



# Annual Activity Report 2021

INTERNAL AUDIT SERVICE (DG IAS)

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## THE INTERNAL AUDIT SERVICE IN BRIEF

The Internal Audit Service (IAS) is an independent central service in the European Commission, led by the Commission's Internal Auditor, Dr Manfred Kraff.

Its mission<sup>1</sup> is **to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight**. The IAS helps the audited entities accomplish their objectives by bringing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control and governance processes.



By providing assurance to the audited entities and the College of Commissioners, the IAS directly **contributes to the Commission's general objective of creating a modern, high-performing European public administration, increasing public confidence in the European Union and enhancing its image**. Indirectly, it also **contributes to the overall political ambitions and objectives of our institution and of the European Union** by auditing management and control systems and providing assurance on the effectiveness of risk management, control, and governance processes to the other European Commission services, the European External Action Service, executive agencies, the European Schools and the EU agencies and other autonomous bodies receiving contributions from the EU budget (hereinafter called 'audited entities'). At the request of its auditees, the IAS can also provide consulting services



The IAS conducts its internal audit activities in accordance with the governance arrangements of the European Commission, the Financial Regulation (FR)<sup>2</sup>, the International Standards for the Professional Practice of Internal Auditing (the Standards)<sup>3</sup> and the Code of Ethics of the Institute of Internal Auditors (IIA)<sup>4</sup>. It

works in an open and transparent manner, meeting the expected high level of professional and ethical standards. It reports and is functionally accountable to the Audit Progress Committee (APC) regarding its audit activities in the Commission and executive agencies. For its work in decentralised EU agencies and other autonomous bodies, the IAS reports functionally to the Board and the Director of each respective entity.

Under the von der Leyen Commission, the IAS falls under the portfolio of the Commissioner for Justice, Mr Didier Reynders.

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<sup>1</sup> Mission Charter for the Commission and Executive agencies C(2020) 1760 of 25.3.2020. For EU agencies and other autonomous bodies, the IAS signs individual Mission Charters.

<sup>2</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.

<sup>3</sup> <https://na.theiia.org/standards-guidance/Public%20Documents/IPPF-Standards-2017.pdf>

<sup>4</sup> The IIA code of ethics describes the minimum requirements for conduct for the profession of internal auditing.

## EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director-General of the IAS to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the EU treaties<sup>5</sup>.

### A. Key results and progress towards achieving the Commission's general objectives and DG's specific objectives

The political agenda of President von der Leyen, as set out in the political guidelines and further developed in the mission letters to all members of the Commission, is the starting point for the 2020-2024 Strategic Plan of the Internal Audit Service (IAS). The IAS<sup>6</sup>, as the sole internal audit service provider in the Commission and domain leader in internal audit for the EU agencies and other autonomous bodies, contributes in the most visible way to the following general and horizontal objective:

#### *A modern, high-performing European public administration*

In the political guidelines, the President puts strong emphasis on modernising the way the Commission works, for example through digitalisation, use of collaborative working methods and an increased focus on sustainability.



The IAS provides to the audited entities and the College of Commissioners **assurance on the effectiveness of risk management, control, and governance processes**. It helps the audited entities to achieve their objectives and also contributes to the effective and efficient management of resources and to promoting a performance culture (economy, efficiency and effectiveness).

The IAS also indirectly contributes to the overall political headline ambitions of the European Commission<sup>7</sup> and the wider objectives of the European Union. Based on in-depth risk assessments performed for each of the audited entities, the IAS auditors identify the highest risks that may adversely affect the achievement of the wide range of general and

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<sup>5</sup> Article 17(1) of the Treaty on European Union

<sup>6</sup> The Internal Audit Service is an independent central service in the European Commission, led by the Commission's Internal Auditor, Dr Manfred Kraff. It audits management and control systems of each of the other European Commission services and executive agencies, and a growing number of decentralised EU agencies and other autonomous bodies receiving contributions from the EU budget (hereinafter called 'audited entities').

<sup>7</sup> [https://ec.europa.eu/info/priorities\\_en](https://ec.europa.eu/info/priorities_en). The Political Guidelines focus on six headline ambitions for Europe over the next five years and well beyond: (1) A European Green Deal, (2) An economy that works for people, (3) A Europe fit for the digital age, (4) Promoting our European way of life, (5) A stronger Europe in the world, (6) A new push for European democracy. In addition, the administration has a horizontal objective to be a modern, high-performing European public administration.

specific objectives contributing to the high-level political ambitions of the von der Leyen Commission and its priorities for 2019-2024. These risks are covered by engagements included in the IAS strategic audit plans (SAPs).

As part of the formal risk and internal control framework of the Commission and of the EU agencies and other autonomous bodies, the Internal Auditor works alongside other risk and control professionals, in particular the European Court of Auditors (ECA), the Commission's external auditor, and, where applicable, the Internal Audit Capabilities (IACs) of the EU agencies and other autonomous bodies. Together, these actors help the audited entities to manage risks.

Auditing has become more complex over the last years due to the increased number of interconnections between EU policies and between the entities contributing to their implementation. Therefore, the Strategic Audit Plans have to take into account this evolving process. The IAS has to be very flexible, constantly monitor the situation, swiftly update the audit universe, identify newly emerging risks, and adapt its in-depth risk assessments and audit plans to new developments. The IAS adapts its own organisation and working methods accordingly.

Through its **assurance and consulting activities**, the Internal Audit Service adds value to the effective and efficient implementation of governance, risk management and control processes and of EU policies, programmes and actions, to efficient and economical management of resources, to the legal and regular spending of the EU budget and to the compliance with the applicable legal frameworks by the audited entities.

The IAS performed a wide range of **audits** in 2021, covering governance aspects and operational and financial processes, in order to provide assurance to the audited entities that the controls in place are effective in mitigating those risks that may impair the achievement of their objectives. With a view to contributing to the Commission's performance-based culture, an important part of the Internal Audit Service strategic audit plans consists of **performance audits** concerning:

- data and information management;
- data protection;
- supervision strategies regarding the implementation of programmes by third parties;
- control strategies for selected directorates-general and services;
- human resources management processes;
- the implementation of the new internal control framework in the Commission.

Where weaknesses are identified in the course of an audit, **recommendations** are issued. These recommendations aim at mitigating the related risks in a cost-effective way, thereby adding value to the audited entity.

The implementation of the accepted recommendations is verified through follow-up audits. The IAS provides summaries of its follow-up work to its key stakeholders. In particular, it

issues: (1) quarterly **overview reports** (or information notes) transmitted to the APC on the follow-up of IAS recommendations concerning the Commission’s Directorates-General and services; and (2) **annual reports** on the status of open critical and significantly delayed recommendations to decentralised EU agencies and other autonomous bodies.

The Internal Auditor issues each year a **conclusion on the state of internal control** (limited type assurance<sup>8</sup>) to each individual Directorate-General and service of the Commission, as a contribution to the preparation of their annual activity reports.

