

Annual Activity Report 2020

Annexes

**Internal Audit Service
(DG IAS)**

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ANNEX 1a: Statement of the Director in charge of Risk Management and Internal Control

Following the Section 2.5 of the Service Level Agreement on the provision of support to the Internal Audit Service (IAS) by DG HR, revised on 27th May 2010,

I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the IAS to the Director-General.

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.

Date: 31 March 2021

(signed)

Cristiana Giacobbo

¹ C(2017)2373 of 19.04.2017.

ANNEX 1b: Statement of the "Shared resources services" DG Human Resources and Security

 Ref. Ares(2021)1453706 - 24/02/2021

Annex 1: Annual Activity Report

Statement of Assurance for "Shared Resources Services"

I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the aspects of financial management and internal control in the IAS that fall under the responsibility of DG HR.

I hereby certify that the information provided by my services in relation to Section 2 and Annexes 3 and 4 of the Annual Activity report is, to the best of my knowledge, accurate and complete.

Date: 23 February 2021

Christina VLASSIS

Head of Unit, Finance Procurement
and Internal Control in DG HR

¹ C(2017)2373 of 19.04.2017.

Annex 2

DG HR's Services to the IAS in 2020

Internal Control and Accounting Services

Internal Control Services

DG HR analyses the results of different controls in order to substantiate the Director General's assurance statement. These controls cover the part of the budget entrusted to DG HR by the IAS. The controls that are most relevant to the IAS Director-General's assurance statement, as formulated in the AAR standing instructions, are the ex post controls, the sub delegated authorising officers' assurance reports and exceptions or noncompliance reports.

I) Ex-Post Control on Financial Transactions

The annual ex-post control campaign is well established in DG HR. Its primary purpose is to estimate the DG's error rate. The controls are performed both by senior management and by the finance and internal control unit. The latter coordinates the overall campaigns and ensures that the associated rules are respected.

A second objective of the ex-post control campaigns is to identify and remedy any control weaknesses in financial management. The results of ex-post control performed in DG HR, although not specifically designed to focus on IAS financial management, covered the key processes and individual transactions (commitments, payments and recoveries) that would affect the assurance statement of the IAS. The results of the controls, based on an estimated 44% of the budget, indicate an error rate (RER) of 0%. The errors were generally linked to procedural issues as opposed to material losses or 'amounts at risk'. This reassuring result would confirm the findings of the Court of Auditors in recent years.

II) Assurance Reports and Exceptions or Noncompliance Reports

DG HR's active authorising officers submitted reports to support the assurance statement of the Director General. Those who took over the functions from the departing staff also provided assurance regarding the smooth-running of the handover. In 2020, DG HR included a specific question covering specific issues resulting from the COVID-19 measures taken to ensure business continuity. Authorising officers did not raise such material issues pertaining to COVID-19 in their reports. They highlighted neither any problems nor weaknesses not already identified and addressed through the exception reports.

DG HR's register of exceptions and non-compliance events highlights some issues related to the non-respect of standard procedures in financial management. The amount at risk associated with the exceptions is limited. The exceptions were generally associated with non-standard measures taken to ensure business continuity in the area of renewal of procurement contracts. None of the exceptions were related to the systems or transactions of the IAS.

Accounting Services

The accounting correspondent reviewed the accounts and checked the bookings made in the frame of the accounting closure. All the data in the AAR Annex 3 were checked and reconciled with the detailed financial reports.

DG BUDG reviewed again its approach to assessing the accounting risk, resulting in a more mature approach. The 3 remaining recommendations from previous years were closed by the BUDG Validation of local systems' team. As a result, DG BUDG assesses DG HR's accounting risk as low, which is in line with our own findings as well as the conclusions from the ECA over the past years. Moreover, on the key criterion on accounting quality, the performance for both DG HR and the IAS is considered outstanding.

Overall Result for the AAR of the IAS

The results of our work on financial management and reporting for the IAS indicate that there are no associated issues that would adversely affect the assurance statement of the Internal Auditor. On this basis, the internal control coordinator may provide the necessary assurance and sign the assurance statement included in Annex 1 of the AAR.

Christina VLASSIS

DG HR's Internal Control Coordinator

Head of Finance, Procurement &
Internal Control Unit (HR.R1)

Cc. E. Boersma, Head of Internal Control Sector;
M. Schools, Accounting Correspondent

ANNEX 2: Performance tables

General objective 1: A modern, high-performing and sustainable European Commission			
Impact indicator 1.1 (Corporate level): Image of the European Union Explanation: This indicator is based on the question 'In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative or negative image?' The indicator gives the share of positive and fairly positive views on this question. Origin of indicator: Eurobarometer Source of the data: Eurobarometer			
Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
43% (EU 27)	Increase	Increase	40% (EU 27)

