideration if they become involved in preparation of the Project Fiche with the beneficiary. Having said that, assistance is available through SIGMA and of course there have been a significant number of Project Fiches prepared for SAIs which can be drawn upon by new Twinners as a guide for fiche preparation. The important issue at this stage is that the Fiche fully reflects the needs and priorities of the Beneficiary as set out in the strategic plan, and demonstrates that the proposed Twinning project will form an integral part of that change process.

## Selecting the twinning partner

55 The next stage is for the Beneficiary SAI to choose their Twinning partner from those institutions who have responded to the Fiche. The Twinning Project Fiche prepared by the Beneficiary SAI is circulated in the Member States and a call for proposals is published on the Web site of the European Commission. The Member States submit their Twinning proposals (bidding procedure), which are sent to the Beneficiary Country for analysis and selection of the best offer, i.e. the most appropriate Twinning partner(s) to correspond to the Beneficiary's needs.

56 It is an important decision that management should take, having in mind the general strategic goals of the institution. The selection procedure should be open and transparent, according to the Commission's rules. It means that following selection meetings organised by the EC Delegation, the Beneficiary SAI has to fill in a standard form where advantages and disadvantages of all bidders are presented. The forms are then sent to those bidders who were not selected, with an explanation of reasons.

57 Often the Twinning provider is not a single SAI.<sup>13</sup> When this is the case, the eventual coordination issues related to their activity in the project should not be underestimated. Therefore this is a potential risk to a well functioning programme. But, it could also be an advantage to use the experience of more than one SAI at the same time, as this will present the beneficiary with more than one national audit model. A main difficulty encountered during implementation is managing the project. It can be rather demanding because of the need to coordinate Twinning experts coming from different partner institutions.

58 The selection of a Twinning partner by the Beneficiary Country is the result of an informed choice made on the basis of objective criteria. The basic requirement, however, is to choose a partner on the basis of mutual trust and respect. Each Beneficiary has different needs, and works in a different environment. Therefore, it is important that they develop their own criteria for selection of future twinning.

59 Important criteria for choosing the Twinning partner recognised by SAIs are:

- Overall understanding and concept (e.g. how much does the bidder's offer correspond to the SAIs need expressed in the Twinning fiche? Is the MS partner only interested in seconding their officials to provide results or also to build long-term relations with the beneficiary institution)?
- Motivation (e.g. does the MS partner have enough experts to engage on the project, i.e. are they interested in sending their top specialists away from their main tasks)?
- Institutional experience in providing Twinning.
- Project leader's and RTAs proven experience in organising and conducting complex Twinning programmes in the same area and very good communication skills.
- Linkage between institutions (e.g. if institutions had previously successfully cooperated, it can help in building a network during the project and support its sustainability in the future).
- Similar working and organisational structure.
- Clear vision of the project and clear identification of targeted results under components.

**60** Previous knowledge of MS practices gained through EU and Candidate SAI networks and their working and expert groups,<sup>14</sup> bilateral cooperation, participation in SIGMA/ECA knowledge-sharing workshops, INTOSAI and EUROSAI working groups and committees, and formal and informal contacts, would all improve the beneficiary SAI's capacity to make an informed choice. The information published by the MS SAIs about their practices, their audits, and the reports can also be helpful.

**61** In the case of a follow-up Twinning, the beneficiary may or may not continue with the same Twinning partner. The positive aspects of continuing with the same Twinning partner are:

- Smooth transition to the second project makes it possible to maintain a measure of consistency in order to build on what has been achieved and put in place by the Beneficiary Country SAI.
- Awareness of the MS partner of the local environment (legal framework, administrative arrangements, management practices and audit approaches, the local work culture, etc.), so it is probable that the project will be responsive to the evolving needs of the beneficiary SAI.
- Assisting the beneficiary SAI in its further development, especially if the second Twinning has preserved the same components.
- Building on the practical and theoretical training provided, and making good use of the lessons learned in a continued partnership.

**62** On the other hand, the positive aspects of changing the Twinning partner for a consequent project include:

- Ensuring delivery of leading expertise in a new area that has become a priority for the development of the beneficiary SAI.
- Diversification and exposure to various good practices within the EU.
- Avoiding the possibility of simply copying a MS system.

**63** The process of choosing the Twinning partner implies a very careful weighing of the positive sides of proposals from MS SAIs with regard to the benefits to be accrued from the future partnership for the development of the beneficiary SAI. On the whole, the selection of the MS SAI is considered to be one of the more important issues critical for the success of a Twinning project.

### The resident twinning adviser

**64** The success of Twinning very much depends on the qualities and effectiveness of the Resident Twinning Adviser (RTA) and his/her relationship with the senior management, counterpart and other staff. There is no single set of definitive criteria which guarantees a good RTA. The individual must have a mix of personal and



professional skills and experiences. The nature of each Twinning will also influence the balance required between technical skills and project management skills. However, the following factors can be relevant:

- An expert in at least one of the components covered by the Twinning.
- General project management skills, with the ability to creatively respond to variations in the plan.
- Good communication and interpersonal skills.
- Flexibility and willingness to adapt to local cultural and working conditions.
- Good contacts with other national SAIs and the ECA in order to secure experts when this is envisaged in the work plan or should this prove necessary.
- Some development leadership experience.

**65** The quality of the RTA is considered to be one of the most critical issue areas for the success of a Twinning project. For large-scale Twinning projects, with many components and several themes, it is important to have an RTA who is a good manager and has good SAI audit experience. For a project with a narrower and more targeted scope, an RTA with stronger expert knowledge of the type required by the project is more important.

## Drafting the contract/work plan

**66** Following the selection procedure, both/all Twinning partners agree on a detailed work plan/covenant with corresponding budget setting out exact responsibilities for each activity and the means to achieve them. A Twinning Work Plan (TWP) is more than just a list of the services to be provided by the partner from the Member State. As part of the Twinning contract, it constitutes a legal document which commits all parties to achieving the desired results, the order in which they must take place, and persons responsible for these activities. Also, it contains the specific objective of the project, covering a wide range of issues – organisation, legislation, training, IT, etc. The quality of the contract is considered crucial for the success of the project.

**67** After approval by the European Commission, the Work Plan is incorporated into a Twinning contract which is legally binding on the signatories. For this reason the Work Plan should be prepared, discussed in detail, and fully agreed by both/all partners to avoid the risk of misunderstandings and disagreements in the implementation stage.

**68** The most important things during the preparation of the TWP phase are: linkage of activities, their logical flow, time table (e.g. pilot audits have to be planned



## Drafting the Contract and Work Plan – a Joint Exercise

Drafting the contract and Work Plan of the Twinning project should not be left to one side of the partnership. It is a joint exercise that requires an equal share of responsibility and input together with the active advice and involvement of the EC Delegation and the Administrative Office of the Beneficiary Country.

