



Annual Activity Report 2021

Annexes

INTERNAL AUDIT SERVICE (DG IAS)

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

In accordance with 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, the declaration of assurance is provided by DG HR's Internal Control Coordinator (see annex 1b below). This declaration should be viewed in conjunction with our declaration below, and supports the statement of assurance of our Director-General (included in Annex 1 of the IAS annual activity report).

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 2022

(signed)

Cristiana Giacobbo

⁽¹⁾ C(2017)2373 of 19.04.2017.

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

I declare that in accordance with the Commission's communication on the internal control framework², 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: 22 February 2022

[Signed [Ares\(2022\)1356381](#)]

Christina Vlassis

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

² C(2017)2373 of 19.04.2017.

Annex 2

DG HR's Services to the IAS in 2021

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 43% 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. Authorising Officers 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.

One non-compliance event was related to the systems or transactions of the IAS. Following the services committed without legal commitment from the Institute of Internal Auditors, Belgian Chapter, DG HR has registered a non-compliance event in its exception register that will be reported on in our AAR. Given the impact this could have on the perception of internal control of the IAS, I would recommend to also report on this in your AAR.

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 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

[Signed [Ares\(2022\)1356381](#)]

DG HR's Internal Control Coordinator

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

Cc. L. Gimenez Gonzalez, Head of Internal Control Sector;
M. Schools, Accounting Correspondent

ANNEX 2: Performance tables

General objective 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.

Source of the data: Eurobarometer 95

Baseline (2019)	Interim Milestone ⁽³⁾ (2022)	Target (2024)	Latest known results (2021)
43% (EU 27)	Increase	Increase	45%

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 2021 (other important outputs):

Output	Indicator	Target	Status as of 31/01/22
Revision of the updated audit universe	Update of audit universe, as and when the strategic audit plans are prepared (Minor) annual updates will be prepared.	Q1 2021 (Commission) During 2021 (Agencies) By end 2021	Target met as at 31/01/22 1) the audit universe was updated by Q1 2021 to prepare the 2021-2023 strategic audit plan of the Commission 2) the audit universe of Commission services and Executive agencies and of the decentralised agencies was updated during the light update of the risk assessment in Q4 2021 or in the context of SIAPs finalised in 2021.


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 2021 (other important outputs):

Output	Indicator	Target	Status as of 31/12/21
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⁽³⁾ In case of short- or medium-term objectives (all targets are set to be achieved in less than 3 years) the milestones column should be deleted from the table.

<p>New organisation chart (adjusted to the evolving audit universe and organisational culture)</p> 	<p>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 (i.e. aligned with the results of its in-depth risk assessment and strategic audit planning):</p> <ul style="list-style-type: none"> - re-assigned audit portfolios and related organisation chart aligned with the audit environment; - audit portfolios fine-tuned to ensure adequate work balance between audit teams, taking into account the new IAS Strategic Audit Plan. 	<ul style="list-style-type: none"> - By mid January 2021: entry into force of the new audit portfolio allocation, aligned with its audit environment: re-assignment of the audit portfolios to the audit units and change in the title of the three Directorates, in order to better reflect this re-assignment of responsibility. - By end of Q2 2021, senior management validation of the fine-tuned audit portfolios, taking into account the new IAS SAP to ensure proper workbalance. 	<p>Target met</p> <ul style="list-style-type: none"> - New portfolios entered into force on 16/01/2021. - An IAS Senior Management Seminar took place in November 2021 and concluded that the new portfolio does not need to be modified for the moment.
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Specific objective 3: Cover the high risk areas of the audit universe

Related to spending programme(s) N/A

Main outputs in 2021 (other important outputs):

Output	Indicator	Target	Status as of 31/01/22
<p>New Strategic Audit Plan 2021-2023</p>	<p>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</p>	<p>By January 2022 (cut-off date of the Plan is end January of T+1)</p>	<p>Target partially met The 2021-2023 strategic audit plan for the Commission services was adopted on 31 March 2021 (Ares(2021)2238696). Based on the strategic risk assessment and its annual updates, the 2021-2023 strategic audit plan covers 85 % of the high risk areas</p>

