



Practical Preparation for the Euro Changeover in Slovakia

Experiences in IT Sector

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- Slovakia Road to the Euro
- Basic Principles
- Changeover Timetable
- Domestic Changeover Timetable
- Institutional Structures for Changeover
- National Euro Changeover Plan
- Main tasks in IT and Statistics
- Information systems and statistics
- Monitoring
- Training & Technical assistance in transition
- What was helpful in Slovak transition & Recommendations



Slovakia Road to the Euro

- 2003 (6 y) Strategy for Euro Adoption in the Slovak Republic
- 2004 (5 y) Specification of the Strategy for Euro Adoption in the Slovak Republic
- 2005 (4 y) National Euro Changeover Plan, Design for Euro Coins
- 2007 (2 y) National Euro Changeover Plan update, preparation in sectors, preparation for the campaign (tenders)
- 2008 (1 y) National Euro Changeover Plan update, preparation in sectors, double pricing, campaign
- 2009 **E day** Dual pricing, campaign continues





Basic Principles

- Cash and Non Cash at the same day 1.1.2009 (Big-Bang scenario)
- Short dual circulation period (until 16.1.2009)
- Conversion rate set by the Council of EU
- Continuity of contracts
- Rounding rules
- Not harm the citizens or consumers
- Minimizing costs
- Retaining material and financial responsibility