The current project at the Romanian Court of Accounts substantially profited from the establishment of early personal contacts right after the official notification of selection of the two MS Twinning partners. Representatives of each participant SAI met at the recipient SAI to build a core project group at working level, including the RTA, his Beneficiary Country counterparts, and the contact point of the junior partner SAI. The group spent two full working days „in conclave“ to sketch out the structure and content of the work plan: how many workshops and seminars, what type of pilot audits and which study visits would be required to meet the terms of the Project Fiche and needs of the Beneficiary SAI.

This approach gave the project an important head start and each party enough time to consult the draft work plan within their respective institutions. Following the in-house consultations, the team came together for a second working meeting, this time also with the presence of the EC Delegation and the Administrative Office of the Beneficiary Country to ensure the Twinning rules were satisfied.

This hands-on approach not only allowed the partners to get to know each other and put faces to names at an early stage, but also made potentially numerous rounds of comments dispensable. This way, good working relationships and quality documents built an important foundation for a successful project.

soon enough to have enough time to assess success and applicability of new methods in practice) and establishment of the main areas of training. Further, while drafting a Work Plan, the duration of the project should be taken into consideration (it should be long enough with respect to planned activities), as well as operational needs of the Beneficiary who have their normal mandated responsibilities to fulfil.

**69** Changes in the environment (particularly administrative, legal and political changes), that could occur during the project implementation, the impact of those changes on the SAI, and how the project could adapt to the key areas of new developments should also be taken into account. If adequate attention is not paid in connection with the developments of the general framework of public sector of the Beneficiary Country, the impact of Twinning will be reduced.

**70** The connection to and/or influence of/on other related projects within the public sector should be carefully examined once again, together with possible risks and assumptions. The total budget has to be precisely arranged and allocated according to the number and type of activities and overall scope of work, as value for money could be achieved. Unrealistic preparation of work plans could lead to only partially achieving the objectives within the project period.

**71** Twinning projects often have an investment component attached. Its programming has to be very precise and has to show that each instrument is connected to a specific purpose. Coordination is needed and adequate planning for the contracting to be concluded at the right time, as risk of failure of tenders as well as delays in submission of investments will be avoided.

## KEY SUCCESS FACTORS IN PREPARING THE TWINNING DOCUMENT

<b>Consistency of effort</b>	It is important that the Project Fiche fully reflects the needs and priorities of the beneficiary as set out in the strategic plan, and demonstrates that the proposed Twinning project will form an integral part of that change process.
<b>Quality of the project fiche</b>	It is essential that the Project Fiche describes the external assistance needs of the Beneficiary institution precisely. Only then could the prospective MS partners prepare an informed and relevant response, envisaging an adequate approach to project implementation and a structure of a possible consortium.
<b>Quality of the rta</b>	For large-scale Twinning projects, with many components and several themes, it is useful to have an RTA with good management skills, and for a project with a narrower scope that is more targeted – an RTA with stronger expert knowledge.
<b>Making the right choice of sai partners</b>	The selection of the Twinning partner by the Beneficiary SAI should be a result of an informed choice and made on the basis of objective criteria.
<b>Realistic work plan</b>	The Work Plan should be clear, realistic, and sensibly timetabled. It should be oriented towards the desired results of the Twinning.
<b>Well-planned investments</b>	Any investment component of the Twinning should be precisely programmed and connected to a specific project purpose. Future replenishment issues should be considered.
<b>Build a real relationship</b>	Both SAIs will need to work effectively together to ensure synergy for the Twinning.

### Reference

- 13 The Twinning Manual now limits the size of a consortium to three SAIs.
- 14 In particular, the reports of Working Group I on the “Functioning of SAIs in the Context of EU Integration”, 1999. All materials and reports of all the expert groups, working groups and workshops related to this network are available through the SIGMA Web site at [www.oecd.org/gov/sigma](http://www.oecd.org/gov/sigma)

# CHAPTER FOUR



## Project Implementation

### Introduction to Implementation

**72** Twinning is a complex activity involving a variety of activities, relationships and participants which must be integrated if the project is to be delivered successfully. A project management approach and structure, covering both Beneficiary SAs and its partners, needs to be put in place to ensure that there are clear lines of responsibility and accountability, and that the project aims and responsibilities are properly understood and communicated to all concerned.

**73** The structure needs to provide for proper monitoring and evaluation of progress, and be sufficiently flexible to recognise and act upon the need for changes to the work plan should they arise. A key requirement is to ensure that the activities to be undertaken in the project are integrated into the wider strategic developments being undertaken by the beneficiary, and that such activities do not unduly affect the ability of the beneficiary to fulfil its day to day work.

**74** The project management structure should reflect the role of the various parties involved in implementation, including the European Commission and any other external stakeholders. In practice, individual project management structures reflect the organisation structures, mandates and responsibilities of the Twinners concerned. Annex 5 provides a diagrammatic representation of a typical Twinning project management structure, together with brief explanation of responsibilities.

75 A common feature of all Twinning projects is an implementation team responsible for the day to day management and coordination of the project activities. This team consists of the MS RTA and his/her Counterpart from the Beneficiary Country. The RTA will be supported by a locally recruited assistant to provide administrative support to the RTA as well as day to day interpretation and translation. The Beneficiary Country counterpart may also have a small administrative support team in place. The RTA is based full time in the Beneficiary Country for the duration of the project and takes responsibility for overall project management, coordination of project activities and components, ensuring the availability of short term experts and providing day to day strategic direction and advice to the beneficiary. The Beneficiary Country Counterpart works closely with the RTA to ensure that the project is managed efficiently from the beneficiary's perspective and that activities are properly coordinated with its day to day operational activities. The relationship between the RTA and Counterpart is critical to successful implementation – it must be based on mutual trust and respect.

76 MS and Beneficiary Country Project Leaders are appointed to ensure the continuing commitment of senior management of both the provider and Beneficiary institutions. In the event of any difficulties in implementation which the RTA and Counterpart are unable to resolve, the Project Leaders can step in. The Project Leaders are also responsible for endorsing the quarterly reports provided to the European Commission and ensuring that any changes to the Work Plan are properly thought through and approved where necessary by the European Commission. The Beneficiary project leader in particular must be sufficiently senior to ensure the full commitment and participation of the Beneficiary senior management.<sup>15</sup>

77 To implement the project the RTA is supported by a pool of short term experts (STEs) who provide specific inputs to the project. These inputs may be training courses/seminars, assistance with pilot audits and/or manuals and IT support depending on the activities specified in the Work Plan. It is important that STEs have not only the necessary technical skills to transfer their knowledge to the Beneficiary but also the right interpersonal skills to handle difficult issues firmly but sympathetically when necessary. STEs are responsible for providing the RTA and Counterpart with feedback on their activities and any suggestions they may have for changes. The RTA is then responsible for passing on the feedback and, together with the Counterpart, for taking any necessary action.

## Staff Involvement

In some SAIs, as many staff as possible were included in the project in one way or another. This is found to be very useful as it makes everyone interested in the project's success. There are also examples where external experts (primarily members of the SAI's expert council, with a purpose to monitor and support project implementation both within and out of the SAI) have been included in the project. Allocation of staff within the Beneficiary specifically devoted to the project on a full time basis, is also seen to be exceptionally helpful in ensuring that project activities have commenced and completed on time.