<p>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)</p>	<p>100% of coverage, through the strategic audit plans and successive annual audit plans, of the high risk areas identified in the strategic risk assessments and the annual updates</p>	<p>By January 2022 (cut-off date of the Plan is end January of T+1)</p>	<p>Target partially met (see below for detailed explanation)</p> <p>The 2021 audit plan was only partially implemented, due mainly to changes in the political and legal environment leading to new engagements and negative priorities. 61% of the engagements for which high risks were identified for those SIAPs ending in 2021 were covered.</p>
<p>Assessment whether the audits in the previous three years covered 100% of the financial audit universe (Commission and Executive agencies only)</p>	<p>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.</p>	<p>100 % over a period of 3 years</p>	<p>Target met (see below for detailed explanation)</p> <p>The overall opinion for the year 2020 was issued on 27 May 2021 (Ares(2021)3500667). It was based on the audit work completed during the period 2018-2020. The 2020 overall opinion was delivered without material scope limitations, the coverage gaps related to financial auditable entities being deemed not material because they represented individually less than 2% of the Commission's executed payments in 2020. Part of these coverage gaps represented more than 2% of the 2020 executed payments of the family of DGs/services concerned. However, as the amounts are not material at corporate level, the related coverage gaps do not limit the scope of the overall opinion. The audit work during the period 2018-2020, which follows a risk-based planning approach, adequately covered 80% of the financial auditable entities for which high inherent risks were identified and 95% for which high inherent risks were identified and that were material at the family of DGs/services level.</p> <p>The overall opinion for the year 2021 will be issued in Q2 2022.</p>
<p>Specific objective 4: Deliver the strategic audit plans through the annual audit plans effectively and efficiently. <i>Related to spending programme(s) N/A</i></p>			
<p>Main outputs in 2021 (other important outputs):</p>			
<p>Output</p>	<p>Indicator</p>	<p>Target</p>	<p>Status as of 31/01/2022</p>

Audit, consulting engagements planned for 2021	Completion rate of the 2021 Audit Plan and the annual update (effectiveness) [PM: target 2020 was reduced due to COVID-19]	100 % engagements in the (updated at mid-year) 2021 audit plan to be finalised by January 2021	Target partially met as at 31/01/22 98 % engagements in the (updated mid-year) 2021 audit plan finalised by the end-of January 2021. (The draft of the Limited review on governance and control of the EPF assistance measures was available in February 2022, as per the Scoping Memo and agreement with the auditee during the kick-off meeting.).
Mid-term review of the Annual audit plan. Updated Audit Plan for 2021 (Commission and Executive Agencies)	Timely preparation and delivery on time	July 2021	Target met Mid-year update of the 2021 audit plan exercise launched on 14 June 2021. The updated 2021 audit plan was communicated to the APC on 15 September 2021 (Ares(2021)5652314
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 2022 (cut-off date of the Plan is end January of T+1)	Target partially met 82 % of the SIAPs, for which the previous SIAPs ended in 2020, were completed. Two SIAPs were started but could not be completed before the cut-off date.
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 2021	Target met 48 conclusions issued by 15 February 2021.
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). [target 2021 no longer reduced due to COVID-19]	85 % of total working time available in 2021.	Target met Commission & Agencies: 85 %
2020 Annual Report of the Internal Auditor (Article 118(4) of the Financial Regulation)	Report issued	June 2021	Target met Report for 2020 issued on 27 May 2021