The Financial Regulation<sup>9</sup> (FR, Article 247) requires the Commission to communicate to the European Parliament and the Council a set of financial and accountability reports, which constitute essential input for the annual “discharge procedure”, through which the European Parliament and the Council hold the Commission accountable for the way it manages the EU budget. This also provides a greater focus on value for money for citizens and thus contributes to **increasing public confidence in the European Union and enhancing its image**.

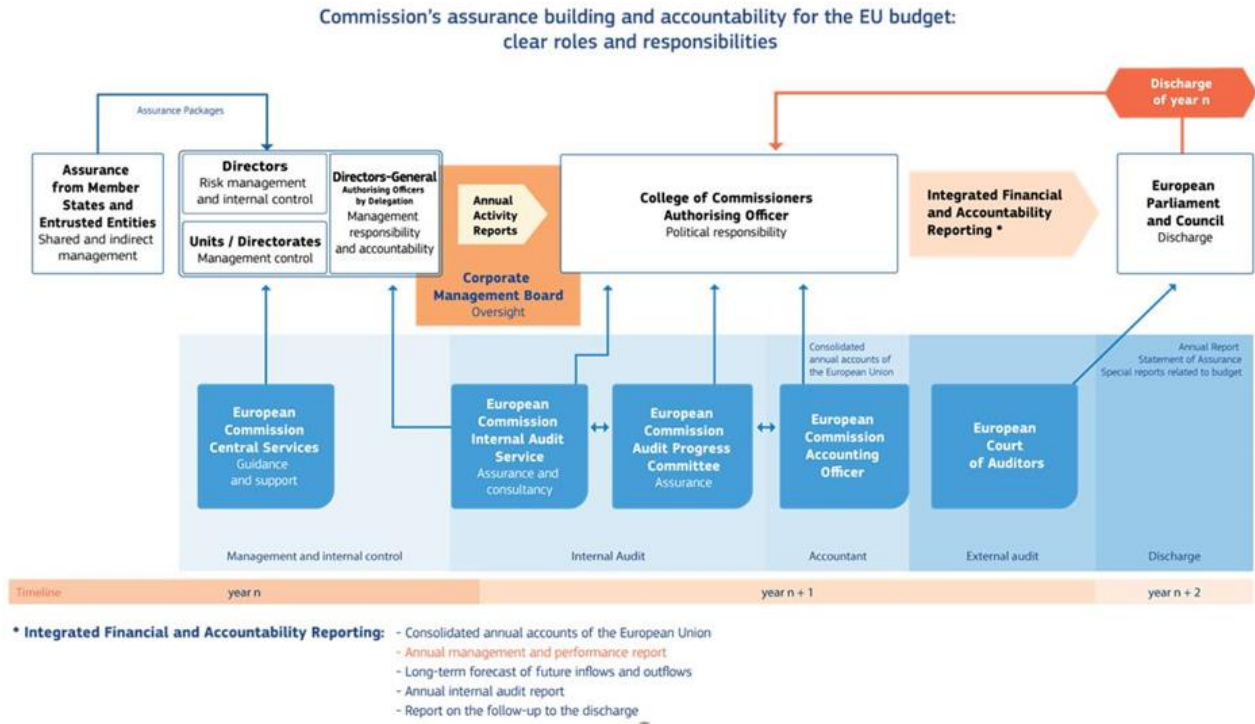


Figure 1 - Commission’s Assurance and Accountability Chains. Source: European Commission.

Each year the Commission prepares the **Integrated Financial and Accountability Reporting package (IFAR)**, which brings together comprehensive information on the implementation, performance, results, sound financial management and protection of the EU budget. It consists of five reports and the IAS contributes to two of them:

<sup>8</sup> These limited conclusions have been issued on an annual basis since 2016.

<sup>9</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and the Council of 18 July 2018

- (1) The **Commission's annual report to the discharge authority on internal audits carried out** (Article 118(8) of the FR), which presents a synthesis of the recommendations made by the IAS to improve the Commission's governance, risk management and internal control processes and the actions taken on those recommendations. This report, prepared by the Secretariat-General of the European Commission, is the summary of the **Annual Report of the Internal Auditor** (FR, Article 118(4)) through which the IAS reports each year to the Commission on its audit work in Commission Directorates-General, services and executive agencies.
- (2) the Commission's **Annual Management and Performance Report for the EU budget (AMPR)**, which contains the IAS annual **overall opinion on the Commission's financial management**, based on the audit work carried out in the area of financial management in the Commission Directorates-General, services and executive agencies during the previous 3 years.

Since 2020, Europe has been strongly impacted by the **COVID-19 pandemic**. The Commission has proposed a coordinated response to the health crisis as well as to the impact on Europe's economy and society.

Although the full consequences are not known yet, the COVID-19 pandemic had a major impact on the IAS audit environment. The urgent nature of the Commission's response to the crisis and the significant financial commitment expose the institution to new risks which need to be recognised and effectively managed. The crisis also has implications for internal control systems of the Commission, the EU agencies and other autonomous bodies, the member states' bodies involved in the implementation of the budget, as well as for the IAS's capacity to audit. As an example, the difficulties experienced since March 2020 in undertaking on the spot controls and audit missions poses a challenge to the assurance building process, particularly for financial management.

The IAS nevertheless was able to maintain its productivity and successfully complete its 2021 plan, effectively mitigating the risk that the restrictions on the IAS's audit work caused by the COVID-19 pandemic might reduce the scope of the 2021 overall opinion on financial management in the Commission.

In parallel, the IAS paid close attention to staff wellbeing. It strictly implemented the corporate human resources measures with the objective of maintaining the audit capacity as well as staff motivation and engagement while being in an almost full teleworking mode. It transformed challenges into opportunities for example by grasping the benefits of remote auditing, and kept close contact with staff through various internal communication initiatives.




## **B. Key Performance Indicators (KPIs)**

Concerning the IAS core activities, most targets set out for 2021 in the IAS's 2020-2024 Strategic Plan and 2021 Management Plan were reached or exceeded.

Following the good practices identified by the International Institute of Internal Auditors (IIA), the IAS uses a set of key performance indicators (KPIs) to ensure that its strategic

audit plans deliver the desired results. The IAS targets and indicators are defined on an annual basis and closely monitored throughout the year.

The results for 2021 are overall satisfactory. The three KPIs that represent the most critical aspects of the performance of the IAS are as follows:

-  Coverage, through the strategic audit plans and successive annual audit plans, of the highest risk areas identified in the strategic risk assessments and the annual updates;
-  Level of satisfaction of stakeholders (APC/Management Boards and Directors-General/Directors of EU agencies and other autonomous bodies);
-  Compliance with international internal auditing standards as assessed through the External Quality Assessment (EQA) and with the internal methodology and guidelines of the IAS.

Performance tables in Annex 2 provide a more detailed analysis of these and other KPIs.