Specific objective 1: The IAS understands its audit environment and has a clear definition of its audit universe, which reflects the Commission and EU agencies and other autonomous bodies' objectives, priorities and risks. Related to spending programme(s) N/A			
Main outputs in 2020 (other important outputs):			
Output	Indicator	Target	Latest known results (2020)
Revised and updated audit universe (draft).	At the end of the first year of the strategy the IAS should have a completely updated audit universe, thereafter (minor) annual updates should be prepared until the arrival of the next College.	By end 2020.	Target met. The audit universe was updated in the context of the preparation of the IAS strategic audit plan 2021-2023.
Specific objective 2: The organisation of the IAS is adequate to cover the audit universe efficiently and effectively. Related to spending programme(s) N/A			
Main outputs in 2020 (other important outputs):			
Output	Indicator	Target	Latest known results (situation on 31/12/2020)
New organisation chart (adjusted to the evolving audit universe and organisational culture).	At the end of 2020 / beginning of 2021, on the basis of the adopted MFF 2021-2027 and the recovery efforts under Next Generation EU, the IAS will set up an organisation which is adapted to the changes in the evolving audit environment (such as the structure, the organisational culture and governance arrangements) and able to cover the audit universe.	By end 2020 preparation ready, full rolling out in Q1 2021.	Target met. New audit portfolio and directorate organisation defined and validated by the College in 2020; entry into force on 16/01/2021.
Specific objective 3: Cover the high risk areas of the audit universe Related to spending programme(s) N/A			

Main outputs in 2020 (other important outputs):			
Output	Indicator	Target	Latest known results (situation on 31/12/2020)
New Strategic Audit Plan 2021-2023.	100% of coverage, through the strategic audit plan and successive annual audit plans, of the high risk areas identified in the strategic risk assessments and the annual updates.	By January 2021 (cut-off date of the Plan is end January of T+1).	Target met with delay. The initial target was postponed by 2 months and met in March 2021 to better take into account the current uncertainties in the audit environment (MFF 2021-2027 and NGEU, Brexit, COVID-19 impacts, etc.). The new strategic audit plan was presented to the APC on 26 March 2021.
Audit plan 2021: Assessment made for every entity whether the combination of the finalised audits of the SIAP and the planned audits in the remaining years of the SIAP provide sufficient coverage (Agencies and other autonomous bodies only).	100% of coverage, through the strategic audit plan and successive annual audit plans, of the high risk areas identified in the strategic risk assessments and the annual updates.	By January 2021 (cut-off date of the Plan is end January of T+1).	Target met with delay. The risk assessments were performed on time, ensuring 100% of coverage of the high risk areas for Agencies and other autonomous bodies. To foster the implementation of the holistic approach set in place with the new IAS organisation, the results of this assessment have been embedded in the discussions related to the preparation of the SAP 2021-2023 for the Commission services and Executive agencies, and was finalised in March 2021, simultaneously to the SAP 2021-2023.
Assessment whether the audits in the previous three years covered 100% of the financial audit universe (Commission and Executive agencies only).	Coverage, through the strategic audit plan and successive annual audit plans, of the financial management in Commission services resulting in the delivery of an overall opinion without material scope limitations.	100 % over a period of 3 years.	Target met.
Specific objective 4: Deliver the strategic audit plans through the annual audit plans effectively and efficiently. Related to spending programme(s) N/A			
Main outputs in 2020 (other important outputs):			
Output	Indicator	Target	Latest known results (situation on 31/12/2020)
Audit, consulting and follow-up engagements planned for 2020.	Completion rate of the original 2020 Audit Plan and the annual update (effectiveness).	100% engagements in the (updated at mid-year) 2020 audit plan to be finalised by January 2021.	Target partially met. 97% (100% of assurance type engagements) delivered on time (the finalisation of two consulting engagements was postponed to 2021, as work was reprioritized as a result of the 2020 exceptional challenges faced by both the IAS and the

			<p>auditees, in particular in a full remote auditing context; one of these engagements was finalised in the first quarter 2021, while the second will be finalised during the second quarter 2021)²:</p> <ul style="list-style-type: none"> • Commission and Executive agencies: 95% (100% of assurance type engagements); • EU agencies and autonomous bodies: 100%.
Mid-term review of the Annual audit plan. Updated Audit Plan for 2020 (Commission and Executive Agencies).	Timely preparation and delivery on time.	July 2020.	Target met. Delivered on time (23 July 2020).
Strategic Internal Audit Plans (SIAPs) to be prepared for each entity where the previous SIAP is complete or has become obsolete.	Timely preparation and delivery on time.	January 2021 (cut-off date of the Plan is end January of T+1).	Target met with delay. The SIAPs for EU Agencies and other autonomous bodies, where the previous SIAP had been completed or became obsolete, were prepared in due time, based on the 2020 audit plan as updated at mid-year. They will be further updated if needed in 2021 along the new Strategic Audit Plan for the Commission and Executive Agencies, implementing the more holistic approach introduced by the IAS re-organisation.
Conclusions on the state of internal control to each individual Directorate-General and service of the Commission as a contribution to the preparation of their annual activity reports.	Timely preparation and delivery on time.	15 February 2020.	Target met. Reports issued in February 2020, in line with AAR corporate guidance.
Time spent on direct audit work and audit support work by auditors.	Percentage of time spent on direct and indirect audit work by auditors (efficiency).	Exceptionally 75% of total working time available in 2020.	Target met. Commission and Executive agencies: 82,4%. EU agencies and autonomous bodies: 85%.
2019 Annual Report of the Internal Auditor (Article 118(4) of the Financial Regulation).	Report issued.	June 2020.	Target met. Annual report of the Internal Auditor issued timely on 16 June 2020.
Overall opinion of the IAS on financial management in	Report issued.	June 2020.	Target met. Overall Opinion report issued