Overall opinion of the IAS on financial management in the Commission	Report issued	June 2021	Target met Overall opinion for 2020 issued on 27 May 2021
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 2021	Ongoing 2020 Final Overview Report issued on 31 March 2021 April 2021 Information Note issued on 7 June 2021 Interim Overview report issued on 14 September 2021 October information note issued on 8/ Decembre 2021
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 2021)	Target met All reports issued by end of March 2021
Mid-term review of the Management Plan		N/A	Delivered
Specific objective 5: Meeting stakeholders' expectations (adding value and contributing to the improvement of the auditees' operations) <i>Related to spending programme(s) N/A</i>			
Main outputs in 2021 (other important outputs):			
Output	Indicator	Target	Status as of 31/12/2021
Note on results of the IAS	Level of satisfaction of stakeholders	Issued in Q1 2022 Minimum 90% ⁴	Target met

⁴ 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.

stakeholders' satisfaction survey.	(APC/Management Boards and Directors-General/Directors of EU agencies and other autonomous bodies)		
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: 1.55 Agencies: 1.61
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 2022 Minimum 90%	Target met Commission and Decentralised Agencies: 88% Commission: 91% Decentralised Agencies: 84% Achievements will be reported upon in the 2021 AAR.

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 2021 (other important outputs):

Output	Indicator	Target	Status as of 31/12/2021
2021 External Quality Assessment (EQA)	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 2021	Target met EQA report issued on 21/12/2021 and confirming IAS compliance. The external assessor concluded that "the Internal Audit service of the European Commission generally conforms with the International Standards for the Professional Practice of Internal Auditing" "Generally conforms" is the highest rating that can be achieved
IAS continue the roll-out and support of the knowledge clusters	Level of completion of the mission letter, guidelines, instructions and working methods for the knowledge clusters in early 2021.	100% by January 2021	Target met The mission letter/guidelines on knowledge clusters communicated on 7 October 2020 have been reflected in the SAP 2021-2023 formally adopted in March 2021. They are further implemented on an ongoing basis as an embedded part of the audit work, supporting the reorganised IAS audit portfolios. The future of the knowledge clusters was discussed in an IAS

			management Seminar in November 2021, and the resulting decision taken are being implemented.
Output and conclusions of the Lean Auditing working groups	Successful implementation of the recommendations of the working groups, as approved and decided by the Senior Management, and ensure buy-in from staff	By end 2021	<p>Target met</p> <ul style="list-style-type: none"> - The State of play of the lean auditing working groups was presented to the staff on 18 May 2021. - An audited talk was organised on 22/6/2021 to present some of the deliverables of the WG1 “Auditor’s Toolbox” and guidance on standard audit programs was issued as part of this WG’s deliverables. - The next steps to be taken on the other working groups were discussed in an IAS management Seminar in November 2021, and the resulting decision taken are being implemented

Engagements in the Commission, executive agencies, decentralised EU agencies and other autonomous bodies finalised in 2021⁵

Nr	Entity	Topic	Type
1	ACER	Planning, budgeting and monitoring ⁶	comprehensive audit
2	CdT	Planning and Budgeting	comprehensive audit
3	CINEA DG CNECT DG RTD EASME EISMEA ERCEA INEA REA	Implementation of audit results (REA, CINEA, EISMEA, RTD/CIC, CNECT, ERCEA)	comprehensive audit
4	DG AGRI	DG AGRI's support, monitoring and checks of the work of Certification Bodies (CBs)	comprehensive audit
5	DG AGRI	DG AGRI's monitoring and supervision arrangements regarding Land Parcel Identification System in Member States	comprehensive audit
6	DG BUDG	SUMMA programme management	consulting
7	DG CLIMA DG ENV	Multi-DG audit on DG ENV and DG CLIMA relations with decentralised agencies	performance audit

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

⁶ C2 Engagement not originally plan to be completed after 31st January 2022.

