

STANDARD TWINNING PROJECT FICHE

1. Basic Information

1.1 Publication notice reference: EuropeAid/ 138-675/IH/ACT/TR

1.2 Programme: Annual Action Programme for Turkey for the year 2014 (IPA/2014/031874.02/TR/RRAA-PSAS), Indirect management, ex-post.

1.3 Twinning Number: TR 14 IPA FI 02 17 R

1.4 Title: Enhanced capacity for public sector accounting standards (PSAS)

1.5 Sector: Finance, internal market and economic criteria

1.6 Beneficiary country: Turkey

2. Objectives

2.1 Overall Objective(s): Overall objective is to improve transparency and accountability of government financial management system by means of further strengthening the implementation capacity and review of accounting practice of public sector accounting standards (PSAS)

2.2 Project purpose: The purpose of this project is to improve public accounting system and government financial statistics by means of

- organizing seminars, conferences, internship, workshops, training and pilot study activities on public sector accounting standards and EU best practices,
- increasing awareness about principals of PSAS and the implementation and revision capacity of PSAS,
- accelerating the EU accession negotiations through providing reliable statistical indicators.

2.3 Contribution to National Development Plan/Cooperation agreement/Association Agreement/Action Plan

IPA II Strategy Paper says that public financial management is an integral part of the public administration reform efforts and public financial management system covers a number of subsystems, including accounting and reporting, The Paper finds that comprehensive public financial management reform covering reforms in the different sub-systems is particularly relevant to the EU enlargement strategy. According to the Enlargement Strategy and Main Challenges for 2014-15, accountability is one of the key issues for public administration reform.

IPA II Strategy Paper also mentions that there is a need for further improving the data quality for statistics. And within the context of EU accession negotiations, a closing benchmark for Chapter 18 is specified as follows: "Turkey submits to the Commission (Eurostat) key national accounts indicators (GDP and GNI and main components) in accordance with ESA 95 (ESA 2010) together with a detailed description of the methodology used."

The Tenth Development Plan of Turkey for 2014-2018, designs a programme for statistical infrastructure development. Under this programme it is important to improve statistical information

infrastructure, to plan, conduct, and monitor statistical processes of all institutions, especially the TURKSTAT, playing role in producing statistical information. The General Directorate of Public Accounts (GDPA) under the Ministry of Finance is one of the important institutions playing a role in producing public financial statistical information. In addition to producing statistical information, the GDPA is responsible for preparation and dissemination of these statistical data. This statistical information includes national tables relating expenses, the GFS tables sent to the IMF and the TURKSTAT, and financial tables sent to the Central Bank. Statistical Infrastructure Development Programme also expresses that “Increasing the number and quality of the reliable statistics obtained with a participative, collaborative and planned statistical production process by scientific methods will also bring expansion of the statistical range required to in accordance with national and international needs”. Additionally, Fiscal Policy of Medium-Term Program (2016-2018) states that general government financial statistics will be published on regular basis in compliance with international standards and in adequate detail to meet the needs of users. Within this scope, harmonization to the EU standards in terms of review and implementation capacity of public sector accounting standards is among the specific targets of this project.

National Action Plan for EU Accession (January 2016-December 2019) identifies the steps to be taken for fulfilling the opening and/or closing benchmarks in Negotiation Chapters reported by the EU Commission. According to one of the closing benchmarks for Chapter 18: Statistics, as mentioned above, Turkey should submit to the Commission (Eurostat) key national accounts indicators (GDP, GNI and main components) in accordance with ESA 95 together with a detailed description of the methodology used. The requirement of compiling the accounting data of all the institutions included in General Administration and capacity building to develop statistical tables harmonised with ESA 95 was fulfilled between 2009 and 2011.

2014 Progress Report for Turkey states that “Turkey will need to align with the recent development in the European system of accounts towards ESA 2010.” Furthermore, “in the field of administrative infrastructure, Turkey, by the time of accession, will need to have established coordination structures and implementing rules for accurate collection, accounting, monitoring, payment and control of own resources as well as reporting to the EU.”, which is also mentioned in 2015 Progress Report. 2015 Report also states that “Submitting key national account indicators according to ESA 2010 and the methodology used is essential for further progress on the statistics chapter.”

