



EUROPEAN COMMISSION  
INTERNAL AUDIT SERVICE

# **Internal Audit Service Management Plan 2013**

## 1. MISSION AND VISION STATEMENT OF THE IAS

### Mission

The purpose of the Internal Audit Service is to contribute to effective implementation of policies, programmes and actions and to efficient and economical management of resources by the European Commission and EU agencies and other EU autonomous entities.

The IAS audits the management and control systems that exist within the Commission and the EU autonomous entities and provides independent and objective assurance on their adequacy and effectiveness. On request of management, it also offers consulting activities.

The IAS carries out its mission in accordance with the Financial Regulation of the European Commission and the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors (IIA). Its **independence** is guaranteed in its Mission Charter.

The Secretariat of the Audit Progress Committee (APC) is administratively attached to the IAS. The Secretariat drives planning and implementation of APC activities and ensures effective fulfilment of its mandate. For matters related directly to the work of the APC, the Secretariat operates independently within the IAS reporting directly to the Cabinet of the APC Chair.

### Vision

- A service which contributes to providing **value for money** for European citizens and helps the Commission in its objective to achieving a **positive DAS**, and thus to increasing public confidence in the European Union.
- A service which contributes to the promotion of a **culture of effectiveness, efficiency and economy** within the Commission and EU autonomous entities with a view to bringing about **continuous improvement**.
- A **mature** internal audit service committed to **quality** and **excellence**, which builds on its quality certification and a culture of career-long learning, and aspires to be recognised as a **benchmark** for public sector audit functions.

## 2. THE IAS 2013 CHALLENGES

The IAS is now a mature internal audit service but is still evolving. Its main challenges for 2013 will be:

- To further develop its practice of carrying out performance audits, focussing on the effectiveness, efficiency and economy of use of EU resources. This is of especial relevance in view of the IAS mission to provide added value for the Commission and EU entities and planned reduction/reallocation of staff over the coming years.

- To ensure an efficient and effective allocation of internal resources in view of the impact that the changing external environment may have on the audit universe (such as the new tasks in the area of economic governance, MFF), as well as to take account of planned reduction/reallocation of staff over the coming years.
- To develop a new approach to risk-driven planning of audits in EU autonomous entities.

### **3. OBJECTIVES AND PRIORITIES AT THE LEVEL OF THE ABB ACTIVITIES**

Title 28 of the ABB nomenclature covers the activities of the policy area 'Audit'. It includes two internal audit activities (Internal Audit of the Commission and Internal Audit of the EU agencies and other bodies<sup>1</sup>) and the two horizontal activities which are attached to all policy areas. The budget allocation for the IAS is not split between the five activities, but entirely included under the heading administrative expenditure of Audit policy area. The IAS human resources and financial management, and IT support tasks, have been outsourced under Service Level Agreements.

#### **3.1 Specific objectives for operational activities**

##### **ABB activity: Internal Audit of the Commission**

The aim of this ABB activity is to contribute to the effective and efficient performance of all Commission activities by providing independent and objective assurance and consultancy work. This will include auditing the internal control systems in order to assess their effectiveness and, more generally, the performance of departments in implementing policies, programmes and actions with a view to bringing about continuous improvement. It will also seek to help, by means of its opinions, advice and recommendations with regard to the controls of risks, the safeguarding of assets, compliance with rules, accurate and reliable accounting and management information, the quality of internal control and, finally, the effectiveness and efficiency of operations.

---

<sup>1</sup>

Self-financing decentralised agencies and other EU entities receiving contribution from EU budget.

ACTIVITY: INTERNAL AUDIT OF THE COMMISSION		
SPECIFIC OBJECTIVE: Delivery of high quality assurance and consulting services based on the risk-based audit plan for 2013		
Result Indicators	Latest known results	Target (mid-term)
Acceptance rate of critical and very important recommendations	100% (June 2012)	At least 95%
Stakeholders satisfaction on usefulness of IAS recommendations (stakeholders' survey)	85%	At least 85% <sup>2</sup>
Main outputs in 2013		
Audit and consulting reports as planned for 2013, comprising opinion & recommendations		