Nr	Entity	Topic	Type
8	DG RTD	Supervision of Article 185 bodies	comprehensive audit
9	DG COMM	Consulting on synergies and efficiencies in procurement in DG COMM	consulting
10	DG COMM DG ECHO DG SANTE SG	IAS.A3-2020-Y COMM-003 - Multi-DG audit in DG SANTE, DG ENV, DG ECHO, DG COMM and SG on crisis communication	performance audit
11	DG COMP	Preparedness of the Competition Programme	comprehensive audit
12	DG DEFIS DG GROW	Limited Review of the calculation and the underlying methodology of DG DEFIS and DG GROW's residual error rates	limited review
13	DG DIGIT	Audit on management of IT security (second audit)	IT audit
14	DG DIGIT DG HR EPSO PMO	IT security management in the HR family (DIGIT, HR, PMO, EPSO)	IT audit
15	DG EMPL DG MARE DG REGIO	Preparation for the 2021-2027 programming period of ESIF by DGs REGIO, EMPL and MARE	comprehensive audit
16	DG EMPL DG MARE DG REGIO	Interruptions suspensions and financial corrections for ESIF 2014-2020 by DGs REGIO, EMPL and MARE	comprehensive audit
17	DG ENER	DG ENER's support to and monitoring of the existing energy 'acquis'	comprehensive audit
18	DG ENER	DG ENER's supervision of the Energy Community Secretariat	consulting
19	DG ENER F4E	Delegations and efficiency of decision making in F4E and cooperation mechanisms with DG ENER	comprehensive audit
20	DG GROW	Performance of DG GROW's treatment of stakeholders' complaints concerning the internal market	comprehensive audit
21	DG HOME	Preparation for the 2021-2027 programming period of DG HOME funds	comprehensive audit
22	DG INTPA	Limited review on indirect management with beneficiary countries	limited review
23	DG MOVE	DG MOVE support, monitoring and enforcement of the existing transport 'acquis'	comprehensive audit
24	DG NEAR	Closure Process of Previous Programmes - IPA I and ENPI	comprehensive audit
25	DG NEAR	IPA II grants in direct management	comprehensive audit
26	DG REFORM	REFORM's processes for delivering technical support to MS	comprehensive

Nr	Entity	Topic	Type
			audit
27	DG RTD	IT project management and software development in DG RTD	IT audit
28	DG RTD	Limited review on the error rate calculation by the CAS	limited review
29	EASA	Certification and Organisations : Level of Involvement	performance audit
30	EASO	IT governance & IT project management	IT audit
31	ECDC	LR on the Implementation of the new ICF	limited review
32	EFSA	Procurement and Grant Management	comprehensive audit
33	EIGE	Planning, monitoring and reporting	comprehensive audit
34	EIT	Human Resources Management	comprehensive audit
35	EMCDDA	Human Resources Management	comprehensive audit
36	EMSA	IT Governance & IT Portfolio Management	IT audit
37	ERCEA	H2020 Grant Management - phase III (including Scientific management for longer duration projects) in ERCEA	comprehensive audit
38	ESMA	Human Resources Management	comprehensive audit
39	ESTAT	Consulting engagement on 'Globalisation risk' in DG ESTAT	consulting
40	ESTAT	Preparedness for the new ESP under the new MFF	comprehensive audit
41	eu-LISA	Management of IT Security	IT audit
42	EUROFOUND	Human Resources Management and Ethics	comprehensive audit
43	EUROJUST	LR on the Implementation of the new ICF	limited review
44	European Schools	Controls over the European Baccalaureate	comprehensive audit
45	EUROPOL	Contract Management	comprehensive audit
46	GSA (ex EUSPA)	Exploitation of Galileo	performance audit
47	HOME FRONTEX	Governance, stakeholder management & external communication (DG HOME & FRONTEX)	comprehensive audit
48	OLAF	Consulting engagement on Risk management in DG OLAF	consulting
49	OLAF	Preparedness of OLAF to implement the EPPO Regulation	performance audit
50	PMO	Establishment of statutory rights and calculation of individual entitlements in PMO	comprehensive audit