According to the Public Consulting Paper (25 November 2013) by Eurostat Directorate D: Government Finance Statistics, the existence and quality of comparable and coherent accruals data for government entities are preconditions for the high quality of macro-accounting indicators used for the surveillance and coordination of fiscal and macroeconomic policies in the EU and for the transparency and accountability of the management of public entities. The main objective is, for all public entities belonging to the different subsectors of general government, to develop and implement harmonised

- accrual based public sector accounting standards,
- general purpose financial reporting standards.

According to Towards implementing harmonised public sector accounting standards in Member States report (6 March 2013) by European Commission, government finance statistics provide information on the accounts of the different sub-sectors of general government, so that policy makers and other stakeholders are able to analyse the financial position and performance of government and the longterm sustainability of public finances. The main sources of these statistics are the accounting records and reports of the various government entities, supplemented with financial information.

Reliable government financial accounts are essential for the preparation of national accounts and of course for fiscal planning, coordination and supervision.

Additionally, fiscal transparency is necessary for macroeconomic stability and for surveillance and policy advice. Harmonised standards for public sector accounting would enhance transparency, comparability and cost efficiency, and provide the basis for improved governance in the public sector. As asserted at a conference on “Towards implementing European Public Sector Accounting Standards” in Brussels in May 2013; “Inaccurate accounting contributes to ill-founded policy decisions, insufficient consolidation efforts when deficits and debts are underestimated, and eventually to a total collapse of confidence leading to refinancing problems. This unfortunately is what has been experienced in Europe. Europe has had its day of reckoning for inaccurate reporting of government accounts, and it has learnt the lesson.” The EU has built a sound and efficient economy management in order to ensure harmonization in policy activities at the national and EU level for the effective realization of the EU 2020 Strategy. “Stability and Growth Pact” including a number of rules was signed among 28 member states for creating and sustaining more sound in public finance. This Pact was supported by amendment proposals in some areas such as improving national budget framework referring predictions, implementations, accounting and statistics. The process of preparing and publishing general management financial statistics in accordance with international legislation, standards and regulations has been completed to a large extent. This project will move our country forward in statistics and will contribute to strengthening public finance in Turkey in its path to EU membership.

As emphasized in Report from the Commission to the Council and the European Parliament – Towards implementing harmonised public sector accounting standards in the Member States (COM(2013)114), Public Sector Accounting Standard is currently the only internationally recognised set of public-sector accounting standards. According to the same report, government activity accounts for a major part of gross domestic product (GDP) in all EU economies, and government assets and liabilities are substantial in all EU countries. It is therefore important that they are effectively managed and that governments are accountable for this management to their citizens, their representatives, investors and other stakeholders. Accrual-based accounting is the only generally accepted system that provides the necessary information in a reliable and timely manner. Furthermore, harmonised accruals-based government accounting improves transparency, accountability and the comparability of financial reporting in the public sector, and may serve to improve the efficiency and effectiveness of public audit.

This project aims at the continuation of the effective fulfillment of above mentioned priority by further strengthening the implementation capacity and review of accounting practice of public sector accounting standards (PSAS) for public financial management system. The process of preparing general management financial statistics according to international arrangements has been completed to a large extent. This project will ensure more clear and simple presentation of public financial statistics by increasing review and implementation capacity of public sector accounting standards. Therefore, it will enhance transparency, efficiency and accountability in public financial management system.

3. Description

3.1 Background and justification:

Ministry of Finance's General Directorate of Public Accounts (GDPA) has a comprehensive database including financial statistics based on accounting records of general government sector. There are different types of user groups having different requirements. For those users, GDPA improves the

accounting and publishing capacity day by day. As part of this purpose, benefiting from internationally recognized public sector accounting standards (PSAS) is very important. With this project government accounting system and government financial statistics will become closer to international standards by means of fulfilling PSAS and making the system meet European Union requirements.

Public Financial Management and Control Law (No 5018) rules Public Accounts and Financial Statistics. According to Article 49 The government accounting system shall be established and managed in a manner to constitute the basis for the preparation of financial reports and establishment of the final account and to ensure the efficient performance of the decision making, control and accountability processes.