² Please also refer to the below tables listing the Engagements in the Commission, executive agencies, decentralised EU agencies and other autonomous bodies finalised in 2020

the Commission.			timely on 16 June 2020.
Quarterly overview reports (or information notes) transmitted to the APC on the follow-up of IAS recommendations concerning Commission's Directorates-General and services.	Reports finalised and transmitted in time to the APC (4 reports in total).	March, May, September and November 2020.	Target met. 4 reports finalised and transmitted to the APC on time (27 March, 27 May, 14 September and 21 December 2020).
Annual reports on the status of open critical and significantly delayed very important IAS recommendations to EU agencies and other autonomous bodies (in case their agency has such recommendations).	Reports/notes finalised and transmitted to Directors and Management Boards.	Timely issued (March 2020).	Target met. Reports/notes finalised and transmitted on time.
Mid-term review of the Management Plan.	(Due to the late approval of the MP 2020, there will be no mid-term review).	N/A	NA

Specific objective 5: Meeting stakeholders' expectations (adding value and contributing to the improvement of the auditees' operations)

Related to spending programme(s) N/A

Main outputs in 2020 (other important outputs):

Output	Indicator	Target	Latest known results (situation on 31/12/2020)
Note on results of the IAS stakeholders' satisfaction survey.	Level of satisfaction of stakeholders (APC/Management Boards and Directors-General/Directors of EU agencies and other autonomous bodies).	Issued in Q1. Minimum 90% ³ .	Target met. 97,25 %.
Results of satisfaction survey addressed to the audited services.	Level of auditee satisfaction after each engagement on a scale from 1 (strong agreement) to 4 (strong disagreement).	Average score between 1 and 2.	Target met. Commission and Executive agencies: 1,53. EU agencies and autonomous bodies: 1,48.
Results of analysis of the implementation of recommendations.	Level of implementation of IAS recommendations issued in the previous 5 years, whose initial target date has passed.	Issued in Q1. Minimum 90%.	Target partially met. Commission services and Executive agencies: 91%. EU agencies and autonomous bodies: 86%. As part of the IAS methodology, actions are taken to foster the closing of outstanding recommendations without delay.

³ The calculation is based on the average level of satisfaction of members of the APC, chairs of the boards of the EU agencies and other autonomous bodies, and senior management (Commission Directors-General, Directors of the executive agencies, Directors of the EU agencies and other autonomous bodies), in respect of the following two statements (a) IAS covering the main risks and processes, and (b) IAS work adding value.

Specific objective 6: To ensure that the work of the IAS is conducted in accordance with the IAS charter, its internal methodology and guidelines and internal auditing standards

Related to spending programme(s) N/A

Main outputs in 2020 (other important outputs):

Output	Indicator	Target	Latest known results (situation on 31/12/2020)
Report of the internal quality assessment (IQA) for all three Directorates.	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).	No non-conformance issues raised.	Target met. IQA finalised in October 2020; Positive conclusion 'generally conforms'.
2021 External Quality Assessment (EQA) – Phase 1 - Preparation of the procurement procedure for the external assessor.	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).	By end 2020.	In progress: the procurement procedure will be launched in 2021 to allow the planned EQA to be completed by the end of 2021.
IAS set up in 2020 a series of knowledge clusters, who receive a Mission letter and a set of guidelines, instructions and working methods.	Level of completion of the mission letter, guidelines, instructions and working methods for the knowledge clusters in 2020.	100% by end 2020.	Target met.

Engagements in the Commission and executive agencies finalised in 2020⁴

Nr	Entity	Topic	Type
1	Multi-DGs	Management of public cloud services (Multi-DG)	IT audit
2	GROW	IT Security management in DG GROW	IT audit
3	JRC	Audit on information technology governance and project management	IT audit
4	CHAFEA	The design and implementation of CHAFEA control strategy	comprehensive audit
5	AGRI	DG AGRI's management of state aids in the field of agriculture	limited review
6	AGRI	The financial management of the 2014-2020 European Agricultural Fund for Rural Development (EAFRD) in DG AGRI	comprehensive audit
7	CLIMA	In-depth risk assessment of the Innovation Fund in DG CLIMA	comprehensive audit
8	HOME	DG HOME's coordination role in supporting the implementation of the European Security Agenda/Security Union	comprehensive audit
9	JUST	Grant management of the 2014-2020 Justice and REC programmes – implementation	comprehensive audit
10	REGIO	Implementation of Financial Instruments under ERDF/CF 2014-2020	comprehensive audit
11	REFORM	REFORM' processes for coordinating with other Commission services for the provision of technical support to the MS	comprehensive audit
12	Multi-DGs	Data protection (SG, DIGIT, LS, HR, JRC)	financial/compliance audit
13	OP	Limited Review on ICF in OP	limited review

⁴ This list does not include the follow-up engagements which are performed to assess the implementation of recommendations issued in previous audits.