For non-core business activities, a significant part of the targets was achieved. However, some outputs could not be fully delivered as intended mainly due to the exceptional COVID-19 circumstances and the continued teleworking arrangements. The performance tables in the Annex 10 provide a more detailed analysis.

### **C. Key conclusions on Financial management and Internal control**

In accordance with the governance arrangements of the European Commission, (the staff of) the IAS conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting with the expected high level the professional and ethical standards. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles.

98% of the administrative expenditure of the IAS is directly delegated to the Office for Administration and Payment of Individual Entitlements (PMO), to the Directorate-General for Human Resources and Security (DG HR) and to the Directorate-General for Informatics (DG DIGIT), in accordance with the Commission's Internal Rules.

The IAS is therefore accountable for the remaining 2% of its administrative budget, which is co-delegated to DG HR and DG DIGIT (based on a service level agreement and a memorandum of understanding). This expenditure is covered by the Declarations of Assurance of these Directorates-General and of the IAS, as the primary AOD can rely on the efficiency and cost-effectiveness of the controls in place in DGs HR and DIGIT (as secondary AODs).

In 2021, as every year, the IAS executed its own additional ex ante and ex post controls on its mission expenses and monitored the implementation of its anti-fraud strategy. No issues have been reported in these areas.



In conclusion<sup>10</sup>, the IAS management has reasonable assurance that, overall, suitable controls are in place and work as intended; risks are being appropriately monitored and mitigated, and necessary improvements have been/are being implemented.

The Director-General and the Director of IAS.C (in her capacity as Authorising Officer by Delegation (AOD)) have co-signed the Declaration of Assurance.

#### **D. Provision of information to the Commissioner**

In the context of the regular meetings during the year between the Director-General and the Commissioner<sup>11</sup> on management matters, the main elements of this report and assurance declaration have been brought to the attention of Commissioner Reynders, responsible for Justice and the IAS.

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<sup>10</sup> See section 2.1 for further details

<sup>11</sup> Cabinet level

# 1. KEY RESULTS and progress towards achieving the Commission's general objectives and DG's specific objectives

## Analysing the new audit universe and adjusting the organisation of the IAS<sup>12</sup>

Auditing is becoming more complex due to the increased number of interconnections between EU policies and between the entities contributing to their implementation. The IAS needs to be very flexible, monitor constantly the situation, swiftly update the audit universe, identify newly emerging risks, and adapt in-depth risk assessments and audit plans to the new developments.

The IAS adapts its own organisation and working methods accordingly. **Knowledge clusters** were created in 2020 at working level to help the IAS improve its knowledge sharing capacity across the boundaries of its directorates and units and promote a better understanding of the on-going developments in the political environment. The knowledge clusters also provided valuable input to the IAS reorganisation as they facilitated addressing EU policy areas in a more holistic way, paving the way for the review of the audit portfolios.



The IAS finalised the main steps of its **reorganisation** in 2021. The first step was the reorganisation of the audit portfolios across the three IAS Directorates, aligning them with the key EU policy areas and the Commissions' priorities instead of the previous

structure based on specific DGs/bodies or institutions. In parallel, the IAS created a new resources and general affairs unit to ensure that the activities of a more horizontal and crosscutting nature are coordinated in an optimal way.

Finally, the IAS concluded the reorganisation project with a thorough analysis of the areas for optimisation. To address them, the IAS identified appropriate actions to be implemented in 2022.

Overall, the creation of knowledge clusters, the reorganisation of the IAS and the adjustment of audit portfolios enabled the IAS to achieve a better alignment of its organisation and structure to the political and high-level priorities of the Commission and the decentralised EU agencies and other autonomous bodies.

This should contribute to a more effective coverage of the associated risks.

Beyond the scope of the reorganisation, the IAS has identified areas for improvement and defined subsequent actions with the aim of further optimising its operations and increasing the added-value of its work for its stakeholders<sup>13</sup>.

<sup>12</sup> Specific objectives 1 and 2

## Our contribution in 2021 to individual audited entities<sup>14</sup>

The IAS performed a wide range of **audits in 2021**, covering governance aspects and operational and financial processes, in order to provide assurance to the audited entities that the controls in place are effective in mitigating those risks that may impair the achievement of their objectives.

Where weaknesses were identified in the course of the various audit engagements, **recommendations** were issued. These recommendations aim at addressing the related risks in a cost-effective manner, thereby adding value to the audited entity. They contribute, once fully implemented, to improving the functioning of the Commission and the EU autonomous bodies.

The implementation of the accepted recommendations is verified through dedicated **follow-up audit engagements**. The IAS provides summaries of its follow-up work to its stakeholders. In particular, it issues: (1) quarterly **overview reports** (or information notes) transmitted to the APC on the follow-up of IAS recommendations concerning Commission's Directorates-General and services; and (2) **annual reports** on the status of open critical and significantly delayed recommendations to EU agencies and other autonomous bodies.

The Internal Auditor issues each year a **conclusion on the state of internal control** (limited type assurance<sup>15</sup>) to each individual Directorate-General and service of the Commission, as a contribution to the preparation of their annual activity reports.

## Ensuring coverage of the high risk areas of the audit universe<sup>16</sup>

The IAS has a well-defined and structured audit process, starting with an in-depth audit risk assessment to obtain a thorough understanding of the audited entities, their objectives and the key risks they face in achieving them.

The IAS has developed a good understanding of the evolving audit universe (also due to the work undertaken in the context of the knowledge clusters) and performed in 2020 a strategic in-depth risk assessment in preparation of the 2021-2023 risk-based IAS Strategic Audit Plan (in accordance with the IIA Standards). In 2021, the IAS carried out an annual update of the in-depth risk assessment, to identify existing high risks, define audit priorities and revise the risk-based Strategic Audit Plan 2022-2023 accordingly.

The IAS's objective is to cover the highest risk areas in its audit universe over a three or four year period. In order to be able to deliver the annual overall opinion of the IAS on financial management in the Commission, the plan also has to ensure a minimum coverage of financial management in all Commission services over the three-year period. In the EU agencies and other autonomous bodies, the objective is to cover the highest risks in the period of the strategic internal audit plans (i.e. four-year period), but there is no obligation to deliver an overall opinion on financial management per agency.

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<sup>13</sup> See part 2.F: initiatives to improve economy and efficiency of financial and non-financial activities

<sup>14</sup> Specific objective 4

<sup>15</sup> These limited conclusions have been issued on an annual basis since 2016.

<sup>16</sup> Specific objective 3

The IAS continues to aim for 100% coverage of its annual audit plans and the three-year strategic audit plan. It mitigated the risk that the restrictions on the IAS's audit work caused by the COVID-19 pandemic might have reduced the scope of the 2021 overall opinion on financial management in the Commission.

### **Delivering the audit plan and optimising the use of resources<sup>17</sup>**

The main operational challenge of the IAS is to complete all engagements included in its audit plans and make effective use of its resources. The completion of the annual audit plans is monitored in the course of the year. They are reviewed at mid-year to reflect new and emerging risks faced by the audited entities.