According to Article 52 of the Law no 5018), financial statistics shall cover the financial transactions of the public administrations within the scope of general government. Within the framework of the principles of integrity, reliability, usefulness, methodological validity and accessibility and in consistency with the international standards, the financial statistics shall be prepared by the staff who has received proper professional training, on the basis of the data in the accounting records and by using statistical methods. During the preparation of the financial statistics, the administrators of public administrations shall take necessary measures for the creation of a suitable institutional environment.

Article 53 states that the financial statistics relating to public administrations within the scope of general government shall be compiled by the Ministry of Finance. The public administrations outside the scope of central government shall prepare their financial statistics in accordance with the predetermined principles and submit them to the Ministry of Finance within the prescribed periods.

It is also made essential by Article 53 that financial statistics are understandable and easily accessible by the users; However, government accounting standards have not been published completely yet and also not enough efforts have been made to raise the awareness of the institutions in this direction. The main reasons for the lack of implementation are as follows:

- 1- Lack of awareness and knowledge on importance and content of public sector accounting standards by government financial statements producers.
- 2- Need for revising and assessing the suitability and implementation capacity of government international standards.

Although earlier twinning projects have provided important insights on the concept of international government accounting standards, the suitability and implementing issues of PSAS are yet to be revised and assessed. Focusing totally in PSAS, this project will help increase transparency and accountability by reliable and coherent financial reporting. The project will enable us to clarify the conceptual framework and to adopt a set of key PSAS principles with the aim of common public sector accounting.

Considering the above-mentioned reasons, there is an urgent and strong need for further strengthening the implementation capacity and review of accounting practice of public sector accounting standards (PSAS) in the field of government accounting and government financial statistics (GFS). This need is much stronger in municipalities, development agencies, independent public agencies and funding intermediary institutions. As long as provided with project opportunity, Ministry of Finance General Directorate of Public Accounts has resource and experience to issue and supervise accounting rules for such institutions as well.

According to the report from European Commission called Towards implementing harmonised public sector accounting standards in Member States of 6.3.2013, Government activity accounts for a major part of gross domestic product (GDP) in all EU economies, and government assets and liabilities are substantial in all EU countries. It is therefore important that they are effectively managed and that governments are accountable for this management to their citizens, their representatives, investors and other stakeholders.

According to the IPA II Strategy Paper, it is still needed to further improve its data quality for statistics, including improving cooperation between the Turkish Statistical Institute and the main data providers.

3.2 Linked activities (other international and national initiatives):

A Twinning Project on Capacity Building for the Compilation of Accounting Data in All Institutions and Agencies within General Government Sector in the Context of E-Government (TR 05 IB ST 01) resulted in

- The scope of the general government sector is determined and issued as communique in accordance with ESA 2010 criteria with the joint works of the Ministry of Finance, the Ministry of Development, the Treasury, the Central Bank of the Turkish Republic, and the Turkish Statistical Institute.
- The data of the general government sector is compiled regularly in quarter periods.
- The bridge table converting compiled data into ESA 2010 detail codes was prepared.
- EDP tables and ESA tables are sent to the EUROSTAT annually with the joint work of the Ministry of the Finance, the Treasury and the Turkish Statistical Institute.

Another Twinning Project on Improving Data Quality in Public Accounts (TR 08 IB FI 02) resulted in

- Automatized software detecting accounting record errors in the public administrations within the scope of the general government was acquired and begun to be used actively. Moreover, awareness was created significantly for correcting errors in the reporting units within the scope.

This Project is also related to the Current Project on Capacity Building Concerning Presentation and Usage of the General Government Financial Statistic (TR12 IB ST 01).

The scope of general government sector was determined by the first twinning project and the compilation of the financial data related to the general government sector was commenced. The quality of the data was increased by the second project. Thus the General Directorate of Public Accounts had a rich and qualified database. At this stage, the requirement of presenting mentioned data appeared. Presentation of these data to different user groups according to their different requirements and meeting the deficiency in the field via building usage capacity are aimed by the intended third project. This project will be the complementary and the last step of these two projects.

3.3 Results:

The mandatory results to be achieved by the action are the following:

Component 1: Legal Framework is Revised

With this Component, international standard and EU requirements will be observed and understood and also awareness of officials about them will be increased by observing EU practices and short term experts, workshop, seminar.

Component 2: Structural Capacity is improved.

With this Component, structural needs will be analyzed and determined. Also publishing strategy of PSAS and principles of supervising will be understood and determined by observing EU members execution and short term experts.