14	RTD	Common audit service H2020 ex-post audit strategy	comprehensive audit
15	Multi-DGs	The management of experts in H2020 grants (DG CNECT, DG RTD, EASME, INEA, REA)	comprehensive audit
16	Multi-DGs	Implementation of anti-fraud actions in the research area (RTD; CNECT; REA; ERCEA; INEA; EASME)	comprehensive audit
17	Multi-DGs	Audit on WIFI4EU (CNECT, INEA, DIGIT)	performance audit
18	REA	H2020 Grant management phase III (including longer duration projects and EU restricted projects)	comprehensive audit
19	EACEA	Grant management Phase III - ex-post controls in EACEA	comprehensive audit
20	EACEA	Effectiveness of the protection of personal data of beneficiaries of and participants in the Erasmus+ and European Solidarity Corps programmes managed by DG EAC	comprehensive audit
21	DEFIS	Supervision of the implementation of the 2014-2020 programme for the European Geostationary Navigation Overlay Service (EGNOS)	comprehensive audit
22	INEA	Effectiveness of the design and of the implementation of the ex-post control strategy for CEF in INEA	comprehensive audit
23	Multi-DGs	Management of the EFSI Guarantee Fund (BUDG and ECFIN)	comprehensive audit
24	DEFIS	Financial audit of the legality and regularity of payments and accounting for assets under closure of the Galileo and Copernicus 2014-2020 programmes	financial/compliance audit
25	ESTAT	HR Management in ESTAT	performance audit
26	Multi-DGs	Commission's strategy for data, information and knowledge management (SG,BUDG, DIGIT, ESTAT, JRC)	performance audit
27	FISMA	Limited Review of ICF in DG FISMA	limited review
28	COMP	Limited review of ICF in DG COMP	limited review
29	TRADE	Evaluation activities in DG TRADE	comprehensive audit
30	OLAF	Performance management in OLAF	performance audit
31	Multi-DGs	Pillar assessment in the external actions family (BUDG, DEVCO, NEAR, ECHO, FPI)	comprehensive audit
32	FPI	Performance management in FPI	performance audit
33	Multi-DGs	Indirect Management with Entrusted Entities (International Organisations and/or MS Agencies)	comprehensive audit
34	JRC	Process to Support to EU Policy (including knowledge management) in JRC	performance audit
35	FPI	EU Visitors Programme consulting	consulting
36	JRC	Asset management accounting in DG JRC	financial/compliance audit

Engagements in the decentralised EU agencies and other autonomous bodies finalised in 2020⁵

Nr	Entity	Topic	Type
1	ACER	Implementation of REMIT	Performance audit
2	ACER	Strategic Risk Assessment incl. IT	Risk assessment
3	BEREC	Procurement, missions and reimbursement of experts	Comprehensive audit
4	BEREC	Strategic Risk Assessment incl. IT	Risk assessment
5	Cedefop	Strategic Risk Assessment incl. IT	Risk assessment
6	EBA	Supervisory reporting – Data Quality	Performance audit
7	ECDC	Human Resources Management	Comprehensive audit
8	ECHA	Integrated Regulatory Strategy: screening, evaluation and RMOA	Comprehensive audit
9	EEA	Project-financed actions	Comprehensive audit
10	EFCA	Strategic Risk Assessment incl. IT	Risk assessment
11	EFSA	Assessment and adoption of scientific outputs in the Food Ingredients and Packaging (FIP) Domain	Performance audit
12	EIOPA	Oversight Tools in the Consumer Protection Area	Performance audit
13	EIOPA	Strategic Risk Assessment incl. IT	Risk assessment
14	ENISA	Strategic Risk Assessment incl. IT	Risk assessment
15	ERA	Information Management & Information Security	IT audit
16	ESMA	Strategic Risk Assessment incl. IT	Risk assessment
17	ETF	Strategic Risk Assessment incl. IT	Risk assessment
18	EU-OSHA	Strategic Risk Assessment incl. IT	Risk assessment
19	BBi JU	Strategic Risk Assessment incl. IT	Risk assessment
20	CEPOL	Strategic Risk Assessment incl. IT	Risk assessment
21	CLEANSKY JU	H2020 grant Implementation	Comprehensive audit
22	EASO	Human resources management, ethics and external service providers	Comprehensive audit
23	ECSEL JU	H2020 grant implementation	Comprehensive audit
24	EDPS	Supervision of Europol (including IT security arrangements)	Performance audit
25	EEAS	Limited review on the Implementation of the new ICF	Limited review
26	EIGE	Implementation of the project led organisation	Performance audit
27	EU-LISA	Staff recruitment, management & engagement of structural service providers	Performance audit
28	EUROJUST	Limited review of the implementation of the new legal framework (new Eurojust Regulation, and Regulation of the European Public Prosecutor's Office - EPPO)	Limited review
29	EUROPOL	IT security	IT audit
30	FCH JU	H2020 grant implementation	Comprehensive audit
31	FRA	Research project design and Implementation (including procurement)	Performance audit
32	FRONTEX	HR planning, allocation and recruitment	Comprehensive audit
33	F4E	Project management of ITER deliverables	Comprehensive audit
34	F4E	Limited review on the Implementation of the new ICF	Limited review
35	IMI JU	H2020 grant implementation	Comprehensive audit
36	SESAR JU	Grant implementation and programme management	Comprehensive audit
37	SHIFT2RAIL JU	Strategic risk assessment incl. IT	Risk Assessment

⁵ This list does not include the follow-up engagements which are performed to assess the implementation of recommendations issued in previous audits.

ANNEX 3: Draft annual accounts and financial reports

All IAS budget lines are co-delegated TYPE2 (DGA > DGB) to DGs DIGIT and HR. Consequently, all payments are reported in the AARs (annex 3) of these DGs.