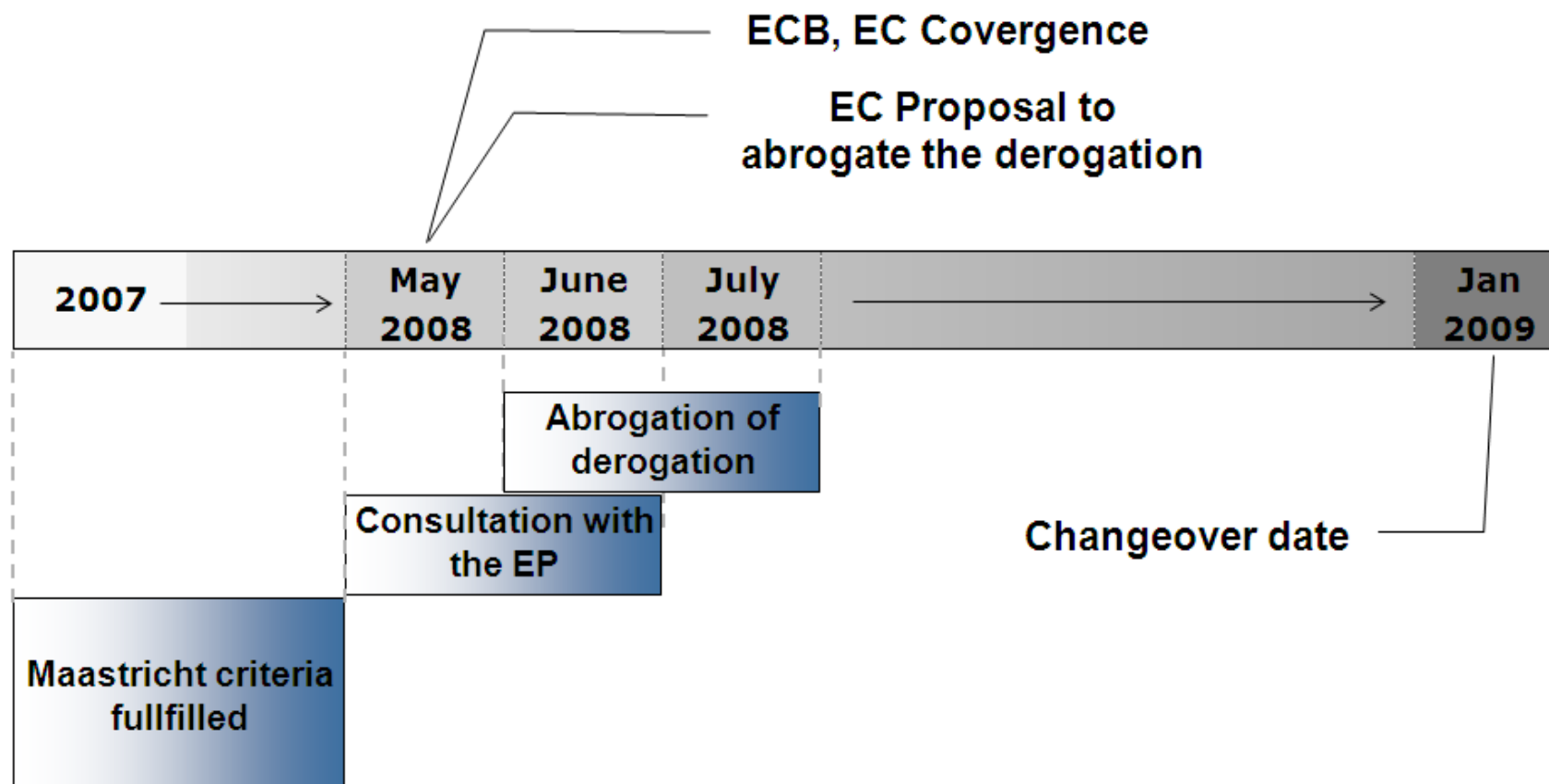
Changeover Timetable

- Maastricht criteria fulfilled 2007 to May 2008
- ECB, EC Convergence reports May 2008
- EC Proposal to abrogate the May 2008
- derogation
- Consultation with the EP May/June 2008
- Abrogation of derogation June/July 2008
- Conversion rate set
- **Changeover date 1.1.2009**





Changeover Timeline



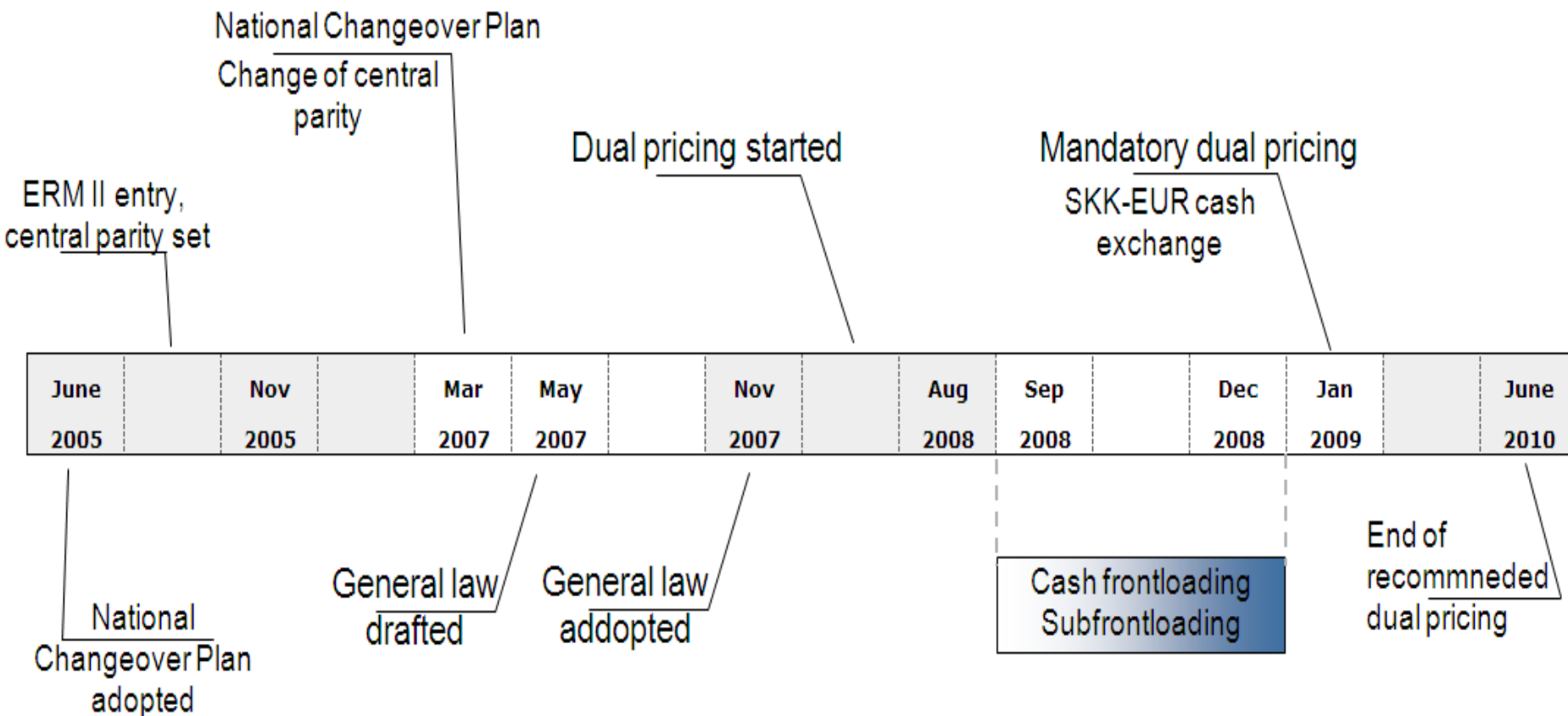
Domestic Changeover Timetable

- June 2005 National Changeover Plan Adopted, structures set
- Nov. 2005 ERM II entry, central parity set
- March 2007 Update National Changeover Plan, Change of central parity
- May 2007 General law drafted
- Nov.2007 General law adopted
- Aug.2008 Dual pricing started
- Sep.-Dec. 2008 Cash frontloading, Sub frontloading
- 2009 Mandatory dual pricing, SKK-EUR cash exchange
- Till June 2010 Recommended dual pricing





