

Act on control of public finance

Actual status: Interdepartmental comment procedure



Ministerstvo financí
České republiky

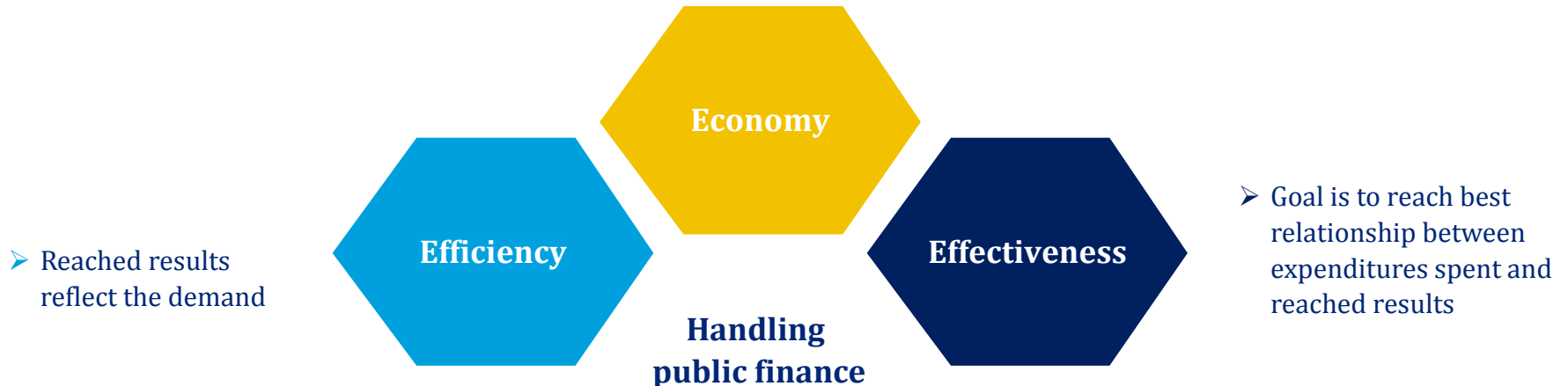
Obsah

- Principles of act on control of public finance
- Instruments for controlling public finance
- How do the core principles for the professional practice of internal auditing reflect on the act?
- Current status and timetable of future actions

Principles of the Act on control of public finance

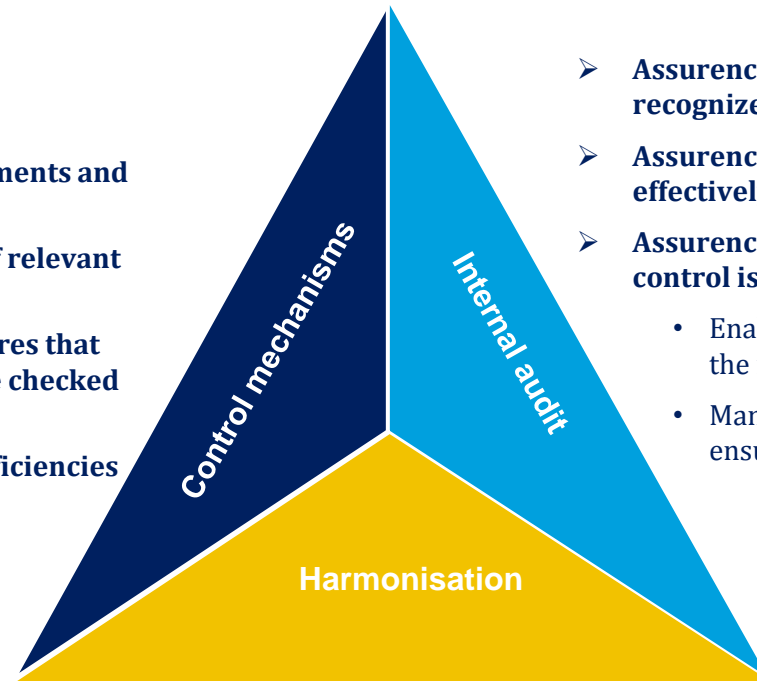
- **Objective : To protect public finance and ensure, that public finance will be handled according to 3E principles.**

- Resources are accessible in the right time, in sufficient amount, in adequate quality and for most favourable price



Instruments for controlling public finance

- Risk control
- Planning
- Define responsibility of departments and individuals
- Decision-making on the basis of relevant documents
- Creating audit trail, which ensures that decision-making process can be checked retrospectively
- Take measures to correct insufficiencies on time



- Assurance, that risks are being recognized on time
- Assurance, that risks are being effectively controlled
- Assurance, that system of internal control is reliable and effective:
 - Enables to make right decisions at the right time
 - Manages to identify mistakes and ensures remedy

- Methodical guidance for power structures
- Harmonizing the performance of control and internal audit throughout the public sector:
 - By forming environment for exchange of experiences
 - By unified methodological interpretation of the law
 - By continuous training

Core principles for the professional practice of IA	Act on control of public finance
Demonstrates integrity.	Audit report
Demonstrates competence and due professional care.	Authorization
Is objective and free from undue influence (independent).	Independence of internal audit Impairment to independence of internal audit Audit committee
Aligns with the strategies, objectives, and risks of the organization.	Definition of internal audit service Province of internal audit service
Is appropriately positioned and adequately resourced.	Criterion for mandatory establishment of internal audit Independence of internal audit
Demonstrates quality and continuous improvement.	External quality assesment
Communicates effectively.	Audit report
Provides risk-based assurance.	Planning of internal audit
Is insightful, proactive, and future-focused.	Definition of internal audit Types of audits
Promotes organizational improvement	Definition of internal audit

Setting up of audit committees

- Objective is:

- To strengthen quality and independence of internal audit within departments.
- To create platform for sharing experiences and good practice.

Government audit committee
(9 members)

- 3x representative of government
- 3x representative of Ministry of Finance (harmonisation of state audit service)
- 3x independent specialist (with prior practical experience in internal audit)



- 14x:
- 1x current employee of department
 - 1x current employee of Ministry of Finance (harmonisation of state audit service)
 - 1x independent specialist (with prior practical experience in internal audit)

- Government audit committee deals with key risks and problems, which are submitted by department audit committees.
- All other problems will be solved on department level according to subsidiarity principle.

Principles

Suggested principles

Practice

Current status and timetable of future actions

- **Objective:**

- **Temporal and logical connection to Act on contract awarding** - connecting 3E principles (Act on control of public finance) to principles of transparency, adequacy, equal treatment and anti-discrimination (Act on control of public finance)
- **Collective methodology for public expenditures (MF + MRD)** - put all 7 principles into practice

MT / departments / government

1. **Interdepartmental comment procedure**
(July / August 2015)
2. **Government legislative council**
(December 2015)
3. **Government** (January 2015)

Parliament

I. phase - legislative process

II. phase - law comes into force

(assumed effectiveness from 1. 1. 2017)

III. phase - going live + applicable methodology

(assumption July 2017)



Legend:



Any handling with public finance (MF: Act on control of public finance)



Government procurement (MRD: Act on contract awarding)

Contacts

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<http://www.mfcz.cz/cs/verejny-sektor/smart-governance>

<http://data.mfcz.cz/>