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Delegation and co-delegation

In accordance with Art 117(1) of the Financial Regulation, the Internal Auditor cannot be authorising officer and this ensures his independence. In the IAS, the AOD is Director A. The delegation and co-delegation to PMO, DG HR and DIGIT further increases the independence and these arrangements have also been introduced for efficiency reasons.

The IAS budget allocation is included under the heading "Administrative expenditure of the Audit policy area" and totalled €20m in 2020. 98% of this expenditure was directly delegated to the PMO, HR and DIGIT in accordance with the Commission's Internal Rules. The IAS was therefore accountable for the remaining 2%, which is however, co-delegated⁶ to DGs HR and DIGIT.

The co-delegation with DG HR is supported by a Service Level Agreement, the co-delegation with DG DIGIT by a Memorandum of Understanding. As the budget is managed under the same Commission rules, the primary AOD (IAS) can rely on the legality and regularity, efficiency and cost-effectiveness of the controls in place in DG HR and DG DIGIT (secondary AODs). This expenditure is therefore covered by the Declaration of assurance of DGs HR and DIGIT.

Mission budget

The IAS is AOD for the mission budget (commitments), but this is co-delegated to DG HR. Therefore, DG HR performs the ex-post controls on mission expenditure in the framework of the service level agreements (SLA) with the IAS.

The PMO is AOD for the mission budget (payments), and performs its own ex-ante and ex-post controls.

Moreover, the IAS performs its own additional ex-ante controls to ensure compliance of its mission expenses with the Commission's Guide for missions and with the IAS specific guidance. In addition, a sample of reimbursements is controlled ex-post within the IAS at the beginning of the subsequent year.

⁶ Type II co-delegation, whereby the IAS is the primary AOD, while DGs HR and DIGIT are the secondary AODs. DG HR (missions, meetings and training, 1.15 %) and DG DIGIT (IT development, 0.61%).

ANNEX 4: Financial Scorecard

All IAS budget lines are co-delegated TYPE2 (DGA > DGB) to DGs DIGIT and HR. Consequently, all payments indicators are reported in the AARs (annex 4) of these DGs.



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ANNEX 5: Materiality criteria

This annex provides detailed explanation on how the AOD defined the materiality threshold as a basis for determining significant weaknesses that should be subject to a formal reservation to his declaration.

In the analysis leading to the decision on whether to issue reservations or not, the IAS used the following criteria:

Qualitative assessment

- Non achievement of an important objective/obligation

Quantitative assessment

- In order to be considered "material" in quantitative terms, failings must have a direct financial impact on the budget, affecting a significant proportion of total commitment appropriations or payments. In line with internal guidelines a weakness would have been considered 'material' only if there is a direct financial impact or risk of loss of more than 2% of the overall IAS budget (Title 28).

Assessment of reputational events

- A significant reputational risk for the IAS or the Commission: given the nature and sensitivity of IAS work, any impediment to the fulfilment of IAS obligations as laid down in the Financial Regulation could have a significant impact on the reputation of the Commission and should be explicitly mentioned.

De minimis' threshold for financial reservations

Since 2019, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

As almost the entire IAS budget is co-delegated to DGs HR and DIGIT, the impact of reservations in their AAR on the budget of the IAS will also be taken into consideration.

ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

Mission expenses

Main internal control objectives: To ensure compliance of the mission expenses with the Commission's Guide to Missions and Authorised Travel and IAS specific guidance⁷.

Ex-ante

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The mission expenses will not be in compliance with rules and guidelines and/or not be cost-effective.	Ex-ante validation of the opportunity of the mission (justification, location, number of staff, duration, etc.)	100% ex-ante validation by the direct superior and AOD	<p>Effectiveness</p> <p>(1) number/% of missions modified as a consequence of the validation by the direct superior (should be above "0" otherwise the control might be exaggerated - not cost-effective)</p> <p>(2) number/% of missions rejected for correction by the ex-ante verifier because of an "unsatisfactory justification" after having been validated for this aspect by the direct superior (should be very low, otherwise the control by the direct superior is not effective).</p> <p>Efficiency</p> <p>(1) time to approve</p> <p>(2) number of complaints.</p> <p>Economy</p> <p>= estimation of cost of staff involved + ratio between costs and the total amount spent on missions</p>
	Ex-ante verification of the travel orders and claims for reimbursement	100% ex-ante control by the verifying officer	<p>Effectiveness</p> <p>(1) ineligible amounts identified by ex-ante control</p> <p>(2) number/% of cases of irregularity or divergence from best practice identified and corrected</p> <p>(3) number/% of complaints (from travellers and PMO)</p> <p>Efficiency</p> <p>(1) Time to approve</p> <p>(2) number/% of complaints</p> <p>(3) number/% of missions rescheduled because of missed deadlines in ex-ante approval).</p>

⁷ Payments are not included in the main control objectives as they are executed by the entrusted entity, PMO, subject to similar management governance modalities. The corresponding controls are reported by the PMO in their AAR.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
			Economy = estimation of cost of staff involved + ratio between cost of staff and total amount spent on missions reputational damage.