Despite the challenges brought by the exceptional circumstances in 2021, the IAS took advantage of the digitalisation opportunities offered by the Commission services (such as remote working tools supporting efficient and effective remote auditing processes) and could rely on its committed and engaged staff. This enabled it to successfully complete 68 audit, consulting and risk assessment engagements. This covered 98% of the number of engagements planned to be completed in 2021<sup>18</sup> (one limited review<sup>19</sup> will be finalised in Q1 2022).

The IAS continued to make an efficient use of its resources, with audit staff spending on average more than 85% of their time on audit activities in 2021. This was possible due to the IAS active management of its operational performance based on a detailed planning of audit tasks and 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 budgeted and actual time spent on each audit. The introduction of remote auditing practices since 2020 due to the COVID-19 pandemic, despite presenting some challenges, has overall been well managed both by auditors as well as auditees.

### **Closely monitoring stakeholders' feedback<sup>20</sup>**

In 2021, the IAS continued its practice of surveying its auditees at the end of each engagement on whether they consider that the audits and recommendations satisfactorily cover the risks and processes in their entity, provide added value to their operations and contribute to an effective risk management.

Moreover, the IAS conducts annual satisfaction surveys with its key stakeholders, namely the members of the APC, the 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).

Stakeholders continue to recognise that the IAS covers the main risks (satisfaction rates of

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<sup>17</sup> Specific objective 4

<sup>18</sup> The "audit year" cover the period 1 February year N- 31 January year N+1.

<sup>19</sup> This limited review concerns the European Peace Facility.

<sup>20</sup> Specific objective 5

over 90%) and that its recommendations add value (satisfaction rates of over 85%), and confirm that the IAS helps them to improve their internal control (satisfaction rates of over 85%). They also consider that the IAS performs its audits with objectivity, honesty and fairness (satisfaction rates of over 90%).

The auditees' feedback helps the IAS to ensure the relevance and cost-effectiveness of its audit recommendations and the expansion of the auditors' knowledge of the auditees' businesses. It also informed the reorganisation of the IAS, aimed at developing a more holistic audit approach, which is aligned with the Commission's current political priorities and which focuses on policies rather than organisational entities.

Despite the very positive results, the IAS has to stay vigilant and continued in 2021 to implement actions to ensure the cost-effectiveness of its audit recommendations and to expand its auditors' knowledge of the auditees' businesses.

### **Complying with internal methodology and guidelines and international auditing standards<sup>21</sup>**

The IAS is a mature internal audit service committed to quality and excellence. It works in an open and transparent manner, meeting the expected high level of professional and ethical standards. The quality assurance and improvement programme covers all types and aspects of internal audit activities in the IAS. This programme consists of both internal and external quality assessments. The IAS internal quality assessment includes on-going monitoring and periodic reviews, the latter consisting of extensive self-assessment work, stakeholder surveys, and monitoring of a range of key performance indicators (KPIs). External quality assessment is performed by an independent qualified external assessor every 5 years, as required by international auditing standards<sup>22</sup>.

In 2021, the IAS underwent a full external quality assessment which involved an evaluation of compliance against international auditing standards, the use of successful practices, and the efficiency and effectiveness of the internal audit activity. The external assessor concluded that "the European Commission's Internal Audit Service (EC's IAS) "generally conforms" to all IIA standards for the period in scope (2017-2021) and "generally conforms" to the IPPF code of ethics. "Generally conforms" is the highest rating that can be achieved.

Despite the fact that no non-conformance issues were identified as a result of the external quality assessment, the IAS continues to improve its (digitalised and lean) audit techniques and to harmonise its audit practices.

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<sup>21</sup> Specific objective 6

<sup>22</sup> Standard 1312 of the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing states "External assessment must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation".

## 2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

This section explains how the Internal Audit Service (IAS) delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports on the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives<sup>23</sup>. It includes the information necessary to establish that the available evidence is reliable, complete and comprehensive.

The second subsection addresses the other aspects for a modern and efficient administration: human resources, digital transformation and information management and sound environmental management.

### 2.1. Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

This examination is carried out by the IAS management, which monitors the functioning of the internal control systems on a continuous basis. The results are explicitly documented and reported to the Director-General.

The following reports have been considered:

- the reports from Authorising Officers in the Directorates-General/services managing budget appropriations in co-delegation. DG HR analyses the results of different controls in order to substantiate the IAS 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 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.
- the contribution by the Director in charge of risk management and internal control, including the results of internal control monitoring at Directorate-General level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Article 92(3) of the Financial Regulation), if applicable;
- the internal and external quality assessments on the IAS audit activities.

These reports result from a systematic analysis of the available evidence. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the AOD of DG IAS.

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<sup>23</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

This section covers the control results and other relevant elements that support management's assurance. It is structured into sections 2.1.1 on control results, 2.1.2 on external and internal quality reviews and follow-up actions, 2.1.3 on effectiveness of internal control systems, and resulting in section 2.1.4 on conclusions on the assurance.

### 2.1.1. Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the Internal Control Objectives (ICO)<sup>24</sup>. The DG's assurance building and materiality criteria are outlined in Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

Taking into account that the implementation of the whole budget of the IAS is (co)delegated to the PMO, DGs HR and DIGIT (see annexes 3 and 4), management assurance in the IAS on financial management depends on the assurance provided by the AODs Declarations of these entities in their own Annual Activity Reports.

Activity: internal audit	Procurement		ICO indicators available at this level?	Any reservation?
Administrative expenditure (~ 98% of €20,49m - direct delegation)	N/A	~ €20m	PMO, DGs DIGIT and HR No issues reported	NO
Provision of services (missions, meeting and training) (1,5% of €20,49m - co-delegation)	N/A	€0,31m	DG HR Non-recurring issues reported (see next section)	NO
Provision of IT-development services (TM) (0,9% of €20,49m -co-delegation)	N/A	€0,18m	DG DIGIT No issues reported	NO
<b>Totals (coverage)</b>		<b>~ €20,49m</b>		<b>NO</b>

The only control results that go beyond what is reported in the AARs of DGs HR, DIGIT and PMO are the results of the ex ante and ex post controls on IAS mission expenses. The control processes and the indicators used to measure the performance of the relevant control system allow the IAS to ensure compliance of the mission expenses with the

<sup>24</sup> 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

Commission's Guide to Missions and Authorised Travel and the IAS specific guidance<sup>25</sup>.

As the IAS's financial management is fully delegated to other entities, the internal control in the context of the AAR of the IAS mainly refers to the implementation of the internal control framework and its 17 principles for its non-financial operations.

The IAS Director in charge of Risk Management and Internal Control (RMIC) established, together with the IAS senior management team, the monitoring criteria against which the IAS implementation of the internal control principles would be assessed and monitored.