Component 3: Principles and Suitability PSAS are revised and strengthened

With this Component, principles (Professional independence, impartiality, reliability, relevance, coherence and comparability accessibility and clarity) will be understood, also ethic code will be prepared and EU practices including principles and ethic code will be observed by short term experts, study visits, training, conference.

Component 4: The Review Capacity of Accounting Practices in Accordance with PSAS is strengthened

With this Component, review process of accounts prepared by PSAS will be observed and understood, also standards and applications of review activities will be understood and manuals will be prepared, besides, certification process of review professionals of EU will be observed and understood by short term experts, study visits, workshop, and internship.

Component 5: Pilot Activities are Organized

With this Component, all acquisition of this project will be tested by pilot activities.

3.4 Activities:

The activities mentioned in this Twinning fiche and the number of allocated working days per activity are only of indicative nature and can be later adjusted by agreement between the partner administrations.

The activities listed hereunder represent the minimum activities to be implemented in the course of the Twinning project. Member State(s) may propose additional activities in line with the methodology elaborated in its proposal.

Legislation review, study visits, workshops, and trainings are foreseen in order to reach envisaged results in the action. In order to ensure that action budget is used efficiently and effectively, it is planned that components such as legislation review, workshops and trainings will be held inside the country while study visits are planned to be made abroad.

Main activities planned within the scope of the Twinning Action “Enhanced capacity for public sector accounting standards (PSAS)” are as follows:

- Kick Off Event

Kick off event will be in the form of an event.

Component 1: Revising of Legal Framework

- 1.1. Revise PSAS published with short term experts.
- 1.2. Understanding of international standard and EU requirements with study visit and workshops.
- 1.3. Preparing of draft of PSAS that will be published with short term experts.
- 1.4. Harmonize PSAS and current regulations with workshops.
- 1.5. Organize seminar to increase awareness of PSAS for 100-150 participants.

Component 2: Improving Structural Capacity

- 2.1. Analyzing and determining of structural needs with short term experts.
- 2.2. Organize study visit of two different EU member states to observe implementation for two different type organisations publishing PSAS.
- 2.3. Understanding and determining of publishing strategy of PSAS with short term experts and study visit.
- 2.4. Determining of the review principles of PSAS with short term experts.
- 2.5. Determining of relationship between international organisations and Turkey for PSAS with short term experts.
- 2.6. Preparing of suggestions for structure with short term experts.

Component 3: Revise and Strengthen PSAS Principles.

3.1. Creating of principles of professional independence with short term experts.

- 3.1.1. Prepare ethic codes for professional who carry out and review PSAS with short term experts.
- 3.1.2. Organize study visit in a member state to observe practices on ethic code.
- 3.1.3. Revise professional certification process for accountants with short term experts.
- 3.1.4. Organize training activity for 50-100 participants about principles in Turkey.
- 3.1.5. Organize 1 weeks training activities in member states for training of trainers for 20-30 participants on principles (Professional independence, impartiality, reliability, relevance, coherence and comparability accessibility and clarity).

3.2. Review Impartiality, Legitimacy, Objectivity, Transparency, Competence and capacity, Cost effectiveness and Accountability for PSAS.

- 3.2.1. Create awareness on principles with conference for 50-100 participants on the principles above in Turkey.

3.2.2. Organize training activities in Turkey for 50 participants on review impartiality, legitimacy, objectivity, transparency, competence and capacity, cost effectiveness and accountability for PSAS.

3.2.3. Evaluate software systems which create financial statements prepared by PSAS with short term expert and study visit.

Component 4: Strengthen the Review Capacity of Accounting Practices in Accordance with PSAS

4.1. Determining of review standard with short term experts.

4.2. Prepare manuals with short term experts and workshops.

4.3. Assessing the need for professional certification of review professionals with short term experts.

4.4. Organize study visit in a member state to observe certification practices.

4.5. Organize training activity for 50-75 participants about standard and manuals in Turkey

4.6. Organize 1 month internship in two different member states to increase review capacity for 30 professionals in order to review accounts prepared by PSAS

4.7. Organize further training activities about reviewing practice of PSAS after internship for 50-100 participants in Turkey.