Nr	Entity	Topic	Type
51	REA	SEDIA implementation	comprehensive audit
52	SESAR	Human resources management & ethics	comprehensive audit
53	TAXUD	Effectiveness of DG TAXUD's cooperation with external stakeholders	performance audit
54	ECHA	Strategic Risk Assessment including IT in ECHA	SIAP
55	ECDC	Strategic Risk Assessment including IT	SIAP
56	EFSA	Strategic risk assessment including IT (SIAP 2022-2024)	SIAP
57	EUSPA	Strategic risk assessment including IT (SIAP 2022-2024)	SIAP
58	EDPS	Strategic Risk Assessment including IT (SIAP 2022-2024)	SIAP
59	CdT	Strategic Risk Assessment including IT (SIAP 2022-2024)	SIAP
60	EBA	Strategic Risk Assessment incl. IT in EBA	SIAP
61	EASA	Strategic Risk-Assessment including IT (SIAP 2022-2024)	SIAP
62	ERA	Strategic Risk Assessment including IT (SIAP 2021-2023)	SIAP
63	Euro-HPC	Strategic Risk Assessment including IT (SIAP 2022-2024)	SIAP
64	EASO	Strategic risk assessment including IT (SIAP 2022-2024)	SIAP
65	FRA	Strategic Risk Assessment including IT (SIAP 2021-2023)	SIAP
66	FRONTEX	Strategic Risk Assessment including IT - SIAP 2021-2023	SIAP
67	EEA	Strategic risk assessment including IT in EEA (SIAP 2022-2024)	SIAP

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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The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

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 C. The delegation and co-delegation to PMO, DG HR and DIGIT further increases the independence. 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 2021. 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-delegated⁷ 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.

⁷ 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.

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⁽⁸⁾, 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.

⁽⁸⁾ Agreement of the Corporate Management Board of 30/4/2019.

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 guidance⁹.

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>

⁹ 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)
			<p>(2) number/% of complaints (3) number/% of missions rescheduled because of missed deadlines in ex-ante approval).</p> <p>Economy</p> <p>= estimation of cost of staff involved + ratio between cost of staff and total amount spent on missions reputational damage.</p>

Ex-post

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
	Independent ex-post control	Ex-post control of representative sample of expenses (9.49%) by the resources team	<p>Effectiveness</p> <p>(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</p> <p>Efficiency</p> <p>Timeliness of the ex-post controls.</p> <p>Economy</p> <p>= estimation of cost of staff involved + ratio between cost of staff and total amount spent on missions</p> <p>Benefits</p> <p>(1) Qualitative assessment of the preventive effect (2) Qualitative assessment of the avoidance of reputational damage.</p>
	Exception reporting	See ex-ante verification and ex-post control	<p>Cost = estimation of cost of staff involved</p> <p>Benefits = Qualitative assessment of the value of transparent reporting of exceptions and its learning effect.</p>

ANNEX 7: Specific annexes related to "Financial Management"

Table Y - Overview of DG's estimated cost of controls

IAS Mission Expenditure – Control System ¹⁰	Ex ante controls			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs	<i>related funds managed/concerned</i> ^{11*}	Ratio (%) <i>(a)/(b)</i>	EC total costs	total value verified and/or audited	Ratio (%) <i>(d)/(e)</i>	EC total estimated cost of controls <i>(a)+(d)</i>	Ratio (%) <i>(g)/(b)</i>
	€1.482/year ¹²	€15.859,70	9,3%	€65/year ¹³	€5.254,61	1,2%	€1.547 ¹⁴	9,8% ¹²

¹⁰ 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.

¹¹ Related funds managed/concerned = payments made, revenues and/or other significant non-spending items such as e.g. assets, liabilities, etc. (Situation as at 21/02/2022)

¹² Based on time spent on the controls and the cost of the related staff: 1,3% of AST FTE €114.000/year. Although, it may not be proportionate, given the IAS low figures, to report on the time spent in 2021 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.