In Turkey, Project Component Sponsors, members of the TCA Chambers, were appointed. They are responsible for ensuring that their project activity has suitable staff devoted to it, and that these staff can devote sufficient time to project related work. Project Component Sponsors are not expected to be involved in day to day operations. Their position will be that of a senior consultant to the related activity, and they will have a key role in the project communication processes.

**78** The Beneficiary SAI establishes Working Groups made up of competent and capable professional staff with whom the RTA, the Counterpart and STEs work to ensure project activities are delivered in the most efficient and effective manner. These Working Groups may be based on the individual components set out in the work plan. For example, a Working Group may be established for financial audit which will take responsibility for drafting the audit manual and delivering any pilot audits, supported by the MS STEs. It is likely that at the outset of the projects, the RTA and Counterpart will work very closely with these Working Groups but as the project progresses it may be appropriate for them to become more independent so that they can prepare for the post Twinning phase.

**79** Ideally these Working Groups should involve as wide a range of staff from the Beneficiary as possible to ensure that the project is spread throughout the organisation and thus give everyone an interest in the project's success.<sup>16</sup> Each Working Group has a Component Leader who is responsible for maintaining regular contact with the RTA and Counterpart, and ensuring that activities are progressed as required. Frequently suggestions for changes to the work plan will originate from these Working Groups.

**80** The commitment of both organisations to the successful implementation of the project is strengthened by the interest shown by both the MS and Beneficiary Country Head of the SAI. In the case of significant changes to the past practice of the Beneficiary Country SAI, the Head of the SAI will quite rightly need to give

approval and endorsement to the changes, and will therefore need to be well informed as to the project's progress. Such approval will also demonstrate to Beneficiary Country staff the strength of commitment to the changes that are taking place.

**81** Apart from the project internal management structure, there is a requirement under Twinning rules for quarterly progress reports to be sent to the local EC Delegation. This report is followed up by a meeting of the Project Steering Committee,<sup>17</sup> during which any issues on project management are raised and discussed. This also represents an opportunity for the EC Delegation to monitor progress and question the Twinning partners on their implementation of the project. The EC Delegation has an important responsibility for monitoring the progress of the project for the European Commission but does not normally take an active part in the implementation of day to day activities once the work plan has been approved.

**82** In countries where management of EU Funds has been devolved to the Candidate country, the RTA will also be responsible for maintaining contact with the local Central Project Management Agency on issues concerning changes to the work plan activities or budget. All Twinning projects are also subject to independent external monitoring by EC-appointed monitors who have the right of access to all documentation related to the Twinning project and will evaluate the projects progress in delivering the mandatory results. Similarly all projects are subject to audit by the European Court of Auditors. The

management structure for Twinning light projects is likely to be simpler as such projects do not involve a full-time RTA and they are more focused on individual activities.

**83** Successful implementation is also dependent upon good communication both internally and externally.<sup>18</sup> This means not only communication between the Twinning partners, but also within the Beneficiary organisation, within the MS provider and with external stakeholders. In this respect, the RTA and Counterpart share responsibility for ensuring that all parties involved have a clear understanding of the purpose of the project and any role they as individuals or organisations may have in ensuring its success.

**84** The importance of the relationship between the RTA and the Counterpart cannot be over emphasised. This is the key relationship for communication and any breakdown can create severe difficulties for successful project implementation. The RTA must also maintain excellent relationships with STEs to ensure they fully understand what is required of them and with the Component Leaders for the same reason. Another key relationship is that of the RTA with his/her assistant.

**85** The main means of communication is through regular meetings at all levels of those involved in the project. Most of the time these meetings are likely to be informal and will deal with day to day details of project implementation. Communication can also be assisted by use of email, internet and intranet where these are available. However, there is no substitute for direct human contact to properly explain events

## Delays could Seriously Constrain the Project – A Case Study

In Bulgaria some difficulties during the planning and implementation of their project were related to an 11 month delay from the original timetable in starting the Twinning project. The lengthy time needed for the adoption of a new Audit Act, included as conditionality in the Project Fiche and incorporated in the Financial Memorandum for launching the Twinning covenant, caused the postponement of the formal start of the project. The preliminary agreed duration of the project (24 months) was as a consequence reduced and some activities were cancelled and short-term experts dropped out of the Covenant. It was fortunate that this did not have any significant impact on the achievement of the results and objectives of the project.

To ensure no significant bad effects on the Twinning, the Beneficiary SAI and the RTA had to work hard together to ensure that all short-term experts' (STEs) visits and other tasks could be completed as planned or brought forward to an earlier stage under the project. This was a considerable burden for the Beneficiary SAI to bear, given the pressure on it to complete its normal statutory duties alongside Twinning activities.

As the project had to accommodate STEs over a much shorter time frame than envisaged in the project design, it was difficult to ensure that they received the information necessary in advance of visits, and also that they had sufficient time to provide feedback between visits. The timely preparation of material is of particular importance because of the need to translate all documents. This is an objective problem for all Twinning projects. The impact on this project was minimized by a very flexible approach from all partners concerned.

The project managed to achieve its objectives because of the close cooperation and the determined and flexible approach to project management and timetabling. The Twinning has since been commended by the EC Delegation as one of the most successful Twinning projects in the country concerned.

and activities. As projects should be fully transparent and its objectives, progress and results available to all stakeholders including media and general public. Designing a separate Twinning project Web page can also be very effective.

**86** The RTA also needs to maintain good communication with the EC Delegation and where appropriate the Central Payment Management Agency to ensure that any difficulties that may arise are properly understood and any proposed changes to the approved Work Plan are carefully explained.<sup>19</sup>

## Results achieved

**87** The Twinning programme brings together administrations of a Beneficiary Country with a Member State in result oriented projects, in order to develop their institutional capacity. Therefore, one of the most important characteristics of a Twinning programme is that it sets out to deliver mandatory results agreed between the partners in advance.

**88** The mandatory results constitute “the core” of the Twinning project since their achievement will lead to the success of the programme. In the ECA report concerning Twinning as the main instrument to support institution building in Candidate Countries,<sup>20</sup> it is interesting to note that there is a special mention concerning the guaranteed results:<sup>21</sup> “The objectives stated in the Twinning covenants (...) were often unrealistic, and could often be achieved only partially within the project period. In practice, it proved overly optimistic to expect that a fully functioning, efficient



and sustainable Candidate Country organisation would exist in a given field after one Twinning project, the average duration of which is 18 months”.

**89** The majority of the Twinning projects subject to analysis were completed in a reasonably successful manner. Almost all mandatory results were achieved, and all Twinning tools were used. However, there were some cases in which the results were only partially achieved especially in the first Twinning projects. This was due to certain reasons, mainly of a bureaucratic nature. Fortunately, this did not affect the guaranteed result of the Twinning projects and almost all the partial results were completed in the second Twinning projects.