Component 5: Organize Pilot Activities

5.1. Organizing pilot implementation activity of PSAS on 5 public institutions with short term experts.

5.2. Organizing pilot review activity of PSAS on 5 public institutions with short term experts.

- Closing Event
Closing event will be in the form of an event.

3.5 Means/ Input from the MS Partner Administration:

3.5.1 Profile and tasks of the Project Leader

MS Project Leader is expected to be a high-ranking official who continues to work in his/her MS administration but devotes a portion of his/her time to conceiving, supervising and co-ordinating the overall thrust of the project. The MS Project Leader should commensurate with the requirement for an operational dialogue and backing at political level.

a) Qualifications:

- Knowledge in data mining, presentation of statistics, reporting, analyzing and presenting general government's financial data,
- High-ranking official, commensurate with an operational dialogue at Ministerial level;
- Overall appreciation of the problems and solutions in the sector;
- Capable of unblocking any problems at highest level;
- Good leadership skills;
- Good written and oral command of English.

b) Tasks:

- Overall project co-ordination;
- Co-chairing, with the Turkish PL, the regular project implementation steering committee meetings;
- The management of the team of long and short term experts;
- Mobilizing short term experts;
- The primary contact for all the communications, elaboration and delivery of all necessary inputs for ensuring proper implementation of the activities in accordance with the EC Rules; ▪ The fulfillment of the reporting requirements.
- Executing administrative issues (i.e. signing reports, side letters etc.).

3.5.2 Profile and tasks of the RTA

The RTA is expected to assist in finalizing the twinning contract, establish a work plan for project activities, facilitate the organization of workshops, particularly with the EU Offices (including Court of Justice, and specialized EU courts), identify contact persons, assist in identifying topics of discussion and case studies (both local and EU cases)

a) Qualifications

- Minimum of 3 year-experience in data mining;
- 3 years of experience in reporting and analyzing general government's financial data
- Knowledge in data mining as well as decision support mechanism
- Preferably a comparative knowledge of other Member States' systems;
- Experience in project management;
- Advanced university degree;
- Strong written, oral and inter-personal communication skills in English;
- Good communication skills and experience in developing, co-coordinating and conducting training programmes;
- Experience in managing a large team of experts;
- Knowledge of the EU legislation about all elements of the project
- Knowledge of Project Cycle Management and experience in preparation of procurement documents in accordance with the EU Practical Guide Rules for procurement,

b) Tasks

- The execution of the day to day management;
- To plan and coordinate outputs;
- Together with the Project Leader: to nominate and mobilize the short term experts;
- To supervise the short term experts;
- To coordinate and organize study visits, training activities, workshops and other activities;
- To ensure proper quality of outputs;
- To provide detailed reports on the impact of the project.

3.5.3 Profile and tasks of the short-term experts

STEs will have expertise for the tasks assigned and will share this expertise with their colleagues and peers from the beneficiary institutions. STEs are expected to be knowledgeable on financial reporting and analyzing, the EU Acquis and practices in this regard. These experts are expected to take part in the analysis of the Turkish legislation and organizational structure based on the best practices applied in the EU member states. Short-term experts depending on the workshop, seminar, round table will take part.

a) Qualifications:

- Good command of written and spoken English;
- Good communication skills;
- To have sufficient knowledge and experience on the EU best practice related to public financial reporting and analysing;
- At least 3 years of practical experience in the above mentioned fields

4. Institutional Framework

Action Management

The whole contract will be tendered as one. **Responsible body**

The Central Finance and Contracts Unit (CFCU) is the Contracting Authority and will be responsible for the tendering, contracting, administration, accounting, payments and financial reporting. The Director of the CFCU will act as Programme Authorizing Officer (PAO) of the project.

Beneficiary

The direct beneficiary for this project will be GDPA under the lead beneficiary organization, the Ministry of Finance.

The GDPA collects accounting data, evaluates data, prepares financial reports and collects accounting data from all general government units. The GDPA also examines and audits the accounts and transactions of accounting offices and institutions by its own controllers.

The General Directorate of Public Accounts of the Ministry of Finance is also responsible for developing guidelines, standards and methods and for monitoring their implementation in order to ensure coordination of the government accounting system.

In this scope, GDPA determines working principles and procedures of the accounting services units of the central government institutions and develop training programmes with a purpose to improve the accounting and reporting implementations in the line agencies/ministries.