¹³ Based on time spent on the controls and the cost of the related staff: 0,06% of AST FTE €114.000/year.

¹⁴ 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.

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

Not applicable

ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"

Not applicable

The IAS makes no payments.

For a number of years now, 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 however co-delegated to DG HR (based on a service level agreement for the provision of support services to the IAS in the area of human resources and financial management) and DG DIGIT (supported by a memorandum of understanding).

In both cases, the IAS remains responsible for the strategic decisions and the planning-related aspects.

As the budget is managed under the same Commission rules, the primary AOD (i.e. the IAS) can in principle rely on the legality and regularity, efficiency and cost-effectiveness of the controls in place in DGs HR and DIGIT (as secondary AODs). This expenditure is covered by the Declarations of Assurance of these Directorates-General.

ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

Human resource 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 12/2019	Target 2022 ¹⁵	Latest known results 2021	
4 (36%)	+1	+1 (representing 33% and 36% taking into vacant HoU post) – Target met	
Indicator 7.2: IAS staff engagement index			
Source of data: European Commission			
Baseline 2018	Target 2024	Latest known results 2021	
69% (Commission)		72% (Commission)	
75% (IAS)	To be equal to or above the Commission average.	78% (IAS)	
Main outputs in 2021:			
Output	Indicator	Target	Status as of 31/12/2021
Strategic development			
Update the HR strategy for the IAS	Updated HR strategy	By Q2 of 2021	Ongoing The IAS prepared a draft of its new IAS HR strategy, taking into account its new organisation in force since July in 2021, the results of the IAS reorganisation 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 then be fine-tuned to take into account and be fully consistent with the final corporate HR strategy being in interservice consultation at the time of drafting the present AAR.
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	By end 2021	Target met The IAS implemented all corporate measures introduced during 2021 in the context of the Covid-19 crisis.

¹⁵ The target will be revised and extended for the period 2023-2024 by January 2023.

	maintaining the audit capacity as well as staff motivation and engagement while being in a 100% teleworking mode.		
HR/IAS exit strategy	IAS exit strategy to prepare for the gradual return to the office in the subsequent phases of the Covid- 19 crisis	By Q2 of 2021	Target met The IAS implemented all corporate measures related to the gradual return to the office in the context of the Covid-19 crisis.
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 2021	Target partially met The IAS put in place all the actions that could be implemented in the context of the Covid-19 restrictions. Due to the COVID-19 restrictions several actions planned could nevertheless not be completed.
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 2021	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 met 78%
Staff retention and recruitment			
First female appointments to middle management positions	One first female management appointment [SEC(2020) 146]	By 2022	Target met First female appointment on 01/07/2021.
Definition of the role and the approach for the selection of Deputy Heads of Unit	Implement a Deputy Head of Unit function in all units in line with QABD 2351	By end 2021	Postponed In order to duly consider the new IAS organisation, the Senior Management decided to implement a Deputy Head of Unit function in all units by end of 2022, in line with corporate requirements.

Completion of EPSO competition	Timely finalisation in order to have list of candidates for vacancies arising in the medium term	By mid 2021	Target met The competition has been successfully finalised.
Promote the image of the IAS and the profession of internal auditor within the Commission.	Various actions to be decided, e.g. improve the communication in support of the vacancy notices	By end 2021	Target met Despite the COVID-19 restrictions, the IAS seized the opportunity to promote the image of the IAS and the profession of internal auditor within the Commission, by taking part in the career days organised by DG HR.
Capacity building			
IAS auditors which have one or more professional audit qualifications	Percentage of staff certified (79.5% in 2019)	Minimum 70%	Target met >70% of staff certified on 31/12/2021
Update of the Internal Audit Training Programme (IATP)	Level of satisfaction of IAS staff with the structured training	Minimum 80%	Target met >85% (based on evaluations received until 31/12/2021)
Annual Conference	Timely implementation	June 2021	Postponed The Conference was postponed due to the challenges and uncertainties incurred by the COVID-19 situation.
IAS to initiate the development of a corporate approach (policy) for the recruitment and retention of auditors on behalf of all DGs with audit units or audit directorates.	Various actions to be decided, e.g create the link to job shadowing, rotation, etc. and think about a junior professional auditor programme – rotation between DGs.	By end 2021	Postponed No action could be implemented due to Covid-19 restrictions.