**90** In general, it could be stated that the first wave of Twinning projects encountered certain difficulties in starting and implementing the projects, but many of them were overcome during the project so that the second wave of Twinning projects were more effective. It was proved that simply including conditionality in the Project Fiche, especially if it is out of the SAI's control, could cause serious difficulties in implementation of the project.

**91** The investment component of the Twinning project especially involved acquisition of the new IT hardware and software and equipping training centres. Delays in the procurement procedures for delivering such equipment, inevitably constrained the ability of MS IT experts to support development work and training planned under the Twinning.

## Twinning Tools

**92** In achieving the desired results, the SAIs involved used a wide variety of Twinning tools during the project implementation. The application of a particular tool was determined by the nature of the specific activity and the targeted results. The following Twinning tools/activities were recognized as the most effective:

Workshops/Classroom based seminars – organised as a combination of theory and practice, and by initiating interaction and active participation of all attendants, workshops are considered as one of the most effective Twinning tools. It is very important to give a lot of attention during preparation to:

- Participants – to make sure that they are aware of the purpose and goals of the event.
- Lecturers (STEs) – to make sure that they are aware of the purpose and goals of the event, that they are introduced with the goals of the project and that they are well experienced in certain fields.
- Working materials – papers should be relevant to the topic, prepared on time and disseminated to the participants before the workshop and exercises should be adjusted to the SAI's practice and environment.
- Training premises – training rooms should be equipped with all relevant tools.
- Interpreters – they should be well experienced, well prepared for the topic and aware of possible risk areas in translation.

## Using Twinning Tools

Many SAls considered as a very useful and effective way of reaching the objectives “the combination of theoretical knowledge and the practical application of this information”. Others considered study visits as a very fruitful instrument.

The most effective was a combination of two tools – classroom based seminars (with delegates restricted to those participating in the pilot audits), immediately followed by practical work in pilot audits. (**Latvia**)

For the purpose of developing the legal framework, seminars and working meetings were the preferred form of transfer of MS partner expertise. (**Bulgaria**)

Pilot audits and workshops proved to be the most effective when auditors had already basic theoretical knowledge. (**Lithuania**)

Study visits and pilot audits appeared to be particularly fruitful. (**Poland**)

**Pilot audits**<sup>22</sup> – these are also a very effective tool in achieving sustainable change.

**Working meetings** – needed as often as possible to keep everyone well informed, to follow up progress of activities and to prepare further steps in as better and detailed a way as possible.

**RTA/experts visits to regional offices** – this can be a successful way of explaining the project to regional office staff and identifying any issues they might wish to raise. Also, meeting the regional office staff face to face makes them feel fully included in the project and raise their interest in its implementation.

**Study tours** – can be useful if it is a well organised combination of theory and practical experience, which helps in getting new knowledge, experiences and ideas. This should be done in the framework of the Beneficiary Country SAI’s Strategic Development Plan requirements and then (where possible) implemented in its work.

93 In general, it could be stated that all forms of Twinning tools should be used in the project implementation, but it is important to know that the application of a particular tool has to be determined by the nature of a specific activity and the targeted results. In the majority of cases, the most important achievement is transition from a “revision/control” type work, to auditing in line with internationally accepted auditing practices and increased understanding by the parliament, audited entities and public of the new role of external audit.

94 However, for some auditors, the transition from control to audit seems very difficult to accept because such changes require a lot of effort and understanding. For others, it was difficult to change their usual working habits and some lacked appropriate skills. It is very important to take into consideration this “resistance to new” approach, which is a valid principle (and not only in SAs), in order to identify and to eliminate this obstacle. This should be done by improving the internal communications channels with a view to better explaining the advantages of the new approach to the staff.

95 Previously financial and performance audits were not well developed or carried out in conformity with international auditing standards or EU good practices in Candidate Country SAs. Twinning projects have helped management to become acquainted with the audit methodology and best practice. Achievements in these Twinning programmes were noteworthy, as audit procedures and methods were modernised in compliance with the internationally accepted audit

standards and practices, the guidelines on financial and performance audit were elaborated in many cases, and the majority of the auditors participated in training events introducing the new audit approach.

96 The European Commission has noted that “Twinning works when the conditions are right”. Cooperation and communication between Twinning partners, in terms of implementation and political commitment, are vital for achieving the Twinning objectives and results. In the same document the EC concluded that “Member States and Beneficiary Countries must work to identify their synergies and to implement projects that really work. Twinning at its best is, after all, about teamwork”. This conclusion could be also supported by the ECA’s Special Report No 6/2003 on Twinning activities which clearly stated that “the mandatory results can only be achieved if all parties perform as required”.



## KEY SUCCESS FACTORS FOR PROJECT IMPLEMENTATION

<b>Allocate clear responsibility</b>	Specific responsibilities for implementing project plans should be given to named individuals as should the promotion of open dialogue and effective project communications.
<b>Establish monitoring and evaluation procedures</b>	Arrangements for monitoring and evaluating project activities progress and results should be established, e.g. by establishing the Steering Committee as a group of senior staff from both (all) partner institutions able to make decisions.
<b>Expertly manage the implementation risks</b>	Regularly assess the risks to poor and untimely implementation, and devise robust strategies to mitigate and avoid the risks identified or which occur.
<b>Commitment of senior management</b>	They should be strongly committed and should support the attempts to develop new audit methodologies, as staff become involved with the project activities.
<b>Establish good Coordination</b>	The need for effective management structure and interaction at each level.
<b>Develop effective project communication</b>	Ensure discussion between parties involved in a project, by organisation of internal meetings at all project levels and in all phases, to ensure flexibility and provide regular feedback at key stages of project.
<b>Involve as many people as possible</b>	The allocation of staff within the Beneficiary Organisation specifically devoted to the project on a full-time basis is helpful in ensuring that project activities have commenced and are completed on time.
<b>Train staff</b>	Experienced and skilled audit staff with potential and qualities to train other staff should be designated.
<b>Follow-up procedures</b>	Should be in place to ensure that lessons learned through the project are fed back into the development and improvement of standard audit practices and procedures in a coherent manner.
<b>Dissemination of information</b>	Ensure that purpose, progress and the results of the project are spread effectively inside and outside the beneficiary SAI by all available means.
<b>Post-twinning</b>	Plan to continue with development and training activities after the project ends, and allocate sufficient and suitable resources to the sharing and spreading of knowledge and skills afterwards.

