



Strategic Plan 2016-2020*

Internal Audit Service (IAS)

*The current Commission's term of office runs until 31 October 2019. New political orientations provided by the incoming Commission for the subsequent period will be appropriately reflected in the strategic planning process.

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PART 1. Strategic vision for 2016-2020

A. Mission statement

The **mission** of the Internal Audit Service (IAS) is to provide to the Commission and EU autonomous bodies (hereafter 'audited entities') independent, objective assurance and consulting services designed to add value and to improve their operations.

Through its audit work, the IAS contributes to the effective implementation of policies, programmes and actions and to the efficient and economical management of resources by the audited entities. In this way, it contributes to providing **value for money** for European citizens. It also helps the Commission in its objective to protect the budget from irregular expenditure and thus to increase public confidence in the European Union.

The IAS audits management and control systems that exist within the audited entities and provides **independent and objective assurance** on their adequacy and effectiveness. At the request of management, it also offers consulting activities. The IAS contributes to the promotion of a **performance culture** (economy, efficiency and effectiveness) with a view to bringing about **continuous improvement**. It also contributes to the **identification of critical risks** that may adversely affect the achievement of the audited entities' objectives and to the definition of mitigating actions.

The IAS carries out its mission in accordance with the Financial Regulation (FR) of the European Commission and with the International Standards for the Professional Practice of Internal Auditing¹ and the Code of Ethics of the Institute of Internal Auditors (IIA Standards). Its **independence** is guaranteed by Art.100 of the Financial Regulation, the IAS Mission Charters² and regarding the work in the European Commission by the Audit Progress Committee.

B. Operating context

In order to achieve its mission, the IAS uses a systematic and structured process, including a detailed audit risk assessment, to develop its **strategic audit plans** for the Commission and EU autonomous bodies. The strategic audit plans set out the audits to be carried out by the IAS over a period of three years and are intended to contribute to improving the effectiveness risk management, control and governance processes of the audited entities. The starting point for developing a strategic audit plan is to obtain a thorough understanding of the audited entities, their objectives and the key risks they face in achieving them. The strategic audit plans are drawn up to address the identified risks where judged to be significant. The audit plans are reviewed each year to reflect changes within the IAS and new and emerging risks faced by the Commission and EU autonomous bodies.

Audit engagements are carried out in case significant risks to the audited entity were identified through the audit risk assessment. Where weaknesses are identified in the course of the audit, recommendations are issued. These recommendations aim at mitigating the related risks in a cost-effective manner, thereby adding value to the audited entity. The implementation of the accepted recommendations is verified through dedicated follow-up audits.

¹ IIA Standard 2000: "The CAE must effectively manage the IA activity to ensure its added value to the organisation."

² For its work in Agencies and EU autonomous bodies, the mission of the IAS and the independence of the Internal Auditor are also defined in the Financial Framework Regulation and the Model Financial Regulation.

For the Commission and Executive Agencies, audits of a financial nature contribute to the yearly **overall opinion of the IAS on financial management in the Commission**. The overall opinion consolidates the IAS' work in the area of financial management and is intended to contribute to the preparation of the Synthesis report of the Commission's management achievements. In addition, as from 2016, the IAS will issue a **conclusion on the state of internal control** (limited type assurance³) to individual DGs/Services of the Commission and Executive Agencies as a contribution to the preparation of their Annual Activity Reports.

Consultancy engagements are carried out on specific request of an audited entity. These are accepted provided the IAS has sufficient knowledge in the specific area. For consultancy engagements, the IAS identifies 'issues for consideration', which are not subject to follow-up engagements.

The IAS actively manages its operational performance through a detailed planning of audit tasks, allocation of staff to engagements, close monitoring of the respect of deadlines and milestones for all audits, detailed time recording for all staff and the regular analysis of the differences between budget and actual time spent on each audit.

In addition, the IAS periodically surveys its auditees on whether they consider that the audits and recommendations satisfactorily covered the risks and processes in their entity, added value to the auditees' operations and contributed towards effective risk management. In order to complement the information from the auditees, similar questions are addressed to the Audit Progress Committee (APC) concerning the Commission audits and the responsible Management Boards for the Autonomous Bodies' audits.