Digital transformation and information management

Objective 10: The IAS is using innovative, trusted digital solutions for better policy-shaping, 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 2021
Definition of the context, impact and outcomes of the project.	Project completed Interim milestone (2020): initiation and planning phase completed.	Target met More than 50% of actions defined for 2022 in the IAS Digital strategy 2022-2024 successfully implemented. Initiation and planning phase of the project completed.

		Design for some solutions decided..	
Average score on the implementation of the core principles ¹⁶ 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: 72%.	
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 2021	
100%. The IAS met the 2019 target (Identification of key datasets and ownership) ¹⁷ .	100%.	Target met. 100%.	
Main outputs in 2021:			
Output	Indicator	Target	Status as of 31/12/2021
Needs assessment	Timely preparation for migration to a new TeamMate version (TeamMate+) or eventual acquisition and/or development of a different audit management tool [Insert output]	Timely assessment (2021)	Target partially met TeamMate+ sandbox testing had been performed from 07/06/2021 to 19/07/2021 by a team composed of representatives from QA, audit, secretariat, support and administrative staff. Feedback was collected, used in the assessment and communicated to the vendor. A draft migration plan, including a purchase order was received from the vendor. The plan is yet to be adjusted and presented to IAS senior management for approval..
Strategy document on 'Innovation and Digital Auditing'	Delivery of a report on innovation and digital auditing within the IAS: multi-annual IAS innovation and digital auditing plan and a roadmap will be issued, which describe the implementation of four technological areas (AI and data	Q3 2021	Target met The IAS drafted and approved its 'Innovations and digital auditing strategy' and annexed roadmap for the period of 2022-2024.

¹⁶ 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").

¹⁷ 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.

	analytics, blockchain, data visualisation and publication of digital reports)		
Implementation of the 2021 phase of the multi-annual IAS innovation and digital auditing plan (project)	Completion of pilots and proof-of-concepts in the area of AI, data analytics and Visualization. Input of results in the Strategy document on 'Innovation and Digital Auditing' Degree of implementation of the project	End 2021: Initiation and planning phase of the project completed. Design for some solutions decided.	Target met Already existing pilots and proof-of-concepts were finalised and implemented (e.g. QlikSense dashboards, access to ABAC/eGrants data). New proof-of concepts were identified and to be performed during 2022 for further progress in the data analytics and visualisation areas (e.g. Celonis process mining solution). The results of these activities were taken as input for the IAS innovation and digital auditing strategy and its roadmap defined at the end of 2021. The project will continue to work on implementing the defined strategy and roadmap. Estimated degree of implementation of the project is 50%.
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% implementation, therefore at least in line with Commission average. No pending actions exist for the IAS. The IAS has completed actions addressing the identification of data owners and stewards. The processes for data manipulation, access etc. are established via the specific application for each dataset. No further actions needed as the datasets are not public.
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 newcomers to attend at least one of the trainings and initiatives by end 2021	Target met 100% - Two training sessions for newcomers were organised in 2021.