Management Structure

The action shall be implemented and managed by (GDPA) in close coordination with the Twinning Team.

The beneficiary will establish a Project Management Unit (PMU) which will operate in GDPA premises. This unit will be responsible for the technical implementation of the action under the overall

supervision of the PAO. The PMU will be responsible for assisting the Twinning Partner in timely implementation of action activities. The results of activities during the implementation will be reported by interim quarterly action management reports. The purpose of the PMU will be; to ensure effective communication between the Twinning Partner’s action group and the Beneficiary; to co-ordinate the work of the operation on an ongoing basis and to allow the Beneficiary to be fully informed of operation activities. The PMU will meet at least once every three weeks during the action.

Roles and responsibilities of the Resident Twinning Adviser (RTA) Counterpart

RTA Counterpart will:

- Jointly work with the RTA in overall coordination of the day to day action implementation
- Draft the quarterly and interim action management reports with the RTA
- Review and implement the directions of the action Managers and PMU

Monitoring

For monitoring of the project management and activities, the project leader will prepare the monitoring reports to be submitted to the Ministry for EU Affairs as the National IPA Coordinator (NIPAC) and the Steering Committee. The Project leader will also prepare an Interim Evaluation Report for the evaluation of the project management and implementation. The Steering Committee will review the inputs of the reports, monitor the progress of the project .Below is a chart showing the composition of the members of the Steering Committee.

Steering Committee

The Steering Committee will be responsible for monitoring the project and deciding on the basis of the deliberations of its attendees, who are not observers, on any necessary changes to be made in the implementation of the project.

The Steering Committee will be held at least at the end of each quarter or as required by the implementation of the project to discuss the progress of the project, verify the achievement of the outputs and mandatory results and discuss actions to be undertaken in the following quarter. The Steering Committee will also discuss the draft of the quarterly report submitted to it beforehand, and recommend corrections.

The Steering Committee meetings will be held in Ankara and chaired by the project leaders of the MS and BC. The responsibility for the organisation of the Project Steering Committee meeting lies on both Project Leaders.

Name	Organization
Project Leaders	GDPA (MoF) and Twinning Partner
RTA	Twinning Partner
RTA Counterpart	GDPA (MoF)
Observer	EU Delegation
Procurement Officer	Contracting Authority
Representative	Ministry for EU Affairs
Representative	TURKSTAT
Representative	EU and Foreign Affairs Directorate of Turkish Ministry of Finance

Indicators for monitoring the training programme are divided into two parts, quantitative and qualitative. These indicators shall be included and presented as part of the progress reports mentioned above.

Quantitative indicators:

- Number, type and description of courses conducted year to date (ytd)
- Number of participants involved in the training programme for the last two months and "ytd"
- Number and description of educated Train the Trainers
- List of institutions with indication of number of participants and types of courses represented in the training in the last two months and "ytd"
- Participants' evaluating grids with a benchmark score for each course

Pilot Institutions

Following pilot institutions will be invited to pilot activity which is mentioned in the logical framework matrix.

Ministry of Transport, Maritime and Communications, Social Security Institution, Hacettepe University, Altindag Municipality, Ankara Development Agency.

5. Budget

The total budget for this Twinning Project is € 1.875.000. National contribution is %5 of the total budget (€ 93.750).

EU funded budget under IPA is € 1.781.250

6. Implementation Arrangements

6.1 Implementing Agency responsible for tendering, contracting and accounting

CFCU will be the Implementing Agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management, including payment of action activities. The director of the CFCU will act as Programme Authorizing Officer (PAO) of the action.

Central Finance and Contracts Unit

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6.2 Main counterpart in the BC, including contact person and contact details. Also include RTA counterpart and the BC Project leader

General Directorate of Public Accounts (GDPA), Ministry of Finance
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6.3 Contracts

The whole contract will be tendered as one.

7. Implementation Schedule (indicative)

7.1 Launching of the call for proposals (Date)

I Q 2017

7.2 Start of project activities (Date)

III Q 2017

7.3 Project completion (Date)

II Q 2019

7.4 Duration of the execution period (number of months)

18+3=21 months

8. Sustainability

The capacity of implementing and reviewing of public sector accounting standards developed by this action will have a long term increasing effect on data providers and users in Turkey. Institutions will continue to develop new standards and approaches to satisfy public expectations and Ministry of Finance will follow the new concepts and international standards developed by international community even after the termination of the twinning contract.