External factors

While the IAS can control the quality of its outputs (audit and consultancy reports), it cannot control the results and impact of its work. For this, the IAS depends on (a) the acceptance by the audited entity of the IAS' recommendations/issues for consideration and (b) on the timely implementation of the mitigation actions by the audited entity resulting from an audit or a consultancy engagement.

However, the Audit Progress Committee (APC) - to which the IAS reports its audit work in the Commission and the Executive Agencies - follows closely the acceptance and implementation of IAS' recommendations and takes action where necessary, which has a considerable persuasive effect vis-à-vis the audited entities concerned.

C. Strategy

The IAS, as a horizontal service in the Commission contributes to the Commission's general objective:

"To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents."

³ The IAS conclusion on the state of internal control is limited to the management and control systems which were subject to an audit and does not cover those which had not been audited by the IAS or the IAC in the past three years (hence "limited" rather than "reasonable" assurance)

General objective No 11 ⁴	
To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.	
Impact indicator: Trust in the European Commission Source: Eurobarometer on Public Opinion in the European Union	
Baseline (2015): 40% tend to trust	Target (2020): Increase
Impact indicator: Staff engagement index in the Commission Source: European Commission	
Baseline (2014): 65.3%	Target (2020): Increase

The IAS contributes to this general objective, in particular, to the protection and management of assets and resources by performing audits and consulting services in an effective and efficient manner and by providing re-assurance to the audited entities. For the IAS, this general objective can therefore be broken down into three specific IAS objectives as follows:

Specific objective 1: To ensure that the work of the IAS adds value to the Commission services and EU autonomous bodies and contributes to the improvement of their operations (external dimension).

In order to capture the perception of the quality of IAS' work, the IAS is seeking to ensure that its main stakeholders (the APC for the work in the Commission and Executive Agencies on the one hand and Management Boards for IAS work in EU agencies and other autonomous bodies on the other hand) and the audited entities themselves regard IAS' work as adding value.

The IAS acknowledges the limits of such perception-based objectives and indicators. While in general, auditees reply to satisfaction surveys in a professional and neutral way, there can be occasions when controversial audits are concluded without reaching agreement on all issues and recommendations. In such cases, the IAS will maintain its independent position and will not adapt its views to reach a higher score in the satisfaction survey. However, it is important to remember that even though the surveys currently remain a useful tool for assessing the results of IAS' work and their use is recommended by the Institute for Internal Auditors (IIA), the results of stakeholder surveys may be regarded as subjective.

Specific objective 1	
To ensure that the work of the IAS adds value to the Commission services and EU autonomous bodies and contributes to the improvement of their operations (external dimension).	
Result indicator 1.1: Level of satisfaction of stakeholders (APC/Management Boards and Directors-General/Directors of autonomous bodies) (Results of the annual satisfaction survey to show a minimum level of satisfaction) Source: IAS annual Stakeholder Survey	
Baseline 2015	Target 2016 – 2020 (Annual target)

⁴ Monitoring of the corporate impact indicators will be performed by the SG once per year and the results will be shared with all DGs and services in time for inclusion in the Annual Activity Reports.

Commission stakeholders: 88% ⁵ EU autonomous bodies stakeholders: 91% ⁶	Commission stakeholders: minimum 90% EU autonomous bodies stakeholders: minimum 90%
Planned evaluations: N/A	
Result indicator 1.2: Level of auditee satisfaction Source: Satisfaction survey addressed to the audited services in the Commission and Executive Agencies after each engagement.	
Baseline Average score of 1.5 on a scale from 1 (strong agreement) to 4 (strong disagreement)	Target 2016-2020 Annual target: Average score of 1.5
Planned evaluations: N/A	
Output indicator 1.3 (effectiveness): Timely delivery of IAS overall opinion on financial management in the Commission Source: Regular IAS internal monitoring.	
Baseline Target met (2015)	Target 2016-2020 Annual target: By 15 May of year n+1
Planned evaluations: N/A	
Output indicator 1.4 (effectiveness): Timely delivery of IAS conclusion on the state of internal control as a contribution to the preparation to the AARs of DGs/Services/Executive Agencies Source: Regular IAS internal monitoring.	
Baseline New	Target 2016-2020 Annual target: By 15 February of year n+1
Planned evaluations: N/A	

Specific objective 2: To ensure that the work of the IAS adds value by being conducted in accordance with the Financial Regulation and its Rules of Application, its internal methodology and guidelines and international auditing standards (internal dimension).