The self-assessment of the IAS implementation of the internal control framework was conducted in Autumn 2021 in parallel with the risk assessment. Both assessments were finalised by the end of November 2021. No significant risks were identified which could have a material impact on the achievement of the internal control objectives and therefore on assurance. The Director in charge of RMIC concluded that the IAS implemented an effective system of internal control. Some areas for improvement were identified and the related mitigating actions have been included in the IAS 2022 Management Plan.

In 2021, the IAS reported an exception to the standard procedure in financial management related to services which were delivered on the basis of a budgetary commitment but without a legal commitment and for which the Commission did not make the related payments. This non-recurring event was generated by the fact that the signature of the contract with the service provider was on hold pending the solution of a data protection issue, but the IAS needed the services for business continuity purposes. The amount at risk associated with the exception is limited (0,06% of the IAS budget). As the related budget is co-delegated to DG HR, this latter has registered this event in its exception register and in its AAR.

In addition, DG HR informed the IAS about an exceptional ex post authorisation for external training for a non material amount (below EUR 2.000).

The AOD did not receive any binding instructions which he considered to be irregular or contrary to the principle of sound financial management, and therefore no cases of 'confirmation of instructions', in the sense of Article 92(3) FR, are reported.

The new reporting requirements stemming from the 2018 Financial Regulation, and listed below do not apply to the IAS:

- Cases of financing not linked to costs (new FR art 125.3);
- Financial Framework Partnerships >4 years (new FR art 130.4);
- Cases of flat-rates >7% for indirect costs (new FR art 181.6);
- Cases of "Derogations from the principle of non-retroactivity pursuant to Article 193 FR" (new Financial Regulation Article 193.2).

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<sup>25</sup> 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.



## 1. Effectiveness of controls

### a) Legality and regularity of the transactions

The IAS implements internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for. The entire expenditure of the “Audit” activity under title 28 of the EU Budget is either directly delegated or co-delegated to PMO, DGs HR and DIGIT. According to Article 3.4 of the Internal Rules of the Commission<sup>26</sup>, DGs HR and DIGIT bear the responsibility for these co-delegated appropriations and report on them in their own AAR. The non-recurring exceptions (as referred to in the two previous sections) represent a minor part of the IAS budget with no financial consequences. No other issues were reported by PMO, DG HR and DG DIGIT for any type of IAS expenditure.

The ex ante controls on 100% of the mission expenses identified transactions that required a correction or clarification before they could be approved. All of these mission orders and expense declarations were adjusted before they were sent to PMO for further processing.

The IAS own ex post controls on mission expenses found no errors.

Table X : Estimated risk at payment and at closure (amounts in EUR million) – N/A: as the IAS does not make any payments, calculations of estimated risk at payment and at closure are not applicable

DG IAS	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
(1)	(2)	(3)		(4)		(5)	
	m EUR	m EUR	%	m EUR	%	m EUR	%
<b>DG total</b>	<b>m EUR</b>	<b>m EUR</b>	<b>%</b>	<b>m EUR</b>	<b>%</b>	<b>m EUR</b>	<b>%</b>

Based on the above, the IAS concludes that the DG’s controls are effective and that the payments under title 28 were legal and regular.

### b) Fraud prevention, detection and correction

The IAS has developed and implements its own anti-fraud strategy since 2014, on the basis of the methodology provided by OLAF. The IAS anti-fraud strategy is updated every 3 years and reviewed bi-annually. It was last updated in April 2020 (for the period 2020-2022) to take into account the overall objectives of the updated Commission Anti-Fraud Strategy (CAFS), in force since 29 April 2019. The implementation of the IAS Anti-Fraud Strategy is monitored and reported to management twice a year. All necessary actions for

<sup>26</sup> Commission Decision C(2018) 5120 final of 3.8.2018 on the Internal Rules on the implementation of the general budget of the European Union (European Commission section) for the attention of the Commission departments.

2021 have been implemented. The IAS is a member of the interservice Fraud Prevention and Detection Network, established under the CAFS. In 2021 the IAS did not receive any financial recommendations from OLAF.

One of the key objectives contained in the revised IAS anti-fraud Strategy is to contribute to the implementation of the CAFS at the level of the Commission and the EU agencies and other autonomous bodies. The actions outlined in the IAS anti-fraud Strategy that are related to this objective include a) the prompt response to all OLAF requests for information or support and b) the communication of fraud-related audit results to OLAF.

The IAS carried out additional preventive and detective controls such as ex ante and ex post controls on missions and the mitigation of potential conflicts of interest reported by recruitment panel members and/or candidates.

Concerning the IAS audit activity, the leaking of confidential information (especially conferred by the auditees, and the results of audit work), conflicts of interest, and lack of objectivity have been identified as risks with a low probability. This is due to the ethical awareness and the stance of the IAS staff.

An information package on ethics was provided to all new IAS staff upon recruitment. Moreover, all IAS auditors are bounded by the IIA code of ethics, to which the IAS “generally conforms” according to the 2021 external quality review.

In the course of 2021, the IAS organised an Auditors’ Forum talk on the new Commission Guidance on Ethics and the use of social media. This was considered a very important topic relevant both to remind staff of the core ethical responsibilities, and, with reference to the Commission’s Social Media Guidelines for Staff, to draw attention to the key ethical issues to be considered in respect of their use of social media and in the area of freedom of expression.

Taking into account that the IAS is a non-spending Directorate-General with a low fraud risk profile, we can conclude that the implementation of its anti-fraud strategy was satisfactory in 2021. On the basis of the available information, the IAS has reasonable assurance that the anti-fraud measures in place are effective.

#### c) Other control objectives: safeguarding of assets and information, reliability of reporting

As the IAS manages sensitive information in the framework of its audits, it has put in place procedures to ensure that staff handle information with the necessary precautions to avoid the leak of confidential data or the violation of the data integrity. Specific guidance for IAS staff, in line with Commission rules and regulations, is published on the intranet of the IAS and newcomers are informed about it upon their arrival. In addition, IAS staff with an audit certification are required by their professional bodies to adhere to a strict code of ethics. No leak of confidential data and no violation of data integrity was reported in 2021.

## **2. Efficiency of controls**

As the IAS has fully (co-)delegated its financial management, the efficiency of controls mostly depends on the systems and controls of the entities to whom the management of the budget was (co-)delegated. In 2021, the IAS was satisfied with the timeliness of the services provided by the PMO, DG HR and DG DIGIT.

## **3. Economy of controls**

The cost of controls relating to the (co-)delegated budget is reported in the AARs of the entities to whom the budget was (co-)delegated. The (co-)delegation of the financial management of the IAS budget is fully in line with the Commission's synergies and efficiencies initiative, which aims at an increase of efficiency through the centralisation of certain repetitive administrative tasks.

Within the IAS, the remaining costs arise from the ex ante verification of the mission orders and mission expense declarations by the assistant of the AOD together with the independent ex post verification of a sample of mission expense declarations in the framework of the preparation of the AAR.