Ex-post

	Independent ex-post control	Ex-post control of representative sample of expenses (9.49%) by the resources team	Effectiveness (1) ineligible amounts identified by ex-post control (2) number/% of cases rejected/returned for correction by PMO (3) number/% of irregularities or divergence from best practice identified Efficiency Timeliness of the ex-post controls. Economy = estimation of cost of staff involved + ratio between cost of staff and total amount spent on missions Benefits (1) Qualitative assessment of the preventive effect (2) Qualitative assessment of the avoidance of reputational damage.
	Exception reporting	See ex-ante verification and ex-post control	Cost = estimation of cost of staff involved Benefits = Qualitative assessment of the value of transparent reporting of exceptions and its learning effect.

ANNEX 7: Specific annexes related to "Financial Management"

Table Y – Overview of DG’s estimated cost of controls at Commission (EC) level:

IAS Mission Expenditure – Control System ⁸	Ex ante controls			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs	<i>related funds managed/concerned</i> ^{9*}	Ratio (%) (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%) (g)/(b)
	€3.844/year ¹⁰	€37.506	10,2%	€192/year ¹¹	€4.294	4,5%	€4.036 ¹²	10,8% ¹²

⁸ These are the IAS-internal costs of control relating to mission expenditure; more costs are made by PMO when processing the IAS mission orders and mission expense declarations.

⁹ Related funds managed/concerned = payments made, revenues and/or other significant non-spending items such as e.g. assets, liabilities, etc.

¹⁰ 3,5% of AST FTE €111.400/year. Although, it may not be proportionate, given the IAS low figures, to report on the time spent in 2020 on controls (which was below the threshold provided in the specific guidance, due to the reduced number of budget implemented through missions in the context of the COVID-19 circumstances, coupled with the limited budget managed by the IAS), the information is nevertheless disclosed in the present annex in order to provide a fair view of the situation in the specific context of the IAS.

¹¹ 0,2% of AST FTE €111.400/year.

¹² Due to COVID-19 related travel restrictions, the number of missions and the related budget implemented were reduced in 2020. As a result, in order to foster their cost-efficiency, the time allocated to ex-ante and ex-post controls was reduced proportionally compared to previous year in order to foster their cost-efficiency. Even if the cost of controls ratio (10,8% of the total mission budget of €37.506) was higher (explained by the fact that the average cost of the missions conducted early 2020 was lower than the entire 2019 average), the cost of controls amount (€4.036) is relatively low in absolute terms.

ANNEX 8: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

Not applicable.

ANNEX 9: Reporting – Human resources, digital transformation and information management and sound environmental management

See also AAR section 2.2 "Modern and efficient administration – other aspects

Human resources management

Objective 7: The IAS employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business			
Indicator 7.1: Number and percentage of first female appointments to middle management positions			
Source of data: DG HR			
Baseline	Target	Latest known results	
12/2019	2022 ¹³	2020	
4 (36%)	+1	3 (27%) No new recruitment yet, one female Head of Unit left the service.	
Indicator 7.2: IAS staff engagement index			
Source of data: European Commission			
Baseline	Target	Latest known results	
2018	2024	2020	
69% (Commission)		68,7% (Commission)	
75% (IAS)	To be equal to or above the Commission average.	67% (IAS)	
Main outputs in 2020:			
Description	Indicator	Target	Latest known results
Strategic development			
Updated HR strategy for the IAS.	Update of the IAS HR strategy with a medium to long-term outlook (3–5 years).	By Q3 of 2020.	Delayed In order to address the lessons learnt from the impact of the unprecedented and unexpected COVID-19 circumstances on HR management and ways of working, to ensure consistency with the recently defined overall corporate HR strategy, as well as to ensure the strategy is adapted to the new organisation of the IAS that will enter into force around mid-2021, it was decided to finalise the update of the IAS local HR strategy in Q2 2021.
Impact of Covid-19 crisis			
Implementation of the corporate measures.	HR management will focus on the implementation of the corporate measures with the objective of maintaining the audit capacity as well as staff motivation and engagement	By end 2020.	Target met. IAS implemented in a consistent way the corporate measures (shift system, monitoring of presence in the office, monitoring telework abroad).

¹³ The target will be revised and extended for the period 2023–2024 by January 2023.

	while being in a 100% teleworking mode.		
Staff engagement			
Implementation of the Staff Engagement Committee plan.	Complete all actions planned on staff engagement: involvement in the Strategic Audit Planning process, knowledge clusters, job-shadowing, international exchange programmes, AudiTED talks, and sports, social and internal communication activities.	By end 2020.	Target partially met. Due to the COVID-19 restrictions several actions planned could not be completed. The following actions were successfully completed: <ul style="list-style-type: none"> - the guidelines on job-shadowing in the IAS adopted by Senior Management; - Several online AudiTED talks organized along the year; - IAS Green initiative – action plan adopted by Senior Management; - Online Christmas event.
Implementation of work-life balance initiatives.	Complete a series of initiatives to promote work-life balance (part-time, teleworking, time credits, recuperation, etc.).	By end 2020.	Target met. In the particular COVID-19 context, the IAS applied the maximum flexibility offered by the new corporate guidelines on telework.
Maintain level of staff engagement (HR survey).	Keep IAS staff engagement index in line with Commission average, and possible increase further.	IAS indicator: $\geq 75\%$.	Target not met. 67% according to the latest available results in 2020, based on specific “pulse” surveys conducted in the context of the COVID-19 business continuity situation. The results achieved in 2020 are below the IAS target. This is explained by the challenges faced by both staff and managers who needed to adapt to the remote working conditions impacting in particular the organisation of audit engagements.
Staff retention and recruitment			
First female appointments to middle management positions.	One first female management appointment [SEC(2020) 146]	by 2022.	No appointment to middle management position took place in 2020
Completion of EPSO competition.	Timely finalisation in order to have list of candidates for vacancies arising in the medium term.	Timely finalization	Target partially met. Timely completion was not possible due to COVID-19 restrictions. Completion is expected in 2021.
Capacity building			
IAS auditors which have one or more professional audit qualifications.	Percentage of staff certified = 79.5% (2019).	Minimum 70%.	Target met. 74%.
Update of the Internal Audit Training Programme.	Level of satisfaction of IAS staff with the structured training.	Minimum 80%.	Target met. 81,6%.
Annual Conference.	Timely implementation.	November 2020.	Postponed due to COVID-19 restrictions.