As IAS' work can only add value if it is of high quality, the IAS aims at ensuring that the work is conducted in accordance with its internal methodology and guidelines and international internal auditing standards.

Specific objective 2 To ensure that the work of the IAS adds value by being conducted in accordance with the Financial Regulation and its Rules of Application, its internal methodology and guidelines and international auditing standards (internal dimension).	
Result indicator 2.1 (effectiveness): Successful compliance with the internal methodology and guidelines of the IAS and with international internal auditing standards as assessed through the Internal Quality Assessment (IQA) Source: Report of the internal quality assessment carried out by IAS 01 for all three Directorates	
Baseline IQA of 2015 No non-conformance issues raised	Target 2016-2020 Yearly target No non-conformance issues raised

⁵ This calculation is based on the average level of satisfaction of: (1) APC PG members and (2) Commission DGs and Directors of Executive Agencies, in respect of the following two statements (a) IAS covering the mains risks and processes and (b) IAS work adding value.

⁶ This calculation is based on the average level of satisfaction of: (1) Board members of the EU autonomous bodies and (2) Directors of the EU autonomous bodies, in respect of the following two statements (a) IAS covering the mains risks and processes and (b) IAS work adding value.

Planned evaluations: N/A	
Result indicator 2.2 (effectiveness): Successful compliance with the internal methodology and guidelines of the IAS and with international internal auditing standards as assessed through the External Quality Assessment (EQA)	
Source: Report of the independent External Quality Assessor	
Baseline (EQAs of 2011 and 2013⁷) No non-conformance issues raised	Target 2016-2020 - periodical target (at least every five years): No non-conformance issues raised
Planned evaluations: Next EQA planned to start in July 2016 and completed by December 2016	

Specific objective 3: To ensure efficiency and effectiveness in delivering the strategic audit plans through the annual audit plans.

IAS' strategic plans are implemented through annual audit plans, which aim to address the risks identified in the course of the strategic audit plans usually at an early stage in order to maximise the added value of any audit recommendation.

Specific objective 3 To ensure efficiency and effectiveness in delivering the strategic audit plans through the annual audit plans.	
Output indicator 3.1 (effectiveness): Completion rate of the annual audit plan	
Source: Regular IAS internal monitoring.	
Baseline 2015 100%	Target 2016-2020 Each year, completion of 100 % of C1 engagements (i.e. engagements to be completed during the year) included in the (revised) audit plans in both Commission and EU autonomous bodies
Planned evaluations: N/A	
Result indicator 3.2 (efficiency): Percentage of time spent on direct audit work and audit support work by auditors	
Source: Regular IAS internal monitoring.	
Baseline (31/12/2015) <u>Commission</u> : 87% <u>EU bodies</u> : 86%	Target 2016-2020 Annual target: 86% (this target is the planned split between direct audit work and audit support work)
Planned evaluations: N/A	
Output indicator 3.3 (efficiency): Timeliness of the completion and the delivery of audit reports (time elapsed in working days between the validation meeting and the final report)	
Source: Regular IAS internal monitoring.	
Baseline (31/12/2015) <u>Commission</u> : 35 days for engagements with one auditee 40 days for engagements with multiple auditees <u>EU Bodies</u> : 32 days	Target 2016-2020⁸ Annual target: 30 days for engagements with one auditee 35 days for engagements with multiple auditees
Planned evaluations: N/A.	
Output indicator 3.4 (efficiency): Difference between actual time and budgeted time for each audit engagement.	
Source: Regular IAS internal monitoring.	

⁷ For audits in the decentralised agencies and other autonomous bodies, the last EQA was carried out in 2011, while for the audits in the Commission and Executive Agencies, the last EQA was carried out in 2013.

⁸ Following the centralisation of the internal audit function on 1 January 2015, the IAS was re-organised leading to new working practices, in particular for the quality review of audit deliverables. The new target now reflects the additional time spent on this specific task.