The total cost of the controls amounts to €1.547 for 2021. Due to COVID-19 travel restrictions, the number of missions and the related budget implemented were significantly reduced in 2021 (20 missions for a total mission budget of €15.859,70). As a result, the time allocated to ex ante and ex post controls was reduced proportionally.

The amount invested in these controls appears proportionate to the IAS mission budget, especially when taking into account the importance of the reputational risk if the IAS were to be found not to respect the Commission rules regarding the reimbursement of mission expenses.

## **4. Conclusion on the cost-effectiveness of controls**

Based on the most relevant key indicators and control results, the IAS has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

### **2.1.2. External and internal quality reviews and follow-up actions**

In 2021, the IAS underwent a full external quality assessment as required by international auditing standards<sup>27</sup>. The external assessor concluded that "the European Commission's Internal Audit Service (EC's IAS) "generally conforms" to all IIA standards for the period in scope (2017-2021) and "generally conforms" to the IPPF code of ethics. "Generally conforms" is the highest rating that can be achieved.

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<sup>27</sup> Standard 1312 of the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing states "External assessment must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation".

### 2.1.3. Effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

The IAS uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

For the assessment of the effectiveness of the internal control systems, the IAS management followed the methodology established in the 'Implementation Guide of the Internal Control Framework of the Commission'.

In order to detect possible control deficiencies the IAS used the following information sources:

- the anonymous survey in which the Director-General asked all IAS staff for their opinion in order to assess the effectiveness of the principles;
- the update of the review of the situation at the time of the preparation of the final version of the Strategic Plan 2020-202 and the IAS Management Plan 2021;
- ongoing monitoring of the performance of the internal audit activity and a periodic self-assessment, in accordance with international standards;
- weaknesses reported by staff;
- exceptions and non-compliance events; and
- actions included in the IAS anti-fraud strategy.

Based on the analysis of the information sources mentioned above, the Director in charge of RMIC concluded that during the reporting year no major deficiencies were identified and that all principles are present and function as intended.

Nevertheless, the IAS defined several actions to continue maintaining and strengthening its internal control systems with an objective of adaptive and continuous improvement.

### 2.1.4. Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

As the entire expenditure under title 28 is (co-)delegated to either PMO or to DGs HR and DIGIT, the AODs of these services bear the responsibility for their implementation and report in their AARs. As no issues are reported in this regard, the IAS can conclude that the controls are effective, that the payments under title 28 were legal and regular and that the

resources were used for their intended purpose in conformity with the principles of sound financial management.

The additional ex post controls executed on mission expenditure confirmed that management of missions was implemented according to the Commission mission rules and the IAS guidelines.

According to the results of the self-assessment exercise, the internal control principles are present and function as intended in the IAS. This last element also covers specific internal control objectives, such as the safeguarding of assets and information and the prevention, detection and correction of fraud and irregularities.

The functioning of the internal control systems was monitored throughout the year by the IAS senior management and was reported on by the Director in charge of RMIC, and corrective or additional mitigating controls were implemented when necessary.

In conclusion, based on the elements reported above, the IAS management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

The Director-General and the Director IAS.C, in her capacity as Authorising Officer by Delegation, have co-signed the Declaration of Assurance.

## 2.1.5. Declaration of Assurance

*We, the undersigned,*

*Manfred Kraff, Director-General of the Internal Audit Service of the European Commission,*

*and*

*Cristiana Giacobbo, Director IAS.C, in my capacity as authorising officer by delegation,*

*Declare that the information contained in this report gives a true and fair view<sup>28</sup>.*

*State that we have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.*

*This reasonable assurance is based on our own judgement and on the information at our disposal, such as the results of the self-assessment and ex post controls for years prior to the year of this declaration.*

*Confirm that we are not aware of anything not reported here which could harm the interests of the institution.*

*Brussels, 31 March 2022*

*(signed)*

*Manfred Kraff*

*(signed)*

*Cristiana Giacobbo*

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<sup>28</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG.

## 2.2. Modern and efficient administration – other aspects

For a number of years, the European Commission has been going through a fundamental change of its institutional culture. The political and economic environment of the EU will accelerate and reinforce this process that helps us to embrace the future.

Key elements of this necessary change of the institutional culture are a:

- more agile and flexible, as well as a more transparent and digital way of working;
- new and more inclusive leadership, with fewer hierarchies;
- breaking of silos and more cooperation at all levels;
- method of working together at political level which is matched with increased cooperation at services level, pooling knowledge and expertise;
- general attitude which makes sure that we do more with less;
- high priority to performance measurement and reporting on achievements.

As a modern public administration, the Commission implements an internal control framework inspired by the highest international standards. Its internal control framework<sup>29</sup> supports sound management and decision-making. It notably ensures that risks potentially affecting the achievement of objectives are taken into account and reduced to acceptable levels through cost-effective controls. The IAS has established an internal control system tailored to its particular characteristics and circumstances. The effective functioning of the service's internal control system is assessed on an ongoing basis throughout the year and is subject to a specific annual assessment covering all internal control principles.

The IAS reorganisation and the revision of the audit portfolios that entered into force in 2021 enables the IAS to take a more holistic view, detached from the organisational structure of DGs, EU agencies and other autonomous bodies, in alignment with the institution's new 'whole of government' approach. This new approach supports the IAS in covering the risks in the audit universe in the most efficient and effective way, taking into account the evolving political, cultural and organisational developments of the European Commission.

At operational level, the new organisation, consolidating the audit of partner DGs and related decentralised agencies, joint undertakings and other autonomous bodies in the same portfolio, increases the need for a continued attention to the optimised management of resources and to new way of working, based on an increase use of digital tools. .

The following sections describe key achievements in 2021 to improve the processes in the fields of human resources, digital transformation and information management and sound environmental management.

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<sup>29</sup> [Communication C\(2017\)2373 - Revision of the Internal Control Framework](#). The Commission's system covers all the principles of internal control identified in the Committee of Sponsoring Organizations of the Treadway Commission 2013 (COSO) Internal Control framework, including financial control, risk management, human resource management, communication and the safeguarding and protection of information.

### 2.2.1. Human resource management

In order to ensure the effective management of human resources and to optimise the capacity to deliver on priorities, the IAS prepared in 2021 a draft of its new human resource (HR) strategy with a medium to long-term outlook (3–5 years), taking into account its new organisation in force since July 2021, the results of the IAS management seminar which was organised in November 2021 and the lessons learned from the teleworking and remote auditing practices. The draft IAS HR strategy will be fine-tuned to take into account and be fully consistent with the final corporate HR strategy to be adopted in spring 2022.

As a consequence of the COVID-19 pandemic, the IAS focused in 2021 on the implementation of corporate measures with the objective of maintaining the audit capacity as well as staff motivation and engagement while being in an almost full teleworking mode. In parallel, the IAS HR-BC team developed the “IAS exit strategy” to prepare for the gradual return to the office, following the corporate guidance. The lessons learned during the teleworking period feed into the new HR strategy of the IAS.