Sound financial management

Objective: 8 The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions

Indicator 8.1: Estimated risk at closure.

Source of data: DGs and services to whom the implementation of the IAS budget was delegated.

Baseline	Target	Latest known results	
2018	2024	2020	
0%.	< 2% of mission expenditure.	0%.	
Main outputs in 2020:			
Description	Indicator	Target	Latest known results
Effective controls: Legal and regular transactions (missions).	Risk at payment.	< 2 % of mission expenditure.	0%.
	Estimated risk at closure.	< 2 % of mission expenditure	0%.
Effective controls: safeguarded assets (sensitive information).	Positive assessment of the related IIA Standard during the IQA and EQA (quality assessment).	No issues of non-conformance with the IIA Standards.	No issues reported.
Cost effective controls: (mission expenditure).	Overall estimated cost of controls (mission expenditure).	< 10 % of mission budget.	10,8%. Due to COVID-19 related travel restrictions, the number of missions and the related budget implemented were drastically reduced in 2020. As a result, in order to foster their cost-efficiency, the time allocated to ex-ante and ex-post controls was reduced proportionally compared to the previous year. Even if the cost of controls ratio (10,8% of the total mission budget of €37.506) was higher compared to the previous year (explained by the fact that the average cost of the missions conducted early 2020 was lower than the entire 2019 average), and slightly above the target, the cost of controls amount (€4.036) is relatively low in absolute terms (see Annex 7).

Digital transformation and information management

Objective 10: IAS is using innovative, trusted digital solutions for better auditing, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

Indicator 10.1: Degree of implementation of the digital strategy principles by the most important IT solutions

Source of data: IAS internal with support of DIGIT

Baseline delivered in 2019	Target 2024	Latest known results 2020
Definition of the context, impact and outcomes of the project.	Project completed Interim milestone (2020): initiation and planning phase completed.	Target met. Initiation and planning phase completed.
Average score on the implementation of the core principles ¹⁴ defined by the EC Digital Strategy: - TeamMate: 56%. - Innovation & digital auditing: 0%.	Average score of implementation: - TeamMate+: 94%. - Innovation & digital auditing: 94%.	Target met. On time: - TeamMate: 56%. - Innovation & digital auditing: 31%.

Indicator 10.2: Percentage of IAS key data assets for which corporate principles for data governance have been implemented

Source of data: IAS with the support of the corporate data governance hub

Baseline 2019	Target 2024	Latest known results 2020
100%. The IAS met the 2019 target (Identification of key datasets and ownership) ¹⁵ .	100%.	Target met. 100%.

Indicator 10.3: Percentage of staff attending awareness raising activities on data protection compliance

Source of data: IAS internal

Baseline 2019	Target 2024	Latest known results 2020
100%.	100% of staff.	100%.

Main outputs in 2020:

Description	Indicator	Target	Latest known results
Needs assessment.	Timely preparation for migration to a new TeamMate version (TeamMate+) or eventual acquisition and/or development of a different audit	Timely assessment (2020-2021).	Target met. Initial assessment done. Migration proposal from TeamMate vendor received.

¹⁴ From 2021, services are required to provide a state-of-play on the implementation of the 11 core principles defined by the EC Digital Strategy for the top 3 most expensive IT solutions that they own. For each of these solutions, this will be expressed as an average of the scores reflecting the degree of implementation of each of the 11 principles ("2-well"/"1-partially"/"0-not implemented").

¹⁵ The IAS completed the actions addressing the first, third and fourth principle. However, the data assets identified did not qualify for the second principle, as they contain information only relevant for internal audit purposes and are not shared.

	management tool.		
Progress report on 'Innovation and Digital Auditing'.	Delivery of a progress report on innovation and digital auditing within the IAS.	January 2020.	Target met. 100%.
Implementation of the 2020 phase of the multi-annual IAS innovation and digital auditing plan (project).	Degree of implementation of the project.	End 2020: Initiation and planning phase of the project completed.	Target partially (50%) met. 50% Pilots have been designed and 4 out of 5 completed. There is currently a request ongoing to implement an instance of visualization Initiation phase completed. Planning phase to be started, pending readiness for proper identification of the project's deliverables, beyond the current experimentation. Indeed, although all pilots have shown promising areas, their implementation has revealed a lack of maturity both in the service and the internal audit industry, which needs to be worked on before coming up with a clear way forward. All identified areas will then be further explored in 2021, ending up in the definition of more concrete deliverables.
Progress of the IAS in implementing corporate data governance and data policies for its key data assets included in the EC data inventory.	Level of implementation (%).	In line with Commission average.	Target met. 100% IAS data assets are not considered critical mainly because they are not primary sources (most of the information is sourced from auditees). But governance mechanisms to manage IAS datasets are in place based on IAS.01 procedures.
Staff attending awareness raising activities on data protection compliance.	% Level of attendance of structural training offer and periodic refresher initiatives, such as a dedicated Auditors Forum.	100% of staff to attend at least one of the trainings and initiatives by end 2020.	Target met. 100%.