Baseline (31/12/2015) <u>Commission</u> : 5% <u>EU Bodies</u> : 6%	Target 2016-2020 Annual target: Actual execution within the margin of $\pm 10\%$ of budgeted number of man-days (+ indicating an overrun and – indicating an underrun)
Planned evaluations: N/A.	

D. Key performance indicators (KPIs)

To ensure that its strategic audit plan delivers the desired results, the IAS uses a range of KPIs for the internal audit activity, which are inspired by those proposed by the International Institute of Internal Auditors (IIA).

The three KPIs that represent the most critical aspects of the performance of the IAS are as follows (as set out in part C – Strategy above):

- Full delivery of the annual audit plan to ensure timely coverage of high risk areas (specific objective 3, indicator 3.1).
- Timely delivery of the overall opinion on financial management in the Commission and of the IAS conclusion on the state of internal control as a contribution to the preparation of their Annual Activity Reports of DGs/Services of the Commission and Executive Agencies (specific objective 1, indicators 1.3 and 1.4).
- Compliance with internal methodology and guidance and international auditing standards to demonstrate that the work of the IAS is carried out to a high standard (specific objective 2, indicators 2.1 and 2.2).

PART 2. Organisational management

To ensure the most effective use of administrative support staff, part of the IAS human resources, financial management, and IT support tasks have been delegated to DG HR under Service Level Agreements.

A. Human Resource Management

Staff are the IAS's main asset. A competent, engaged and motivated workforce requires effective and supportive management and healthy working conditions.

For the coming years, the key challenges for the IAS are identified and documented in the IAS Human Resource Plan 2016-2020. This document covers the internal HR strategy, which aims at ensuring that the service has sufficient adequately skilled and engaged staff and a competent, effective and balanced management team to enable it to fulfil its mandate and reach its objectives.

Achieving the Commission objective of a 40% female representation rate at management level.

In order to achieve the 40% representation rate the IAS needs to appoint two new female Heads of Unit by 2019. With only 11 middle management posts in the IAS, this will represent a challenge.

Following mobility rules, the IAS expects at least two Head of unit posts currently held by male middle managers to become vacant in the IAS in the near future. It should be noted that some posts include extensive travelling. It will publish any vacancy in middle

management as soon as possible, which will contribute to creating the necessary conditions to reach the objective on gender balance in middle management.

The IAS will do its utmost to ensure that the pool of female candidates for a middle management position continues to grow, thereby increasing the chances of female candidates to succeed in an open selection procedure.

The IAS launched in 2015 an initiative to familiarise female administrators with the role and tasks of an IAS middle manager. In so called "light mentoring" sessions, staff eligible to apply for management positions are given more information on the procedure and challenges related to management posts. These mentoring sessions will continue through 2016-2020 to help administrators to develop their management potential.

In addition, the IAS strives to provide other opportunities for female members of staff to demonstrate their skills and experience. In this respect, the IAS monitors gender balance for both the function of team leaders and DG correspondents. Both roles have gained more importance following the centralisation of the internal audit function and enable the persons holding these functions to already take over some tasks that are of a managerial nature.

Achieving the Commission objective of increased percentage of staff feeling that the Commission cares about their well-being

To help staff members effectively manage their health over the length of their career, the IAS will continue to ensure that all staff are informed about the fit@work programme. Information will be provided at the induction course for newcomers and during at least one staff meeting per year. Information about Fit@Work can be accessed through the IAS intranet.

Together with the other DGs occupying the Charlemagne building, the IAS is actively supporting requests for improvement of the common spaces in this building.

With the assistance of DG HR, the IAS will organise in 2016 one half day training session for its managers on "respect and dignity at work" and two half-day awareness raising sessions for its staff on the prevention of psychological and sexual harassment.

Achieving the Commission objective of increasing staff engagement

Following the analysis of the 2014 Staff Satisfaction Survey and of targeted interviews conducted with over 40 newcomers to the IAS during 2015, several measures have been launched to increase staff engagement.

Staff are actively involved in the audit plan and are updated on its progress through unit meetings. On the basis of a top-down steer, the themes of the new audit strategy developed for the 2016-18 strategic audit plan (SAP) were developed by the audit staff from bottom-up based upon an in-depth risk assessment.