## Reference

- 15 Having the full and active support of the senior management for both Twinning as an instrument and for the activities foreseen within the Twinning contract, is very helpful in driving forward the preparation and implementation stages.
- 16 While in other SAls this practice has been found as extremely useful and effective, it was not however the case in Bulgaria's first project. In operational terms, the restructuring of the BNAO and the fact that the Working Groups set out in the Covenant were insufficiently involved in the project, made it difficult to manage the process at busy times. This meant that the administration of the project fell to the BNAO Project Leader, the Project Manager, the RTA and the Project Assistant. This was not an ideal situation, and a more robust BC support structure should have been established. In particular, the Working Group structure could have been more compact. It is also important that people providing support for the project are allowed enough time to achieve work objectives.
- 17 It can include the institution senior managers, implementation team, and representatives of relevant national institutions (which vary from country to country: Ministry of Finance, Ministry of Foreign Affairs, Ministry of European Integration, Central Project Management Agency, Public Procurement Agency, National Fund, EC Delegation, etc.).
- 18 In the "Good Co-operation Practice Guide", issued by the EU Contact Committee Joint Working Group on Audit Activities, it is stated that: "Good communications are vital to managing project activities effectively. During project planning, partners should adopt a strategic approach to communications and consider: what needs to be communicated; who needs to be communicated with; how it needs to be communicated; how often; how to establish a two-way communication at all levels and between all parties involved; open communication is helpful; commitment of the SAls leadership to the project is needed."
- 19 The Commission itself has a final responsibility for the Twinning programme, funding and monitoring of Twinning projects, but it is not directly involved in their implementation and cannot influence them.
- 20 Special Report No 6/2003 – see Annex 6 for a summary. The full version of the Report can be found under: [http://www.eca.eu.int/audit\\_reports/special\\_reports/docs/2003/rs06\\_03en.pdf](http://www.eca.eu.int/audit_reports/special_reports/docs/2003/rs06_03en.pdf)
- 21 The Commission established the term "guaranteed results" in order to underline the objective of a concrete and fully operational outcome in a particular field. However, there are no financial consequences in the case of only partial success or failure in reaching those results.
- 22 See also the EU SAls Joint Working Group on Audit Activities Good Practice Guide which gives comprehensive and practical advice on how to carry out all types of pilot audits.

## CHAPTER FIVE



### Post twinning

**97** Overall, achieving sustainability of the results of a Twinning Project is considered to be a matter facing some substantial risks. It is one of the highest risk areas identified by the study in Annex 4. Great attention needs to be focused during and post Twinning on ensuring the sustainability of the results and impacts of the project by the Beneficiary SAI and its partners in the Commission and partner SAIs.

**98** One of the main constraints on the ability of Twinning to deliver sustainable change in SAIs, is the fact that projects end abruptly. This, coupled with the relatively short period involved, means that Beneficiaries are often left part way through their change programme. Having had experts and experienced support for around two years, this can cause the change process to stall unless momentum is maintained. It is therefore important that the mechanisms established during the Twinning project (working groups etc.) continue to operate beyond the life of the project.

**99** The fact that the project will inevitably come to an end at a particular point in the development process of the SAI, must therefore be taken into account during the original deliberations when opting for or against a Twinning project. It underlines the fundamental importance of integrating the project as well as possible into the overall development strategy of the SAI. The Project Fiche should take the length and relative short term nature of the project into account, and allow for phase-out activities seeking to bridge the gap between implementation and post-Twinning.

**100** In many cases, SAIs successfully seek a follow-up Twinning project. However, there are difficulties in this, as the process for selecting a partner and developing the work plan has to be gone through again. This inevitably slows the process and diverts all parties from the change process itself. An alternative approach is to go

down the Twinning Light route which involves a simpler approval process, aimed at specific, focused pieces of work rather than the more general support which is required at this stage.

**101** Another alternative to further Twinning projects is a bilateral arrangement. Invariably, the Twinning project will have established very close working relationships between the partners, and it is possible that this may lead to continued bilateral working level contacts after the project has ended. The extent of these continuing contacts may be constrained by funding issues but it can nevertheless prove to be an invaluable source of continuing support.

**102** Yet again, the Beneficiary SAI management's commitment to adopting modern internationally-accepted practices is a decisive factor for applying the know-how transferred after the project finishes. As already explained in this Guide, it is also important to spread the new developments to as many staff as possible with the help of a coherent in-house training strategy.

**103** Ultimately, of course, the Beneficiary SAI has to learn to stand on its own two feet. For this reason, taking steps to ensure the long term sustainability of the gains achieved by the Twinning project and the strategic development plan throughout the Twinning process is essential.

**104** As with any complex and challenging human endeavour, like a Twinning, it is often the lessons learnt from mistakes and failures that can be the most rewarding in terms of lessons learnt and bad practices to avoid. This is important for achieving sustainable results.

A number of causes for less than optimal Twinning results have been identified:

- Unclear links between project and the beneficiary SAI's key strategic development plans and priorities, including agreed measures of success and sustainability.
- Little beneficiary and provider SAI senior management ownership and leadership.
- Ineffective engagement and communication by the Twinning project with the beneficiary SAI's staff.
- Lack of skills and proven practical approach to project management and implementation. Too little attention given to breaking development and implementation into well organised and manageable steps which link well to development priorities.
- Training activity proposals that are not driven by the beneficiary SAI and do not sustainably secure the delivery of business benefits.
- Project team integration and communication between the beneficiary and provider SAIs not effective enough.
- Poor knowledge of Commission Twinning rules, requirements and regulations.

**105** However, many good lessons have also been learnt about what the key success factors are that help ensure sustainability of the Twinning results. The main ones are set out in the box overleaf.

## KEY SUCCESS FACTORS FOR SUSTAINABILITY

<b>Senior management</b>	Continued senior management commitment and stability from the Beneficiary partner
<b>Member state partner commitment</b>	Continued commitment and stability from the Member State partner – particularly the RTA and Project leader.
<b>Communication</b>	Open and honest communication between partners. Also, the Work Plan should be clearly communicated to all staff and interested parties together with an explanation of how the project fits into the wider Strategic Plan.
<b>Making difficult decisions</b>	Willingness to make difficult decisions which may mean making substantial changes to long established procedures and methods.
<b>Challenge and response</b>	A willingness on the part of the Beneficiary to challenge the provider SAI on why things are done in a particular way and a willingness on the part of the provider to respond positively to that challenge.
<b>Absorption capacity</b>	Careful consideration needs to be given to the absorption capacity of the SAI.
<b>Management structures</b>	An internal steering committee should be established - chaired at a senior level – to demonstrate management commitment to the project and with the power to overcome difficulties should they occur. Working groups should be established to take responsibility and ownership for implementation of the various components of the work plan.



Consistency with sdp	When determining the activities to be undertaken in the Work Plan, there should be a clear link back to the strategic plan.
Monitoring progress	Targets and interim milestones should be set, against which progress can be regularly reviewed and the plan adjusted if necessary.
Consistency in implementation	Consistency in use of short term experts is desirable so that they build up good working relationships with Beneficiary staff and a clear understanding of the organisation's specific needs.
Flexibility	Flexibility on the part of both partners in revising activities should this prove necessary.
Linking theory and practice	There should be a clear link between the various activities to ensure that theory is tested in practice and then set out in clear guidance and manuals.
"Twinning not cloning"	The Twinning partner should not seek to impose its own processes and procedures on the Beneficiary but rather seek to adapt to the local environment.
Awareness of wider environment	Care should be taken to ensure that the Twinning project takes account of wider developments in public financial management within the Beneficiary country.
Sustainability risk management	Risks to sustainability should be identified, and a strategy to mitigate them developed.