Sound environmental management (EMAS)

Objective 11: The IAS takes full account of its environmental impact in all its actions and actively promotes measures to reduce the environmental impact of its daily operations.

Indicator 11.1: Environmental performance in the Commission.

Source of data: [Environmental Statement 2018 results](#) and [Environmental Statement 2019 results](#)

Baseline 2018	Interim milestone (2020)	Target 2024	Latest known results 2019 ¹⁶
Energy consumption of buildings (MWh / person): -8.8%.	-5.2%.	Achieve greater reduction.	- 8,2% (2020 target met).
Water use (m ³ / person): -9.5%.	-5.4%.	Achieve greater reduction.	-25% (2020 target met).
Office paper consumption (sheets / person / day): -32%.	-34%.	Achieve greater reduction.	-37% (2020 target met).
Office paper consumption (sheets / person / day) IAS specific: - 10%.	-40% (teleworking due to Covid).	Achieve reduction of 10% / year.	Target met (2020). - 58% office printed pages compared to 2019. ¹⁷
CO ₂ emissions from buildings (tonnes / person): -24%.	-5.1%.	Achieve greater reduction.	-22% (2020 target met).
VeloMai participation – IAS statistics - 22 cyclistes (2018). 29 cyclistes (2019) - 473kg CO ₂ saved (2018), 789kg CO ₂ saved (2019).	35 cyclists 800kg CO ₂ saved.	50 cyclistes 1000kg CO ₂ saved.	Target partially met (2020). 1) 30 participants. 2) 402 KG CO ₂ saved. Although the 2020 targets were not achieved per se due to COVID-19 restrictions preventing staff to go to the office, the IAS still reached the 3rd place among all VeloMai participants.
Waste generation (tonnes / person): -15%.	-9.7%.	Achieve greater reduction.	-17% (2020 target met).
Main outputs in 2020:			
Description	Indicator	Target	Latest known results (2020)
IAS-EMAS action plan			
Implementation of Corporate level monitoring scheme.	Reduction of energy consumption of the building, water use, office paper	In line with Commission average.	Target met by default as a result of the full implementation of the DG HR action plan (full teleworking) in the context of the COVID-19 situation.

¹⁶ The latest validated Environmental Statement is the one for 2020 (data 2019) available on EC [My Intracomm](#). According to the annual EMAS cycle, KPIs for 2020, concerning EC's environmental performance, will only be available in April 2021. EC's environmental performance data 2020 is incorporated in the draft EC's Environmental Statement 2021 (data 2020) and is subject to validation during the verification exercise which starts in June 2021. The final validated Environmental Statement 2021 (data 2020) will be available on Europa, following a successful verification exercise before the end of 2021. The general positive trend observed for most core parameters continued in 2019, with many already achieving the 2014-20 target as shown below

¹⁷ Source : IAS calculation.

	consumption, CO ₂ emissions from building and waste generation.		
Promote the EMAS corporate campaigns – Development and implementation of the IAS EMAS action plan.	(1) Adoption of the IAS-EMAS plan. (2) Implementation of the IAS-EMAS plan by the IAS green ambassadors, a new subgroup of the Staff Engagement Committee.	(1) Adoption of the plan: Mid 2020. (2) Implementation of at least 50% of the defined actions by end 2020.	Target met. 1) Plan adopted on 22 June 2020. 2) 62,5% implemented (5 of 8 active actions completed - Out of the 17 actions foreseen in the plan, 7 actions were put on hold due to COVID measures and 2 were suspended due to their assessed non-applicability based on the results of the pilot exercises and implementation of related wider-impact actions).
Promote Teleworking.	Average number of days of teleworking per staff member.	In line with Commission average.	Target met. Full implementation of the DG HR action plan with respect to teleworking in the context of the COVID-19 situation.
Reduce number of missions by promoting remote auditing and video conferencing.	Reduction of number of missions compared with 2019.	New (in line with Commission average).	Target met. Drastic reductions in the number of missions (-76%) due to COVID-19 travel restrictions.
Reduce office paper consumption.	Number of sheets / person / day.	-40% compared to 2019 (teleworking due to COVID).	Target met. - 58% office printed pages compared to 2019.
Increase VeloMai participation.	1) Number of IAS participants. 2) Amount of CO ₂ saved.	1) 35. 2) 800KG CO ₂ .	Target partially met. 1) 30 participants. 2) 402 KG CO ₂ . Although the targets were not achieved per se due to COVID-19 restrictions preventing staff to go to the office, the IAS still reached the 3rd place among all participating services.

ANNEX 10: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)

Not applicable

ANNEX 11: EAMR of the Union Delegations (if applicable)

Not applicable

ANNEX 12: Decentralised agencies and/or EU Trust Funds (if applicable)

Not applicable