Exchanges of staff between units/directorates are happening more regularly. This helps to share experience and to balance the workload between units/directorates. At least three engagements per year involving staff from at least two different directorates will take place.

Access to information on achieving good work/life balance is being improved via the IAS intranet so staff can easily access the information on the tools for managing work life balance (part-time, teleworking, time credits, recuperation, token, etc.).

Lunchtime session on topics proposed by staff are being organised to increase communication between staff in different units.

Objective (mandatory)⁹: The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.	
Indicator 1 (mandatory): Percentage of female representation in middle management Source: data to be provided by DG HR	
Baseline: 22.2% per 1/1/2016 (Commission average: 31.9%)	Final target by 2019: 40% ¹⁰
Indicator 2 (mandatory): Percentage of staff who feel that the Commission cares about their well-being Source: Commission Staff Survey – data to be provided by DG HR	
Baseline 2014: 37.5% Commission average not communicated for the 2014 survey	Target: in line with the Commission average
Indicator 3 (mandatory): Staff engagement index Source: Commission staff survey – data to be provided by DG HR	
Baseline 2014: 65.5% (Commission average: 65.3%)	Target: in line with the Commission average

Securing the required audit capacity

In 2015, the IAS implemented the Commission decision to centralise its internal audit function. As a consequence, the workforce of the IAS increased considerably (54 vacant posts¹¹) and the services provided to the Commission as a whole and to individual DGs were further developed.

The initial recruitment drive to fill these posts secured the internal audit expertise available in the Commission and the Executive Agencies leading to a vacancy rate of 8% at the end of 2015 which is considered a success given the high number of vacant posts received in the beginning of the year.

The main HR challenge for the IAS from 2016-2020 will be **to attract, secure and retain the required audit capacity** for the implementation of its work programme. A specialist audit competition planned for the autumn 2015 for AD5/AD7 Administrators was postponed until 2016 due to a court ruling. This competition should be re-launched in 2016 and provide a list of laureates during 2017 to help to fill future vacancies in the IAS and create a small pool of qualified auditors elsewhere within the Commission.

Staff retention and ensuring/maintaining the excellence of technical knowledge and the professional certification of staff

Due to the difficulties in recruiting experienced and qualified auditors, it is important to ensure every effort is made to retain them. In order to ensure a diverse talent base, the IAS also recruits staff with relevant experience who are not qualified as internal auditors or certified. To support these staff and to ensure the continued development of the

⁹ Monitoring of the corporate impact indicators will be performed by the SG once per year and the results will be shared with all DGs and services in time for inclusion in the Annual Activity Reports.

¹⁰ From list of targets for each DG as adopted by the Commission on 15 July 2015 – SEC(2015)336.

¹¹ This figure takes into account the various staff reductions.

qualified internal auditors, the IAS has developed a comprehensive audit specific training programme for internal auditors of the EU institutions. This training programme supports newcomers in achieving the desired level of expertise for the implementation of the audit work programme and allows them to develop their careers as internal auditors by preparing them to pass a certification test for Certified Government Auditing Professional (CGAP®), Certified Internal Auditor (CIA®), Certified Information Systems Auditor (CISA®) and/or other professional certifications.

To ensure a high professional standard amongst its staff, the IAS has set a medium term target of 70% of its professional audit staff being fully certified. New recruits are therefore encouraged to strive for one certification. To assist and support its staff in achieving this objective, the IAS pays the membership fee for all IAS Auditors or Assistant Auditors to be members of the Institute of Internal Auditors (IIA) and reimburses the membership fees for one further professional organisation.

To ensure the continued development of staff, the Internal Audit Training Programme (IATP) will be regularly updated taking account of changing priorities for internal audit. In parallel, dedicated audit training is also offered through more specialised training courses outside the Commission, in particular for IT auditors, and forums and seminars that address specific audit areas and an international conference on a more general theme are regularly organised.