#### **Maintain and further increase staff engagement**

In 2021, the IAS continued to implement actions to enhance staff engagement. These actions focus on the professional and personal development opportunities and the working environment.

While initiatives such as job-shadowing and the IAS’s international exchange programme had to be put on hold, due to the pandemic (but will be rolled out at a larger scale after the return to the office) the Staff Engagement Committee and the IAS Communication Team had continued in 2021 internal communication activities, including the IAS newsletter and the organisation of AudiTED talks, allowing auditors and non-auditors to share their experiences with colleagues.

The IAS also continued to promote initiatives enabling staff to better manage their work-life balance (part-time, teleworking, time credits, recuperation, etc.). The positive experience with telework gained during the COVID-19 pandemic has worked as an accelerator in this domain.

In 2021, the IAS took proactive actions to promote the corporate culture of equality, diversity, respect, inclusion and empowerment, including actions to accommodate the needs of staff with disabilities in the IAS. In particular, the IAS endorsed the IAS Charter on equal opportunities, work organisation and work-life balance, as well as the related equality action plan.

The rationale behind the initiatives is primarily to increase the staff engagement, but these factors may also contribute to reinforce the attractiveness of the IAS as an employer, stimulate staff retention and help keep the vacancy rate under control.

#### **Increase the percentage of female representation at middle management level**

Female representation in IAS middle management stands at 33% (as of 1 January 2022 36% considering one Head of Unit post being vacant as at 1st January 2022). On 1 April 2020, the Commission adopted new quantitative targets for first female appointments, whereby the IAS was set a target of one first female appointment as Head of Unit by end



of 2022. This target was already met in July 2021.

The IAS will continue its initiatives to increase the pool of female candidates for middle management positions and will monitor the gender balance for Team Leader and DG Correspondent roles and encourage female officials to attend management courses. The IAS also participates to the Female Talented Management Programme and organises internal selections to identifying the most suitable candidates and by providing two senior managers as mentors.

### **Provide effective HR services in order to recruit, support and maintain a high-performance work force**

Due to the COVID-19 pandemic, the audit competition process was only completed by mid 2021. Two reserve lists were released in June, allowing the IAS to fill-in the majority of the vacancies, hence reducing its vacancy rate in 2021.

Nevertheless, due to the standard fluctuation of staff, new audit competitions will need to be launched in order to guarantee a reserve list of candidates for new vacancies arising in the medium term.

### **Increase the capacity and the level of professionalism of internal auditors**

To maintain its high level of professionalism, credibility and trust as expected by auditees, the IAS has set a medium term target of 70% of its audit staff being professionally certified.

The comprehensive IAS audit training programme for internal auditors was updated in 2021 taking account of changing priorities for internal audit and staff expectations. Despite the difficulties of organising training during the COVID-19 pandemic, the target of 80% of staff being satisfied with the training proposal was reached.

In parallel to the internal audit training programme, the IAS also offers the possibility to follow more specialised training courses (in particular for IT auditors), to participate in conferences outside the Commission, and organises forums and seminars that address specific audit areas. In 2021, Auditors' Forum / AudiTed seminars and a meeting of the Auditnet for the decentralised EU agencies and other autonomous bodies were organised.

The survey to the IAS staff launched in the context of the External Quality Assessment (EQA) performed at the end of 2021, revealed that 92% of the respondents rated from effective to highly effective the qualifications and capabilities of IAS staff related to the topics of professionalism, communication skills, leadership and facilitation skills, objectivity and independence, knowledge of the European Commission and project management skills .

### **Promote (internal) communication and professional networking**

Most communication activities of the IAS are of an 'internal' nature External communication concerns contacts with the auditors and other stakeholders in other EU institutions or international organisations and with professional bodies in the field of auditing (such as the Institute of Internal Auditors at global, EU and Belgian level).

The external networking events organised by the IAS or in which it normally participates have been affected by the COVID-19 restrictions. In particular:

- The 2021 IAS Annual Conference has been postponed to Spring 2022;
- the Representatives of Internal Audit Service (RIAS) and the Heads of Internal Audit (HOIA) conferences did not take place, limiting the networking possibilities with the heads of internal audit departments of international organisations to on-line presentations and exchange of good practices. In both cases, the annual conferences are planned to take place in 2022;
- For the same reasons, the IAS could not fully implement the job-shadowing initiative that was approved by the Senior Management. Neither could it renew the IAS international exchange programme, which had proved to be successful. Both initiatives, which aim at promoting professional and international networking for the senior auditors of the IAS, will be relaunched as soon as possible.

### 2.2.2. Digital transformation and information management

In its **digital solutions modernisation plan**, the IAS identified two major transformation initiatives: the replacement of the current audit management system with a modern web-based solution, and the launch of the “Innovation & Digital Auditing” project.

In parallel, as part of the envisaged revision of the Financial Regulation and in line with the headline ambition “A modern, high performing and sustainable Commission”, the Commission is further promoting the need to, where appropriate, design and perform controls and audits that use automated IT tools and emerging technologies (inter alia, data mining, machine learning, robotic process automation and artificial intelligence). This approach for the digitalisation of controls and audits goes hand-in hand with the IAS activities as defined in this section.

The ongoing digitalisation of Commission processes would fully support the efforts of the IAS to be ready to “audit digital” and would also provide the framework enabling the use of the related IT tools. The use of these technologies will improve the way the IAS reviews processes and information, in particular the quality of data.

#### **Audit management tool**

In 2021, the IAS started a needs assessment in order to prepare for migration to a new TeamMate version (TeamMate+) or possible acquisition and/or development of a different audit management tool. This exercise is performed in close cooperation with DG DIGIT to ensure that it is integrated in the European Commission’s overall digital strategy.

In 2021, a group of colleagues has evaluated TeamMate+ focusing on the adaptability of the system to the IAS methodology and the friendliness of the user interface. The feedback from the colleagues was generally positive. Moreover, the vendor confirmed the possibility of integration of the new TeamMate with the Commission authentication system based on Active Directory (Windows), and availability of a data programming interface which can be used for integration with other Commission systems and data reporting/visualisation tools. Once in place, TeamMate+ will satisfy almost all of the applicable data strategy principles.

In parallel, the IAS also evaluated an alternative solution which was assessed as not

suitable for the IAS.

### **Innovation and digital auditing strategy**

New technologies and digital trends impact and shape the work of internal audit. The increasing importance of data and the current development of technology and its impact on business processes generate new risks and opportunities for the Commission, executive and decentralised agencies and other EU bodies, that the IAS will have to audit. This requires a progressive evolution in the way the IAS will need to execute audit procedures if it wants to stay relevant and efficient.