9. Crosscutting issues

Equal participation of women and men shall be ensured in the design and implementation of this project and for access to the opportunities it offers. The principle of ensuring equal access for men and women will be established as one of the main criteria in the selection of participants for the project's activities. All persons irrespective of gender enjoy equal opportunities when applying for training or work. Related gender-differentiated data shall be recorded (e.g. for participation in trainings) for monitoring purposes and be presented as part of progress reports and during the project's Steering Committee meetings. In case of imbalances, the Steering Committee may suggest corrective actions. All training activities and communication materials used in the project will be gender sensitive.

Participation ratios of all activities for male and female will be 50%.

The action has not any negative effect on environment.

The main users of the general government financial statistics are our stakeholders in the action at the same time. Our stakeholders are as follows:

- Legislative body (commissions and plenary session)
- Financial policy makers and implementers
- Economy units (the Ministry of Development, the Treasury, Central Bank, the Turkish Statistical Institute, Provincial Bank, and other economy units)
- Non-governmental organizations executing fiscal surveillance activities
- Citizens
- Researchers, students, and academicians
- Media organs.
- Audit officer

Their views on what issues are prior for them in the reports or in the early warning system to address will be a principle element in policy development.

According to the Turkish Constitutional System, the word “minorities” encompasses only groups of persons defined and recognized as such on the basis of multilateral or bilateral instruments to which Turkey is a party.

10. Conditionality and sequencing

There is no condition and sequence.

LIST OF ANNEXES

Annex I – Logical Framework Matrix

LOGFRAME PLANNING MATRIX		Programme name and number	
		-Annual Action Programme for Turkey for the year 2014 -IPA/2014/031- 874.02/TR/RRAA-PSAS	
Project Name Enhanced capacity for public sector accounting standards (PSAS)		Contracting period expires IV Q 2018	
		Execution period expires 18+3=21 months	
		Total budget	1.875.000 €
		IPA budget	1.781.250 €
Overall objective	Objectively verifiable indicators (OVI)	Sources of Verification	
To improve transparency and accountability of government financial management system by means of further strengthening the implementation capacity and review of accounting practice of public sector accounting standards (PSAS)	International and EU standards and best practices used by Public Financial Management and Financial Statistics.	- Regular reports of international institutions (OECD, SIGMA, IMF, IFAC etc.) and EU.	
Project Purpose	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
The purpose of this project is to improve public accounting system and government	Public accounting system and GFS are developed by using PSAS.	- Action reports. - Progress reports.	- Turkish government's dedication to prepare Turkey to accession.

<p>financial statistics by means of</p> <ul style="list-style-type: none"> • organizing seminars, conferences, internship, workshops, training and pilot study activities on public sector accounting standards and EU best practices, • increasing awareness about principals of PSAS and the implementation and revision capacity of PSAS, • accelerating the EU accession negotiations through providing reliable statistical indicators. 		<ul style="list-style-type: none"> - Annual reports of MoF. - General Government Statistics published quarterly. - Central Government Accounts Bulletin published monthly. - Local Government Accounts and Social Security Institution Accounts Bulletin published quarterly. 	<ul style="list-style-type: none"> - There will not be any significant policy changes in PFMCS.
Results	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions

<p>3. Principles and Suitability of PSAS are Revised and Strengthened</p>	<p>understood and determined.</p> <ul style="list-style-type: none"> □ Principles of supervising needs of PSAS are determined □ Relationship between international organisations and Turkey for PSAS is determined. □ Organisational suggestions are prepared. 	<p>- Training Questionnaires, Participation Records, Study Visit Reports.</p>	
<p>4. The Review Capacity of Accounting Practices in</p>	<ul style="list-style-type: none"> □ Ethic codes for professional who carry out and review PSAS are prepared. □ Study visit to observe practices is organized. □ Professional certification process for accountants is revised. □ Training activity for 50-100 participants on principles in Turkey are organized. □ 1 weeks training activities in member states for training of trainers for 20-30 participants on principles is organized. □ Awareness on principles with conference for 50-100 participants on the principles above is created. □ Training activities on the principles for 50 participants in Turkey is organized. □ Evaluate software systems which create financial statements prepared by PSAS with short term expert and study visit.. 		