## CHAPTER SIX



### Conclusions

**106** Since its inception in 1998, Twinning has evolved to become an essential instrument of the accession process. Beneficiary countries have benefited from over 1100 Twinning projects,<sup>23</sup> and the scheme has been expanded beyond accession towards support for enhanced cooperation in other neighbouring countries.

**107** However, the fundamental goals of the Twinning programme remain unchanged, namely to bring together administrations of a Beneficiary Country with a Member State in order to develop their institutional capacity. While Twinning projects have many common features, this Guide has tried to bring together the knowledge and experience obtained through Twinning projects involving SAIs over these years, and provide a wealth of information for future, or potential, Twinners. We have found that Twinning in the SAI environment has been very helpful because of the specialist nature of the technical assistance provided. The most effective delivery of the assistance and support required for developing and transitional SAIs can only really come from other SAIs and experts with much experience of working in and with SAIs.

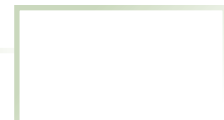
**108** Twinning is ultimately a joint project. Each partner takes on responsibilities; the Beneficiary to undertake and fund reforms and the Member State to accompany the process for the duration of the project. But it is not an end in itself, rather it is a means to an end. It is a tool to bring about sustainable change. As this Guide has repeatedly underlined, sustainability needs to be considered at every stage in the change management process.

**109** While various key success factors have been highlighted throughout this Guide for SAIs, the role of the key personnel cannot be understated. Twinning can be time consuming, and it is crucial to recognise that the RTAs are there to transfer knowledge, and not to take the burden off the shoulders of the Candidate administration. Indeed, their presence will often increase the burden. Therefore, teamwork is essential, and an environment of open and honest dialogue between the RTA and his counterpart for their daily work, coupled with the necessary institutional support behind both parties, will go a long way to determine the success of the project.

**110** In conclusion, to ensure that SAI Twinning will be as effective as possible, it is essential to build a Twinning on the basis of a real partnership. It is also necessary to get the timing of the project right, and ensure that the Twinning will maximise its contribution to the change management process of the SAI by providing the right expertise at the right time. It is essential that the Beneficiary SAI has a clear strategic view and plan of where it wants to be and how it is going to get there. Twinning can then be tailored and managed to ensure it delivers the right inputs at the right time to maximise its impact within the context of the SAIs overall development activities. The better the preparation of the strategic view and development plan, and any necessary Twinning, the greater the likelihood for successful and sustainable development outcomes for the SAI.

## Reference

- 23 Latest figures according to DG Enlargement: [http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/twinning\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm)



# Annex 1

## Terms of reference of the working group for the development of a good practice guide for SAI Twinning partners

<b>Aim:</b>	To produce a readable and user-friendly reference tool for SAls involved in Twinning either as Beneficiaries or providers (Twinning partners). The Guide is also intended to be helpful for Commission services in providing very specific advice for SAls and to support official rules and manuals on Twinning in general.
<b>Purpose:</b>	To encourage SAI Twinning and assist SAI Twinning partners to use Twinning to the best effect in order to reach the agreed development goals of the project.
<b>Objectives:</b>	To extract good practices from the experiences of SAls which have been involved in Twinning, and create awareness of potential risks that could endanger the implementation of a Twinning project.
<b>Readership:</b>	The Good Practice Guide will primarily be directed at SAls engaged in, or considering engaging in, a Twinning approach to achieving the objectives of SAI change programmes.
<b>Mandate:</b>	The decision to establish a Working Group – hereafter called the Twinning Expert Group (TEG) – to develop a Good Practice Guide was taken at the meeting of Liaison Officers of the Candidate and Close to Candidate Countries, the ECA and SIGMA, held in Sofia in April 2005.
<b>Participants:</b>	Representatives of the SAls of Bulgaria, Croatia and Romania, ECA and SIGMA, with support from Germany and the UK.
<b>Method:</b>	<p>In preparing the Guide the TEG will:</p> <ul style="list-style-type: none"><li>■ Obtain information from SAls with experience of Twinning, in the form of case study material, based on a standard questionnaire prepared by the TEG.</li><li>■ Develop a risk matrix identifying those areas within the Twinning process most likely to be adversely affected. Ask Member State and Candidate Country SAls, with experience in Twinning, to rank those risks.</li><li>■ Refer to external evaluations of Phare by the European Commission, and other publications on the subject of Twinning.</li><li>■ Use the knowledge of individual TEG members.</li></ul>
<b>Title of output:</b>	Making SAI Twinning Successful: A Good Practice Guide.

# Annex 2

## Questionnaire on Twinning Projects (Case Study)(New Member States and CCs)

1. Brief facts about the Twinning project undertaken and reasons for the choices made:
  - Title
  - Type of project (full Twinning or Twinning light)
  - Overall project budget
  - Partners
  - Start of project
  - Planned/actual project duration
  - Overall objectives
2. Links to the overall strategy and/or development plan of the SAI (and any problems encountered in linking the Twinning to these plans/strategies).
3. Reasons to have a Twinning project.
4. Links to other technical assistance.
5. Project responsibilities within your SAI and management structure of the project (provide examples of any positive and negative aspects).
6. Steps taken for the preparation of the project (provide examples of any positive and negative aspects).
7. Mandatory results.
8. Results actually achieved (with explanation of any non or over achievement). Please explain which in your view were the most effective Twinning tools/activities (pilot audits, study visits, workshops, theoretical seminars, working meetings).
9. Main difficulties encountered during the planning and the implementation of the project (content, organisation, external factors) and the actions taken to overcome difficulties.
10. Timing of the complete project cycle (decision making, Project Fiche and contract drafting, timing of individual activities) – challenges faced and how they were dealt with.
11. Advice to be given to other beneficiaries on good practices for managing and organising Twinning.
12. Any other lessons to be learned from the Twinning experience.

## Annex 3 SAI twinning projects to date – a summary

<b>Beneficiary Country Partner</b>	<b>Member State SAI Partner(s)</b>	<b>Project Title</b>
Bulgaria	UK and the Netherlands	Strengthening the Independent Public External Audit Institution
	Germany and Spain	Further Development of the Independent Public External Audit Institution
	Germany and Spain	Pilot Audit of the Formation and Management of State Debt
Croatia	UK	Strengthening the External Oversight of Budget Execution
Czech Republic	Germany and UK	Training for Auditors of the Supreme Audit Office
Hungary	UK	Preparation of the Hungarian State Audit Office for the controlling task emerging from Hungary's joining the EU
Latvia	UK	Public Expenditure Management
	UK and the Netherlands	Public Funds External Audit
Lithuania	UK, Sweden and Denmark	Public External Audit: Strengthening Institutional Capacities
	UK, Sweden, Denmark and Portugal	Strengthening Functional Capacities of the External Government Auditing Aimed at Practical Implementation of Acquis
Poland	UK	Improving methodology for auditing public finance with a special regard for auditing state budget execution
Romania	UK and Greece	Strengthening the Institutional Capacity of the Romanian Court of Accounts
	Spain and Germany	Further strengthening the Institutional Capacity of the Romanian Court of Accounts
	Spain and Germany	Continuing strengthening the Institutional Capacity of the Romanian Court of Accounts
Slovenia	UK, Spain, Denmark, and the UK Audit Commission	Strengthening of the Institutional Capacities of the Slovenian Court of Audit
Turkey	UK and Spain	Strengthening the Audit Capacity of the Turkish Court of Accounts