Ensuring the IAS can deliver on its priorities whilst meeting the requirements of staff reduction

In the context of the 2014-2020 Multiannual Financial Framework, it was decided to reduce the Commission's staff by 5% in five years (1% linear taxation per year during 2013-2017) in order to lower administrative costs. The Commission also decided to apply a further internal taxation on posts (1% annually, 2% in 2016) in order to establish a central pool of resources for redeployment within the Institution.

These measures will have an important impact on the available human resources in DG IAS in the future. They represent an important challenge as since 2012, the IAS has had to return 11 permanent posts (5 AD, 6 AST) and in 2016 it will need to return 5 posts (4 AD, 1 AST), i.e. 16 posts in total representing around 10% of establishment posts. For 2017, only the level of the staff reduction is known (2 AD) while the level of the redeployment tax is still to be decided.

To enable the IAS to deliver on its priorities, working methods are regularly reviewed to ensure that the internal audit planning process makes the most efficient use of the available human resources and expertise. The implementation of the audit plan is closely monitored and staff are reassigned to priorities where necessary on a temporary basis.

Specific objective 2.1:				
Increased capacity and the level of professionalism of internal auditors of the IAS and the EU autonomous bodies				
Indicator 1:				
Percentage of staff certified				
Source: Internal calculations				
Baseline 2015	Interim Milestone			Target
64 %	2016	2017	2018	2019
	66%	67%	68%	70%
Planned evaluations: N/A				

Result indicator 2: Internal auditors are kept abreast of the latest developments in the Commission and the profession relevant for their work through structured opportunities for continuous learning Source: Internal						
Baseline 6 Auditors Forum seminars held in 2014 6 Auditors Forum seminars held in 2015	Target 2016-2020 (yearly target) <ul style="list-style-type: none"> At least six seminars per year Two half-day events every two years starting in 2016 One day conference in 2017 (and every two years thereafter) 					
Planned evaluations: N/A						
Result indicator 3: The Internal Audit Training Programme covers the necessary needs as defined by the Internal Audit Training Steering Committee Source: Internal annual training needs survey						
Baseline 2015: needs are covered	Target 2016-2020 (yearly target) IAS Management confirming that the necessary needs are covered					
Planned evaluations: Training Needs Assessment						
Specific objective 2.2: Provide effective HR services in order to recruit, to support and to maintain a high-performance work force in the IAS						
Result indicator 1: Vacancy rate¹² Source of data: Internal calculations						
Baseline 2015 8% (31.12.2015)	Interim Milestone N/A <table border="1"> <tr> <td>2016</td> <td>2017</td> </tr> <tr> <td>7%</td> <td>6%</td> </tr> </table>	2016	2017	7%	6%	Target Commission average to be reached by 2018 In line with Commission average (currently 5.3%)
2016	2017					
7%	6%					
Planned evaluations: N/A						

Priority actions

In managing its human resources, the IAS will focus on a number of priority actions over the period of the Strategic Plan as follows:

- Fill remaining vacant posts allocated to the IAS in the context of the centralisation of the Commission's internal audit function (2016-2017).
- Ensure that the Internal Audit Training Programme covers the necessary needs as defined by the Internal Audit Training Steering Committee (2016-2020).
- Keep auditors abreast of the latest developments in the Commission and in the profession relevant for their work through structured opportunities for continuous learning (2016-2020).
- Develop the management potential of the staff (2016-2020).

B. Financial Management: Internal control and Risk management

Overarching objective:
The Authorising Officer by Delegation should have reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the

¹² The vacancy rate is calculated by deducting posts to be returned in 2016 in the context of staff reduction and redeployment tax.

control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions including prevention, detection, correction and follow-up of fraud and irregularities.

Title 28 of the budget covers the activity of the policy area 'Audit'. It includes two internal audit activities ("Internal Audit of the Commission" and "Internal Audit of the EU autonomous bodies") and three horizontal activities. The budget allocation for the IAS is included under the heading "Administrative expenditure of the Audit policy area".

The administrative budget of the IAS totals €18.77 m in 2016.