	<p>□ Review standard with short term</p>		
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All activities will be conducted under a twinning contracts.			
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<p>2.3. Understanding and determining of publishing strategy of PSAS with short term experts and study visit.</p> <p>2.4. Determining the review principles with short term experts.</p> <p>2.5. Determining relationship between international organisations and Turkey for PSAS with short term experts</p> <p>2.6. Preparing of suggestions for structure with short term experts.</p> <p>3. Revise and Strengthen PSAS Principles.</p> <p>3.1. Creating principles of professional independence with short term experts.</p> <p>3.1.1. Prepare ethic codes for Professional with short term experts.</p> <p>3.1.2. Organize study visit in a member state to observe practices on ethic code.</p> <p>3.1.3. Revise professional certification process for accountants with short term</p>	<p>Short term experts, study visits, training, conference</p>		
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<p>experts.</p> <p>3.1.4. Organize training activity for 50-100 participants about principles in Turkey.</p> <p>3.1.5. Organize 1 weeks training activities in member states for training of trainers for 20-30 participants on principles (Professional independence, impartiality, reliability, relevance, coherence and comparability accessibility and clarity)</p> <p>3.2.Review Impartiality, Legitimacy, Objectivity, Transparency, Competence and capacity, Cost effectiveness and Accountability for PSAS.</p> <p>3.2.1.Create awareness on principles with conference for 50-100 participants.</p> <p>3.2.2.Organize training activities in Turkey for 50 participants on review impartiality, legitimacy, objectivity, transparency, competence and capacity, cost effectiveness and accountability</p>			
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<p>for PSAS.</p> <p>3.2.3. Evaluate software systems which create financial statements prepared by PSAS with short term expert and study visit.</p> <p>4. Strengthen the Review Capacity of Accounting Practices in Accordance with PSAS</p> <p>4.1. Determining review standards with short term experts.</p> <p>4.2. Prepare manuals with short term experts and workshops.</p> <p>4.3. Assessing the need for professional certification of review professionals with short term experts.</p> <p>4.4. Organize study visit to observe certification practices.</p> <p>4.5. Organize training activity for 50-75 participants on standard and manuals in</p>	<p>Short term experts, study visits, workshop, internship.</p>		
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Turkey			
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<p>4.6. Organize 1 month internship in two different member states to increase review capacity for 30 professionals in order to review accounts prepared by PSAS.</p> <p>4.7. Organize further training activities about reviewing practice of PSAS after internship for 50-100 participants in Turkey.</p> <p>5. Organize Pilot Activities</p> <p>5.1. Organizing pilot implementation activity of PSAS on 5 public institutions.</p> <p>5.2. Organizing pilot review activity of PSAS on 5 public institutions.</p>	<p>Short term experts</p>		
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NOTE: The abroad activities can be adjusted in contract phase.

Annex II – Relevant laws and regulations

EU legislation

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002

Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union

The Council Regulation (EC) No 2223 of 25 June 1996 on the European System of National and Regional Accounts

Commission Decision (2008/969/EC, Euratom) of 16 December 2008 on the Early Warning System for the use of authorising officers of the Commission and the executive agencies

Turkish legislation

Public Financial Management and Control Law (No:5018),

Decree of Council of Ministers on Implementing Official Statistics Programme,

General Government's Regulation on Accounting

Central Government's Regulation on Accounting,

Accounting Directive of Directorate of Social Security Institution

Local Administrations Regulation on Budget and Accounting

Basis and procedures on accounting practices of community facilities run by public institutions and organizations

Central Government's Budget Law,

Final Account Law,

Regulation on basis and procedures of arranging public administrations' final accounts

Reference to the National Development Plan

The tenth National Development Plan for the period 2014--2018 states in paragraph:

5.6. Increasing Quality and Effectiveness in Public Services

“294. In order to ensure effective management of the economic and social development process, it has become a requirement to provide public administration in Turkey, which has a centralized structure, with a contemporary understanding, structure and operation, where citizen oriented and high quality services can be provided in an effective and rapid manner and concepts such as flexibility, transparency, participation, accountability, responsibility and predictability are emphasized.”

Other Documents

2013-2017 Strategic Plan of the Ministry of Finance