Domestic Changeover Timetable





Institutional Structures for Changeover

National Coordinator

- National Coordination Committee
Government Plenipotenciary

Working Committees

- Banks and Financial Sector
- Public Administration (including IT and Statistics)
- Legislation
- Non-Financial Sector and Consumer Protection

Working Groups

- for Changeover in every organisations





National Euro Changeover Plan

- Detailed organisational steps, responsibilities, deadlines
- Open document – tasks can be changed or amended – update annually
- 4 sectors (financial sector, public administration, bussiness, legislation)
- 2 sub-section areas (information and statistical systems, communication)
- Satisfactory fulfillment of tasks (EC positive assesment in reports)





Main tasks in IT and Statistics

- Analysis of information systems with potential impact on the changeover (financial information)
- Monitor the mutual interconnection of systems
- Define affected systems and their quality from logical and technological aspects
- Setting priorities for conversion of information systems
- Identified lists of recalculated statistical data
- Prepare software solutions for recalculation of large information databases according to the nature and structure of individual data stores



Tasks in information systems and statistics

- Create a matrix of IS and perform a specialized audit of IS in the public sector
- Prepare methodological guidelines for the creation of new IS
- Draw up and publish methodological guideline for the conversion procedure with historical data and a list of critical factors to which attention must be paid
- Prepare recommendations for the private sector concerning the building of new IS, adjustments to the existing IS, conversion of historical and statistical data
- Prepare and publish the adjusted statistical forms and the conversion methodology for statistical data
- Perform an integration test of central systems for the field of public finance management



Monitoring

MF SR – central coordinator of the public administration

- Working committee for public administration – MF SR
- Working committee for informatics and statistics

Note: ineffective cooperation between committees in the area of coordination

Countermeasure:

- Proposal on working committees unification presented by the Plenipotentiary of the Slovak Government for the Introduction of the EURO (14 February 2008)
- Proposal was approved by the Governmental Decree No. 236/2008 dated on 16 April 2008





Main legislation (July 2008)

- Act No. 659/2007 Coll. on Introduction of Euro in the Slovak Republic (General Act)
- Decree of the Ministry of Finance of the Slovak Republic No. 75/2008 Coll. of 27 February 2008 determining the rules for reporting, conversion and rounding of monetary data in relation to the changeover to the euro, for the purposes of accounting, taxes, and for customs purposes
- Decree of the Ministry of the Economy No. 97/2008 Coll. on the details of dual display with regard to consumer protection.
- (Proposal) Decree of the Ministry of Interior
- (Proposal) Decree of the Ministry of Labour, Social Affairs and Family of the Slovak Republic
- (Proposal) Decree of the Ministry of Health
- Aggregate was changed 221 laws, 27 regulations and more than gov. decrees



Coordination of activities

- Questionnaire - 10 questions (prepared by the MF SR)
- Public administration divided into four sectors (15 February 2008)
 - State administration (MF SR)
 - Higher territorial units (SK8)
 - Towns (municipalities) (The Union of Cities of Slovakia)
 - Villages (municipalities) (Association of Slovak Cities and Villages)
- Monitoring done in four rounds
 - February 2008
 - May / Jun 2008
 - August 2008
 - November 15. 2008
- Results processing and countermeasures proposing (MF SR)



Preparedness monitoring

Monitoring - 1st round (February 2008)

- **Result processing till 15 March 2008**
- **Control questions:**
 - Do you have EURO team?
 - Did you appoint responsible person?
 - Is the modification of IS needed for EURO conversion?
 - Did you appoint responsible person for each IS?
 - Did you analyze processes that will be affected with the conversion?
 - Do you have process documentation for IS that will be affected by the conversion?
 - Do you have a list of IS that will be affected by the conversion?
 - Has IS testing been completed?
 - Has IS testing been completed internally or externally?
 - Have IS prepared for EURO been deployed in production?



