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COMMUNICATION TO THE COMMISSION

from Commissioner Reynders in agreement with the President

**UPDATE OF THE CHARTER OF THE AUDIT PROGRESS COMMITTEE OF THE
EUROPEAN COMMISSION**

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1. BACKGROUND

The Audit Progress Committee of the European Commission was established in October 2000 as an advisory body to assist the College of Commissioners in fulfilling its obligations under the Treaties and under other statutory instruments and agreements¹. The requirement for all EU institutions to have an internal audit progress committee was enshrined in the Financial Regulation in 2018².

The Audit Progress Committee is tasked with ensuring the independence of the Internal Audit Service, monitoring the quality of internal audit work, and ensuring that internal and external (i.e. from the European Court of Auditors) audit recommendations are properly taken into account by the Commission departments and that they receive appropriate follow-up.

Although the Audit Progress Committee has no management powers, audit committees generally enhance public trust that organisations are well-managed and strengthen the independence and value of the internal audit activity. The active engagement of the members of the committee is of key importance to ensure that it meets its objectives.

The Audit Progress Committee operates on the basis of a Charter. Its Charter was last updated in 2017³ and 2018⁴ in response to audit recommendations from the European Court of Auditors and the Internal Audit Service concerning governance at the Commission. The number of external members was increased from two to three and further improvements to the Audit Progress Committee mandate were made concerning risk management and financial reporting. In particular, the committee now scrutinises the follow-up to audit recommendations relating to the reliability of the EU's annual consolidated accounts and it also receives an overview of all critical risks identified by the Commission's management. It cross-checks the latter with the risk assessment results of the Internal Audit Service. The Audit Progress Committee is supported by a reinforced Secretariat that is functionally independent from the Internal Audit Service.

With the recent updates applied to its Charter, the Audit Progress Committee has evolved into a mature and effective actor in the Commission's governance structures. It is important to ensure throughout the mandate of the new Commission that the Audit Progress Committee continues to play its important role in enhancing governance, organisational performance and accountability across the entire organisation. This updated Audit Progress Committee Charter for the 2019-2024 period builds on the strengths of the previous Charter. It also reflects the required changes in the Audit

¹ SEC(2000)1808/3.

² Ref. Article 123 of Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union, repealing Regulation (EU, Euratom) No 966/2012 (2012 Financial Regulation).

³ Communication to the Commission, Update of the charter of the audit progress committee of the European Commission, C(2017) 2225 final of 4 April 2017.

⁴ Communication to the Commission, Update of the charter of the audit progress committee of the European Commission, C(2018) 7707 final of 21 November 2018, Parts 1 and 2.

Progress Committee membership as a result of the new College taking office on 1 December 2019.

2. COMMISSION DECISION

Reflecting these points, the Commission decides:

- a) To approve the attached Charter that defines the mandate of the Audit Progress Committee while reconfirming its important role in enhancing governance, organisational performance and accountability across the Commission;
- b) To confirm Commissioner Reynders as Chair of the Audit Progress Committee⁵; to appoint Commissioner Hahn, Commissioner Gabriel and Commissioner Ferreira as members of the Audit Progress Committee for the whole mandate; and to appoint Commissioner Breton and Commissioner Johansson as members of the Audit Progress Committee for the first half of the mandate (to end July 2022); and to appoint Commissioner Vălean and Commissioner Urpilainen as members of the Audit Progress Committee for the second half of the mandate (from August 2022);
- c) To reconfirm Mr Jean-Pierre Garitte and Mr Michael Schrenk as external members of the Audit Progress Committee, whilst noting that a third external member and future external members replacing outgoing external members will be appointed in due time, to be selected by Commissioner Reynders in agreement with Commissioner Hahn on the basis of an open and transparent procedure.

⁵ Ref. P(2019) 1, Decision of the President of the European Commission of 1 December 2019 on the organisation and responsibilities of the Members of the Commission.