- As provided for by the Internal Rules, 96% of the IAS's budget is directly delegated to PMO, DG DIGIT and DG HR and this expenditure is therefore covered by the Declaration of assurance of DGs HR and DIGIT.
- The IAS¹³ is therefore accountable for the remaining 4% which are, however, co-delegated¹⁴ to DGs HR and DIGIT. As the budget is managed under the same Commission rules, the primary AOD can in principle rely on the legality and regularity, efficiency and cost-effectiveness of the controls in place in DG HR and DG DIGIT. The co-delegation with DG HR is supported by a Service Level Agreement (SLA), the co-delegation with DG DIGIT by a Memorandum of Understanding (MoU).

The IAS executes its own controls to ensure compliance of the mission expenses with the Commission's Guide for missions and with the IAS specific guidance. Therefore, all mission requests and cost claims are controlled ex-ante by a verifying officer. In addition, a sample of reimbursements is controlled ex-post within the IAS. These IAS controls are in addition to the standard controls performed by the PMO and the ex-post controls performed by DG HR on a sample of transactions executed by the PMO and DG HR in the framework of the existing SLA with the IAS.

As a non-spending DG with low fraud risk profile, the IAS anti-fraud strategy aims at maintaining the high ethical awareness and stance of its staff and at keeping in place standard preventive and detective control measures (segregation of duties, ex-post controls and collegiality of decisions). This strategy is valid for 2014-2016 and will be updated following its assessment at the end of this implementation period. The services provided by DG HR and DIGIT are subject to their own anti-fraud measures.

Objective 1 (mandatory):
Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

Indicator 1 (mandatory):

Estimated residual error rate

As explained in the narrative, the IAS will rely on the assurance provided by the AOSDs and its additional own controls regarding mission expenditure. As in the past, a qualitative approach will be employed to judge on the legality and regularity of expenditure taking into account all of the above.

Source: internal

Baseline	Target 2016-2020 (annual target)
2014: judged to be close to 0 %	<i>Below the materiality threshold of 2% each year</i>

Indicator 2 (mandatory):

Estimated overall amount at risk for the year for the entire budget under the DGs responsibility.

Rf. to indicator 1 above

Source: internal

Baseline	Target 2016-2020 (annual target)
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¹³ According to Art. 98(1) of the Financial Regulation, the Director-General of the IAS (the Commission's Internal Auditor) may not be the Authorising Officer by Delegation (AOD). This role is exercised by the Director of IAS.A.

¹⁴ Type II co-delegation, whereby the IAS is the primary AOD, while DGs HR resp. DG DIGIT are the secondary AOD.

2014: judged to be close to 0 €	<i>Below materiality threshold of 2% each year</i>	
Indicator 3 (mandatory): Estimated future corrections Source: internal		
Baseline	Target	
2014: 0 €	Given the target on the amounts at risk, no corrections are likely to be made ex-post. However, if needed, IAS is determined to ensure full recovery of undue amounts paid out.	
Objective 2 (mandatory): Effective and reliable internal control system in line with <u>sound financial management</u>.		
Indicator 1 (mandatory): Conclusion reached on cost effectiveness of controls Source: IAS estimation of the costs of controls on missions and other expenditure		
Baseline: 2014 0.25 AST FTE	Target 2016-2020: (annual target) No more than 0.25 AST FTE	
Yes	Yes	
Indicator 2: Conclusion reached on reliability, effectiveness of controls within the IAS Source: Qualitative analysis of exception register, transactions rejected by PMO, errors reported by DG HR, errors detected in sample of missions verified by the IAS in its ex-post control		
Baseline (2015) Errors identified as a percentage of total mission costs: 0.1%	Target 2016-2020; (annual target) Below materiality threshold of 2% each year	
Objective 3 (mandatory): Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.		
Indicator 1 (mandatory) Updated anti-fraud strategy of DG IAS, elaborated on the basis of the methodology provided by OLAF Source: information available in DG's AFS		
Baseline: period 2014-2016	Interim Milestone (2016-2017)	Target by 2020
IAS Anti-fraud strategy released on 20 January 2014	Current Anti-fraud strategy to be updated on the basis of its assessment at the end of the implementation period (December 2016)	Keeping in place adequate controls (low fraud risk profile)

C. Better Regulation

The Internal Audit Service is not directly involved in drafting legislation. However, during the preparation of its Strategic Audit Plan for the period 2016-2018, the IAS identified "Better regulation" as a key theme/risk to be addressed in its audits during the period and therefore indirectly help in improving the process.