<b>Type of Project</b>	<b>Start of Project (Duration)</b>	<b>Overall Budget</b>
Full Twinning	Jan 02 (21 months)	2 million EUR, incl. investment component
Full Twinning	Oct 04 (21 months)	2 million EUR, incl. investment component
Twinning Light	Nov 03 (6 months)	149 982 EUR
Full Twinning	Dec 04 (30 months)	2 million EUR, incl. investment component
Full Twinning	May 02 (14 months)	0.7 million EUR
Full Twinning	Aug 99 – Jul 01	0.6 million EUR
Full Twinning	Nov 01 – Oct 03	1.7 million EUR
Full Twinning	Feb 05 – Aug 06	617,000 EUR
Full Twinning	May 02 – Nov 03 (18 months)	1.5 million EUR, incl. investment
Full Twinning	Jan 04 – Sept 05 (21 months)	1.358 million EUR, incl. investment
Twinning Light	March 03 – Nov 03	150,000 EUR
Full Twinning	Jun 02 – Sept 03	1.8 million EUR, incl. investment component
Full Twinning	Nov 03 – Nov 05	2.5 million EUR, incl. investment component
Full Twinning	Dec 05 – Dec 07	1.9 million Euro, incl. investment component
Full Twinning	March 03 (13months)	150,000 EUR
Full Twinning	March 05 (20 months)	1 349 787 EUR

## Annex 4

### Twinning risk matrix – risk areas developed

During the preparation of the Guide, SAIs with experience in Twinning were asked to identify and weigh those risks which they considered critical to the success of a Twinning project. They could choose from a list of 32 issue areas. By identifying key issues respondents were, at the same time, asked to designate the chosen issue to one or more stakeholders in Twinning, the stakeholders being the beneficiary SAI, the Member State SAI, the EC Delegation and the beneficiary country Administration Office. Three risk levels could be assigned; low, medium and high. This combination of risk or key issue areas with the attribution of the areas to one or more stakeholders, makes up the risk matrix annexed to this Guide.

Fifteen out of seventeen SAIs with Twinning experience as a Beneficiary or a Provider responded. The results suggest that four issue areas or clusters of issue areas are considered to be most critical for the success of Twinning projects:

- Quality of the expertise provided.
- Quality of the key documents such as the Twinning Project Fiche and the Work Plan.
- Timing at all stages of the project cycle.
- Administrative matters such as managing changes to the Work Plan or budget.

These results by no means suggest that other issues, e.g. commitment, are less important. Nevertheless, they were identified most often by the respondents as those areas critical for success and thus provide an interesting account of the experiences and perceptions made in SAI Twinning.

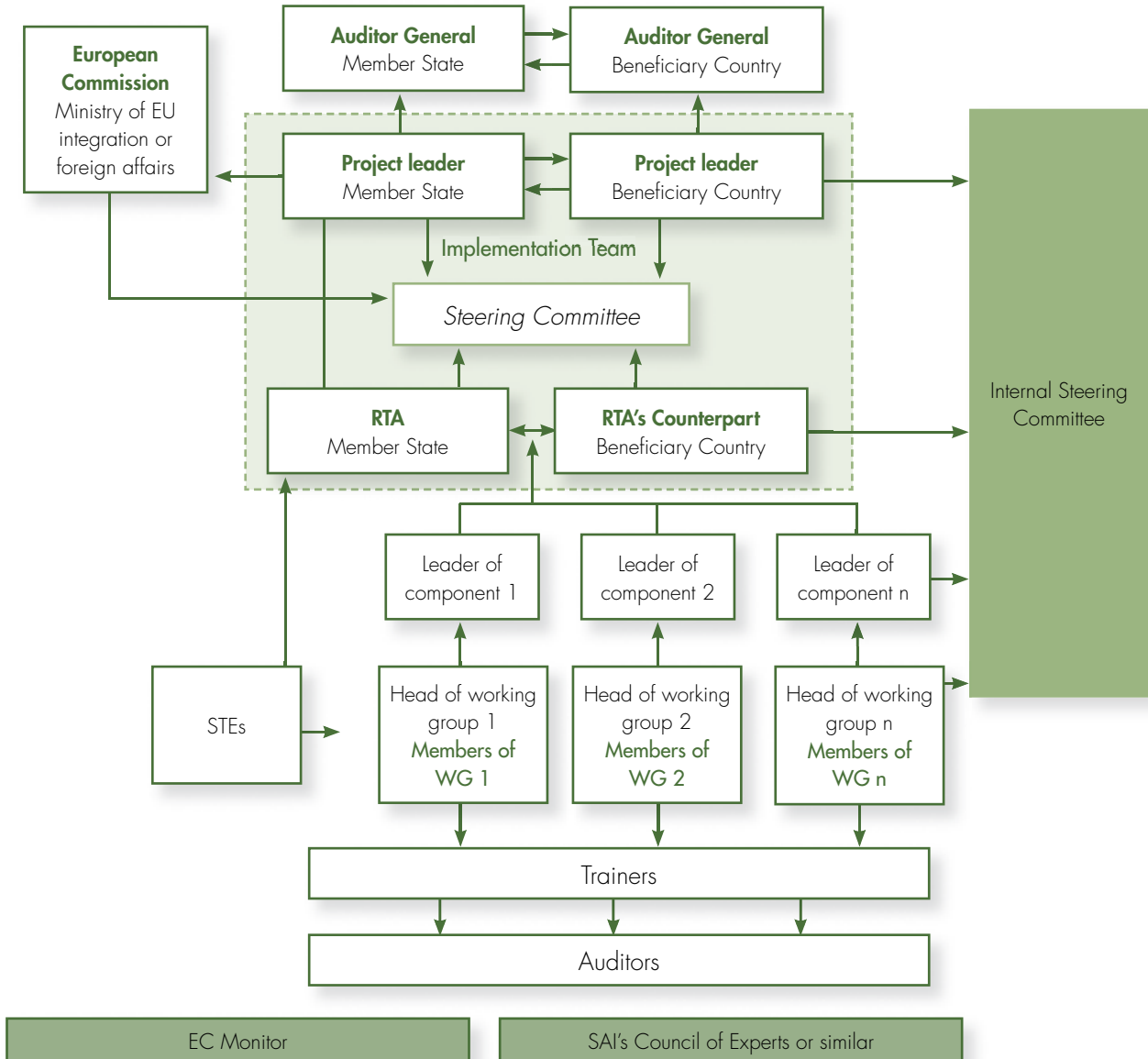
The attribution of the key issue areas to stakeholders showed a relatively even distribution between Beneficiary and Member State SAI. With a slight majority for the Beneficiary SAI approximately 80% of the responses were assigned to both SAI groups. The remaining 20% fell on the EC Delegation and the Administration Office.