ACTIVITY: INTERNAL AUDIT OF THE COMMISSION		
SPECIFIC OBJECTIVE: Together with the Chair of the Preparatory Group, drive the planning and implementation, including all necessary administrative and logistical support, of the APC annual work programme to ensure effective fulfilment of the APC's responsibilities in line with its Charter.		
Result Indicators	Latest known results	Target (mid-term)
APC members' satisfaction (e.g. invitations, agenda, briefings, minutes) with the APC Secretariat (stakeholders' survey)	100% (January 2012)	At least 85%
Main outputs in 2013		
Adopted annual work programme Minutes APC meetings Information notes reporting matters deserving the attention of the College APC annual report		

<sup>2</sup> Considering the fluctuation of the perception based result indicators, the healthy ranged is considered between 85-100%

ACTIVITY: INTERNAL AUDIT OF THE COMMISSION		
SPECIFIC OBJECTIVE: Assure a permanent and effective follow-up of audit recommendations		
Result Indicators	Latest known results	Target (mid-term)
% of critical and very important recommendations overdue for more than 12 months out of those issued over the last 5 years	3% (June 2012)	At most 5%  Achievement of the objective depends <i>in fine</i> on action taken by DGs / services
Main outputs in 2013		
Bi-annual follow-up reports to the Audit Progress Committee		

**ABB activity: Internal Audit of the EU agencies and other bodies**

The aim of this ABB activity is to contribute to the effective and efficient performance of the bodies covered by article 200 and 201 of the revised Financial Regulation by providing independent and objective assurance and consultancy work. This will include auditing the internal control systems in order to assess their effectiveness and, more generally, their performance in implementing policies, programmes and actions with a view to bringing about continuous improvement. It will also seek to help, by means of its opinions, advice and recommendations with regard to the controls of risks; the safeguarding of assets; compliance with rules; accurate and reliable accounting and management information; the quality of internal control and, finally, the effectiveness and efficiency of operations.

<b>ACTIVITY: INTERNAL AUDIT OF THE EU AGENCIES AND OTHER BODIES</b>		
<b>SPECIFIC OBJECTIVE: Delivery of high quality assurance and consulting services to EU agencies and other bodies, based on the risk-based audit plan for 2013</b>		
Result Indicators	Latest known results	Target (mid-term)
Acceptance rate of critical and very important recommendations	100% (June 2012)	At least 95%
Satisfaction of stakeholders in the agencies and other entities on usefulness of IAS recommendations (stakeholders' survey)	92.3% (January 2012)	At least 85%
Main outputs in 2013		
Audit reports as planned for 2013, comprising opinions & recommendations		
<b>ACTIVITY: INTERNAL AUDIT OF THE EU AGENCIES AND OTHER BODIES</b>		
<b>SPECIFIC OBJECTIVE: Assure a permanent and effective follow-up of audit recommendations</b>		
Result Indicators	Latest known results	Target (mid-term)
% of critical and very important recommendations overdue for more than 12 months out of those issued over the last 5 years	32.3% (December 2011)	At most 10%
Main outputs in 2013		
Annual reports to agencies and other bodies listing status of recommendations		

### 3.2 Specific objectives for horizontal activities

#### **ABB Activity: Policy strategy and Coordination for the IAS**

The aim of this ABB activity is to support the IAS and the audit process and to increase the awareness and information of our internal and external partners on the importance of the audit work.

<b>ACTIVITY: POLICY STRATEGY AND COORDINATION FOR THE IAS</b>		
<b>SPECIFIC OBJECTIVE: Increase understanding on the IAS role in contributing to good governance and sound financial management through disseminating information within the Commission and the EU agencies and within the internal audit community</b>		
Result Indicators	Latest known results	Target (mid-term)
Percentage of stakeholders acknowledging the IAS contribution to improving the efficiency and effectiveness of operations, the quality of management and control systems and its contribution to ensuring value added in the use of resources in the Commission and the EU agencies. (stakeholders' survey)	85,2% (January 2012)	At least 85%
Percentage of stakeholders recognising IAS contribution in providing guidance and disseminating good practices. (stakeholders' survey)	36% (January 2012)	At least 70%
Main outputs in 2013		
International internal audit conference for the public sector internal auditors		

#### **ABB activity Administrative support**

The aim of this ABB activity is to ensure an effective and efficient human resources and financial management within the IAS. The IAS human resources and financial management and IT support tasks have been outsourced respectively to DG HR and DIGIT.