Preparedness monitoring

Results after 1st round of monitoring (165 subjects)

- Institution of State Administration 96 subjects
- Higher Territorial units 8 subjects
- Towns 51 subjects (after deadline with urgency)
- Villages 0 subjects (none received)

Short summary of results

- Testing activities had not started yet
- Coordination in municipalities (villages) – total failure
- Results were not satisfactory



Preparedness monitoring

• 2nd round of monitoring (13. May – 15. June 2008)

Results processed by 30. June 2008

Results after 2nd round of monitoring (363 subjects)

• Institutions of State Administration	86 subjects
• Higher Territorial units	8 subjects
• Towns	111 subjects
• Villages	158 subjects (out of 2900)

Conclusion:

- Only 18% subjects started testing activities
- **Serious defections** were identified in villages and schools



	Question	Answer	
		Yes	No
1.	Do you have EURO team?	331 (67,97%)	156 (32,03%)
2.	Did you appoint responsible person?	385 (79,06%)	102 (20,94%)
3.	Is the modification of IS needed for EURO conversion?	436 (89,53%)	51 (10,47%)
4.	Did you appoint responsible person for each IS?	359 (73,72%)	128 (26,28%)
5.	Did you analyze proceses that will be affected with the conversion?	310 (70,59%)	177 (36,34%)
6.	Do you have process documentation for IS that will be affected by the conversion?	198 (40,66%)	289 (59,34%)
7.	Do you have a list of IS that will be affected by the EURO conversion?	376 (77,21%)	111 (22,79%)
8.	Has IS testing affected by the EURO conversion been completed?	88 (18,07%)	399 (81,93%)
9.	Has IS testing been completed internally or externaly?	90 (18,48%)	397 (81,52%)
10.	Have IS prepared for EURO been deployed in production?	6 (1,23%)	481 (98,71%)

Ensuring the control mechanism I.

Session of the working committee for public administration

Proposed countermeasures:

- Recommendation to prepare special courses for first contact persons
- Presentation of qualified estimation of costs connected with euro changeover and impacts of rounding
- The possibility for entrepreneurs to involve cost from euro changeover into tax expenses (proposal)
- Presentation of task fulfillment reports in 1 month period (originally three months)
- Publication of F&Q on Euro webpage





Ensuring the control mechanism II.

Supreme Audit Office of the Slovak Republic

- **Controls:**
 - **Urgent creation of methodic, MF SR – SAO SR**
 - State Organization and Institution
 - Municipalities (regions, towns, villages)
- **Aim:**
 - Adherence to principles of spending in relation to the introduction of the euro(laws, regulations, task fulfillment inspection in coordination with the MF SR
 - Identification of problems and vulnerabilities
 - Adoption of effective countermeasures in the **coordination of MF SR**

The threat of financial penalty from the SAO SR !!!



Question in the 3rd round: (August 2008)

	Question	Answer	
		Yes	No
1.	Has testing of IS affected by the conversion been completed?	548 (83,79%)	106 (16,21%)
2.	Has the dual display been already launched ?	632 (96,64%)	22 (3,36%)
3.	Have the EURO changeover been deployed in production?	403 (61,62%)	251 (38,38%)
4.	How is the storage of historical data in IS done (older than 1st January 2009) ?	233 EUR (26,72%)	639 SKK (73,28%)
5.	Do you suppose any problems with regard to the preparedness of IS for EURO conversion on 1. January 2009?	40 (6,12%)	614 (93,88%)



Questions in the 4th round: (15 November 2008)

	Question	Answer	
		Yes	No
1.	Will the testing of affected IS by the conversion be finalized till 23. December 2008 ?	777 (98,23%)	14 (1,77%)
2.	Do you suppose any problems with regard to the preparedness of IS for EURO conversion on 1. January 2009?	37 (4.68%)	754 (95,32%)

Summary findings: State administration MP SR, towns, villages - 4,68 % suppose problems with regard to the preparedness of IS for EURO conversion on 1. January 2009?

- State administration (16 out of 213 organizations signaled problems)
10 ten institution is from MP SR (in IS – SAP),
- Higher territorial units – no problems,
- Towns (5 out of 121 organizations signaled problems),
- Villages (16 out of 177 villages signaled problems).





Training

- Training plan as part of Action Plan for euro introduction in every organization
- Quartely monitored
- Training leader Ministry of Finance
- Training strategy in Tax and Customs administration
- Training strategy in Slovak Post
- Special Training for first meeting personel.





Technical assistance

- Handbook for euro introduction in public administration
- Conferences, seminars, lectures
- Information for businesses on rules for taxes, accounting, reporting, statistics
- Euro webpages on portals of Ministries
- Frequently asked questions
- Consultation with other Working Committees, plenipotenciary, jointly solving open questions



What helped in our case

- Favourable external environment (good times in EU, increasing role of euro in international relation)
- Political consensus and broad public support for euro introduction in Slovakia
- Sufficiently in advance fixed date of euro introduction
- Good defined National Plan for euro adoption
- Functional institutional structure with competent persons involved in the proces





Recomendation

- Good relation with European Commission at various level
- Using experiences of new Members of Eurozona
- Find out the optimal way of communication and the most effective solution
- Use National Audit Office for control of preparedness of public sector
- On way monitoring of public about progress in preparedness not only via oficial reports but also via media, lectures, seminars





Thank you for your attention