D. Information management aspects

As the rest of the Commission, the IAS relies on information for every aspect of its work. Therefore, the IAS has adopted specific policies to enable a change of culture¹⁵ ensuring the effective corporate management of data, information and knowledge:

- The annual report of the IAS on document management drafted by the IAS DMO constitutes the most important e-Domec guidance. This report covers the

¹⁵ Aligned with the High Level Reflection Group's paper on Data, Information and Knowledge Management: [Ares\(2015\)2475458 - "Reflection Paper on Information Management"](https://ec.europa.eu/commission/presscorner/detail/en/Ares(2015)2475458)

achievements of the previous year and sets out the important priorities for the next exercise.

- A quality control on Ares Registers is exercised monthly by the DMO and results in a more effective search function. Each month, a sample of 10 % of Ares registers is checked. This sample will be increased to 25%.
- The IAS has an ARES correspondents' network that meets at least 4 times per year to share information on new features of e-Domec policy.
- The IAS intranet contains a section on document management (Ares, registration, filing, archiving and transfer, incoming mail, outgoing mail, access to documents), which is regularly updated by the DMO.

In addition, the IAS has set up a system of electronic management of documents in support of the internal audit process, which improves productivity and facilitates quality control. It enables the use of standard checklists, provides an audit trail of the review and supervision of audit work and provides reports on the status of the implementation of audit recommendations. The tool also allows the IAS better monitoring the progress of the audit plan. In 2015, the IAS reviewed its existing tool and decided to replace it with a new tool. Following a selection procedure, the most suitable candidate was identified and the new tool is expected to be rolled out in late 2016 following a selection procedure and training staff on the use of the tool.

The IAS also identified knowledge management/knowledge retention as an area to be better supported by an information system. In 2016, the IAS will therefore undertake a project to assess its needs and identify different options and implement a suitable solution in 2017.

Objective (mandatory): Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable	
Indicator 1 (mandatory): Percentage of registered documents that are not filed ¹⁶ (ratio) Source: <i>Hermes-Ares-Nomcom (HAN)</i> ¹⁷ statistics – data to be provided by DG DIGIT	
Baseline	Target 2016-2020
2015: 1.2% (3.51% at Commission level)	< 1% ¹⁸
Indicator 2 (mandatory): Percentage of HAN files readable/accessible by all units in the IAS Source: <i>HAN statistics</i> - data to be provided by DG DIGIT	
Baseline	Target 2016-2020
2015: 85.1% (77.88% at Commission level)	85% ¹⁹
Indicator 3 (mandatory): Percentage of HAN files shared with other DGs N/A: Given the restrictive nature of the IAS work, the IAS does not share files with other DGs. Occasionally, there might be an exception (see baseline). Source: <i>HAN statistics</i> - data to be provided by DG DIGIT	

¹⁶ Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

¹⁷ Suite of tools designed to implement the [e-Domec policy rules](#).

¹⁸ 1% is an ambitious target. In any case, 0% is not feasible because there is always a turnover of registers waiting for the opening of files.

¹⁹ To promote the knowledge sharing amongst IAS auditors, the IAS has chosen to give a maximum of access to IAS documents. However, the remaining 15% concern restricted files related to management, horizontal, QA and HR issues.

Baseline	Target 2016-2020	
2015: 1 file (0.1%) (6.25% at Commission level)	0%	
Indicator 4 (IAS specific): Timely implementation of new IT audit tool Source: internal		
Baseline	Interim Milestone	Target 2020
New	Tool to be operational in October 2016	N/A
Indicator 5 (IAS specific): Assessment of the IAS needs for a knowledge management system and identification of potential software tools. Source: internal		
Baseline	Interim Milestone	Target 2020
New	Results by Q4 2016	N/A

E. External communication activities

The main stakeholders of the IAS are DGs and Services of the European Commission and its Executive Agencies, EU autonomous bodies and the Audit Progress Committee. In addition, the IAS liaises with the European Court of Auditors during the preparation of its Strategic and Annual Audit Plans. As a result, most communication activities of the IAS are of an "internal" nature with external communication limited to contacts with professional bodies in the field of auditing.