The results reflect the impressions and experiences of SAIs with Twinning experience. They are based on the frequency of issues identified, overall, and according to risk level; low, medium and high. Given the fact that some issue areas could only be attributed to one or two stakeholders and others to all four stakeholders, some areas can, per se, be identified more often than others. At the same, the fact that an issue can concern all stakeholders, such as drafting the Twinning contract, partly justifies that it can potentially be identified more often than areas which concern only one or two stakeholders, such as drafting the Twinning Project Fiche.



TWINNING RISK MATRIX  Issue or area which involved risks affecting the success of your project	Institution(s) attributed to a risk-area			
	Beneficiary SAI	MS partner SAI	EC Delegation	Admin Office (AO)
Decision to have a Twinning in the first place Drafting the Project Fiche (participation, commitment) Project Fiche template provided by the EC Linkage of the Project Fiche with the Beneficiary Country SAI development strategy Linkage of the Project Fiche with other projects within the Beneficiary Country SAI Quality of the final Project Fiche (structure, logic, needs addressed) Selection the MS SAI Twinning partner First contacts between Beneficiary Country and MS SAI Drafting the Twinning contract (participation, commitment) Twinning contract template provided by the EC Timing of Twinning contract preparation Quality of the final Twinning contract (Work Plan quality) Overall administration of project implementation Management of the project budget Management of changes to the Twinning contract Management of procurements (e.g. assistants, translations) Timing the activities Quality of the Resident Twinning Adviser (RTA) Quality of the short-term experts Timeliness of the expertise provided Commitment of MS SAI leadership/management Absorption capacity of the Beneficiary Country SAI Active involvement of Beneficiary Country SAI staff Commitment of Beneficiary Country SAI leadership/management Commitment of the EC/AO (assistance provided) Communication within the Beneficiary Country SAI Communication within the Member State SAI Communication between Beneficiary Country and MS SAI Communication between Beneficiary Country /Member State and EC/AO Coordination with other technical assistance provided to Beneficiary Country External risks (e.g. political, legislative) Sustainability of results of the Twinning project				

# Annex 5 Twinning project management scheme



## Explanation

### Formal level

1. Auditors General formally meet and discuss the project (before the project starts, at the beginning of the project (opening ceremony), in the middle and at the end of the project); the Beneficiary Auditor General regularly informs Parliament about the project (e.g. through its Annual Report).

### Steering committees

2. Project has a main Steering Committee consisted of Project Leaders, RTA and his/her assistant, RTA's Counterpart, members of Project Implementation Unit, representative of EC Delegation in charge of the project, and representative of the Ministry of Foreign Affairs and European integration. The Committee meets quarterly, to discuss Quarterly Reports and progress of the project activities.

3. Internal Steering Committee consists of Project Leaders, RTA and his/her assistant, RTA's Counterpart, Component Leaders, and Heads of two Regional Offices. Heads of Working Groups can attend as well.

### Implementation team

4. Project Leaders sign a Twinning Work Plan and cooperate on a working level. They meet at least quarterly (during the Steering Committee meetings) and regularly inform Auditor Generals about the course of the project. The MS Project Leader, in agreement with Beneficiary Country Project Leader, approves and signs Quarterly Reports, and sends them to the EC Delegation.

5. RTA is accountable to MS Project Leader/RTA's Counterpart is accountable to the Beneficiary Project Leader (cooperation on a daily basis). The RTA (in agreement with his/her counterpart) prepares Quarterly Reports, and sends them to MS Project Leader for approval and signing;

6. RTA and his/her counterpart (including RTA's assistant), cooperate on daily basis.

### Working level

7. Each component of the project has its leader within the SAI (preferably from top management level), in charge of establishing adequate Working Groups (in agreement with the TB Project Leader and RTA's counterpart) and coordination of implementation of components in right and timely manner (according to the plan). According to the needs, Component Leaders meet RTA, its Counterpart and/or TB Project Leader for additional consultations.

8. Heads of Working Groups are responsible for the organisation of Working Group's work and implementation of the components. They convene working meetings according to the needs, at least quarterly, before the Steering Committee meeting. Leaders of components and RTA are invited to attend these meetings. Informal meetings between the members and heads of working groups or members themselves are held more often.

9. Members of the Working Groups are responsible to the heads of Working Groups, they attend trainings, work on development of audit manuals, and are included in related pilot audits. Members of the Working Groups are welcome to communicate with component leaders and/or members of implementation team whenever needed.

10. More experienced and skilled auditors from working groups are chosen for trainers. They finish the 'Training the trainers course', and are fully involved in all activities of the Working Group. Trainers are welcome to communicate with component leaders and/or members of implementation team whenever needed.

11. All auditors (including non-audit staff) are involved in training and activities within the project to a certain extent. About activities in which they are not directly involved, they are informed through Intranet, Twinning Web page and regular auditors meetings. Auditors are welcome to communicate with component leaders and/or members of implementation team whenever needed.

## Monitoring

12. Independent EC Monitor monitors project implementation (on the spot checks) according to its plan and EC's rules.

13. The SAI can have its own monitoring system (e.g. Council of Experts).

# Annex 6

## ECA report on twinning – a summary

In July 2003, the European Court of Auditors published “Special Report 6/2003 concerning Twinning as the main instrument to support institution building in Candidate Countries, together with the Commission’s replies”. This report focused on the first four years of the Twinning initiative, from its launch by the European Commission in 1998 until early 2002. During this period, a total of 503 Twinning projects were approved, with an overall budget of over 471 million EUR.

As the concept of Twinning as a tool for institution building was brand new (previous assistance in the field of public administration reform was delivered through consultancy contracts), there were inevitably some teething problems. Many of these early problems encountered, as identified in the ECA report were, or already have been, reviewed and taken into consideration by the Commission. These included the:

- Over-ambitious nature of some of the projects and expected results.
- Lengthy periods between needs assessment and project realisation.
- Complexity of some early Twinning arrangements, involving several MS and RTAs.
- Unrealistic nature of some of the mandatory results.

The Twinning mechanism process therefore required a degree of fine tuning during the early years. Projects were simplified where possible, and numbers of Twinning partners limited. While many of the early projects were over-ambitious, on those occasions where objectives were not achieved, longer-lasting benefits of network building as well as changes in attitudes and behaviour the objectives were, however, realised. The report also stipulated the need for sustainability, and evaluation of the results after the completion of the project.

The European Commission’s Twinning Manual is the most comprehensive source of information for all those involved in Twinning projects. The many changes over the years, reflecting experiences gained and best practices in the field of Twinning in general, have been incorporated into the manual. The latest edition is from May 2005.

In 2006, the ECA carried out a follow-up to the Special Report. The results of this audit will be published on the ECA Web site.

European Court of Auditors  
National Audit Office

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