The IAS project on “Innovation and Digital Auditing” aims at enhancing the use of data analytics and digital auditing within the service. Based on the experiences made so far with a number of pilots in using digital technologies in the IAS audits to show if and how their use is feasible for the IAS practices. A 2022-2024 strategy and related roadmap were approved in 2021. They describe the digital technologies the IAS wants to focus on (data analytics, data visualisation, process mining with monitoring/further evaluation of AI, blockchain and publication of digital reports), the IAS approach, key success factors and specific actions planned in the next three-year period. Examples of the actions the IAS will focus on are gaining access to various EC datasets, improving our knowledge about the tools supporting digital auditing techniques, identification of specific audits where the IAS could apply them, and building the necessary capability and skills of auditors for using them independently or with limited support. In parallel, the IAS is regularly exchanging information with other DGs and EU institutions to enhance our approach in regard to audit digitalisation.

The use of these technologies will improve the way the IAS reviews processes and information, in particular the quality of data. This will contribute to the Data Quality policy.

### **Sharing platform for collaborative work with stakeholders and within the IAS**

TeamMate is available to other DGs to work collaboratively on the implementation of audit action plans.

The IAS has also continued to use CIRCABC (Communication and Information Resource Centre for Administrations, Businesses and Citizens) platform to exchange documents and collaborate with contacts from decentralised agencies and external bodies that do not have access to the Commission’s internal collaborative tools and/or the ARES/HAN system. In 2021, additional 17 CIRCABC groups were set up for collaboration with external bodies (e.g. ECA). The use of CIRCABC has helped to reduce e-mail exchanges, and to improve security of the information.

Internally, the IAS is promoting the use of collaborative tools like Sharepoint and Microsoft 365 including Teams. Since 2020, MyIC Collaborative Spaces is used to implement a sharing platform for the “IAS knowledge clusters”.

By promoting the use of these tools as key working methods and providing support on their use, the IAS follows the collaborative working principle identified in the 2016 Communication on data, information and knowledge management at the European

Commission. At the same time, these elements contribute to the data protection and information security policy by providing means for secure exchange of sensitive information.

### **Data protection**

The IAS continued to implement the data protection action plan, and additional actions in relation to implementing rules of the Data Protection Officer (DPO), in line with the agreed deadlines, in order to ensure compliance with the legal framework and the Commission's Data Protection Action Plan<sup>30</sup>.

The invalidation of the EU-U.S. Privacy Shield (following the Schrems II judgement) poses concrete challenges for services transferring personal data to third countries. The IAS assessed its processing activities in light of the requirements of the Schrems II ruling and coordinated with relevant Commission services as well as the Data Protection Officer, to be able to draw from horizontal approaches to similar situations. The IAS continued in taking necessary actions to ensure that the transfer of the personal data in connection with its processing activities is in full compliance with the EU data protection law.

In 2021, the IAS reviewed the records of processing operations. Those which were covered by corporate centralised and decentralised records were archived. The others were updated in the Data Protection record Management System (DPMS) and submitted for validation to the Commission's Data Protection Officer. The IAS also updated internal procedures on practical implementation of legal obligations and raised staff awareness on these.

The IAS ensured that advice on data protection matters was provided to staff when needed and that newcomers were informed on related processes and procedures. In this respect the IAS has set an annual target of 100% of newcomers trained on data protection aspects. In 2021, the IAS organised 2 awareness raising sessions for the newcomers. Moreover, the IAS regularly informed staff members about available data protection trainings offered by the Commission and encouraged them to participate.

### **2.2.3. Sound environmental management**

#### **EMAS**

The European Green Deal is a key project of the von der Leyen Commission, affecting all policy areas of the Commission. The IAS, on its own initiative or in collaboration with other Commission DGs, endeavours to reduce the environmental impact of the Institution, in the framework of [Commission's Eco-Management and Audit Scheme](#) (EMAS).

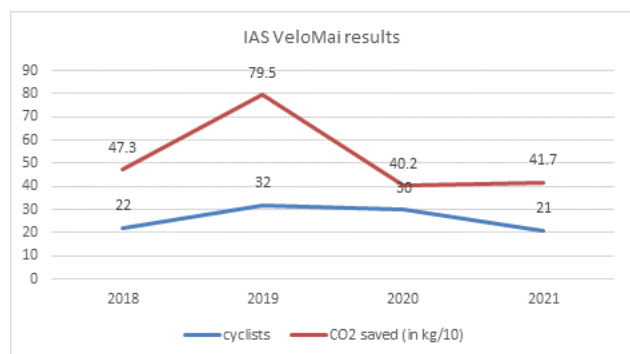
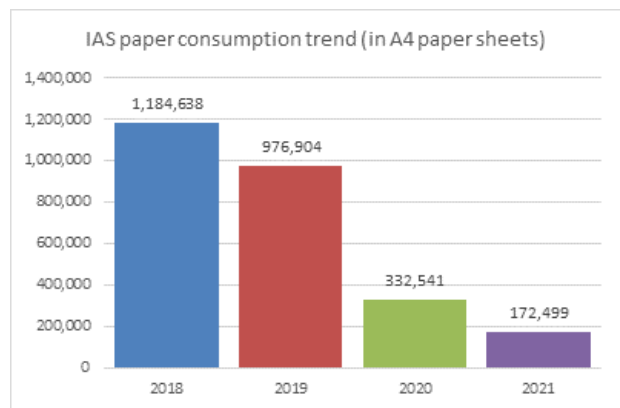
The IAS collaborates with DG COMP, both services having their offices in the MADOU building, to reduce the building's energy consumption, CO<sub>2</sub> emissions, waste generation and water use

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<sup>30</sup> C(2018)7432 and reviewed action plan C(2020)7625.

The IAS also continued in 2021 its awareness campaigns on all of these topics through various communication channels targeting the IAS staff, to ensure that further reductions are being achieved.

The IAS promotes the EMAS corporate campaigns at local level and identified local environmental actions in order to support the Commission's commitment to implement the objectives of the Green Deal for its own administration, including becoming climate neutral by 2030. The IAS green ambassadors initiative that was launched in 2020, as a new subgroup of the Staff Engagement Committee, adopted in June 2020 its action plan of EMAS initiatives by area and continued in 2021 its implementation of its IAS-EMAS-Plan. Some actions had to be put on hold due to COVID-19 restrictions. They will be a starting point for 2022 IAS-EMAS-Plan together with newly identified ones. The previously implemented actions will continue to be monitored to ensure their continuous impact.



### Teleworking and remote auditing

As from spring 2020, the COVID-19 pandemic obliged the IAS to stop all missions and to become a (almost) 100% teleworking service. This has given a boost to the ongoing initiatives to extend the CO<sub>2</sub> emission reduction beyond the building context, through a further reduction of commuting and missions.

The internal audit work has continued as planned using (in line with the corporate guidance on telework) digital and remote auditing tools. Internal and external meetings were held via various video-conferencing tools, and all administrative and audit IT tools could be operated from home as if staff were working from the office. Similar to other Commission services the results of telework have been mostly positive.

Along the new corporate HR strategy and building on the experience gained in 2020 and 2021 during the pandemic with 100% telework, the IAS will further foster remote auditing practices and flexible ways of working.