Sound environmental management

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 2020 results](#)

Baseline 2018	Interim milestone (2020)	Target 2024	Latest known results 2020 ¹⁸ (2020 target exceeded, in large part due to teleworking mode during the COVID pandemic, which applies for each performance indicator)
Energy consumption of buildings (MWh / person): -8.8%.	-5.2%.	Achieve greater reduction.	- 23%
Water use (m ³ / person): -9.5%.	-5.4%.	Achieve greater reduction.	-38%
Office paper consumption (sheets / person / day): -32%.	-34%.	Achieve greater reduction.	-78%
Office paper consumption (sheets / person / day) IAS specific: - 10%.	-40% (teleworking due to Covid).	Achieve reduction of 10% / year.	Target met by default, due to major teleworking mode.
CO ₂ emissions from buildings (tonnes / person): -24%.	-5.1%.	Achieve greater reduction.	-34%
VeloMai participation – IAS statistics - 22 cyclists (2018). 29 cyclists (2019) - 473kg CO ₂ saved (2018), 789kg CO ₂ saved (2019).	35 cyclists 800kg CO ₂ saved.	50 cyclists 1000kg CO ₂ saved.	Target partially met 1) 21 2) 417 Although the 2021 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 Commission participants. Key impact (reducing CO ₂ emission) was by default reached by very limited number of commutes to the office.
Waste generation (tonnes / person): -15%.	-9.7%.	Achieve greater reduction.	-57%

Main results and outputs in 2021:

Output	Indicator	Target	Status as of 31/12/2021
IAS-EMAS action plan			
Implementation of Corporate	1) Reduction of energy	1) In line with Commission	Target met

¹⁸ The latest validated Environmental Statement is the one for 2021 (data 2020) available on EC [My Intracomm](#). According to the annual EMAS cycle, KPIs for 2021, concerning EC's environmental performance, will only be available in April 2022. EC's environmental performance data 2021 will be incorporated in the draft EC's Environmental Statement 2022 (data 2021) and will be subject to validation during the verification exercise which will start in June 2022. The final validated Environmental Statement 2022 (data 2021) will be available on Europa, following a successful verification exercise before the end of 2022. The general positive trend observed for most core parameters continued in 2020, with many already achieving the 2014-20 target as shown below

level monitoring scheme	consumption of the building, water use, office paper consumption, CO2 emissions from building and waste generation 2) Awareness campaigns (e.g. through IAS Intracomm news, IAS EMAS Intracomm page, IAS newsletter, IAS staff e-mails) on related topics from bullet 1	average 2) Minimum 2 awareness campaigns per year	1) The numbers will be available only beginning of 2022. Installed waste sorting stations should have positive impact on reducing non-sorted waste. Implemented movement sensor for turning on the lights + ongoing project to replace existing light bulbs with more efficient LEDs should reduce energy consumption Paper consumption will by default be lower due to limited office presence The IAS reduced its paper consumption despite partial return to the office. We reduced by 48% the number of printed pages compared to 2020. 2) 12 awareness campaigns on corporate and local initiatives already made through IAS all staff emails (waste sorting, VeloMai, collection of small electrical appliances), IAS Intracomm – return to office webpage, IAS Intracomm My News/Events, IAS half-yearly newsletter. Campaigns covered a wide variety of areas, such as mobility, paper consumption, digital sobriety, circular economy, recycling, etc. - target of minimum 2 awareness campaigns reached
Continue with the EMAS corporate campaigns – Update and implementation of the IAS EMAS action plan	(1) Update the IAS-EMAS plan (2) Implementation of the IAS-EMAS plan by the IAS green ambassadors, a new subgroup of the IAS Staff Engagement Committee	(1) Update of the plan Q1 2021 (2) Implementation of at least 50% of the defined actions by end 2021	Target met 1) IAS-EMAS plan was updated in Q1 2021 and communicated to the IAS Senior management on 9/3/2021 2) Out of 16 defined actions, 8 have been completed (50%), 4 have been put on-hold due to COVID-19 (25%) and 4 are in progress (25%). Not counting the actions which could not be implemented due to COVID-19, we reached 67% of implementation. Counting all actions initially defined, we reached 50%. In both cases, the original target has been met.
Promote Teleworking	Average number of days of teleworking per staff member	In line with Commission average	Target met Target met by default as a result of the full implementation of the DG HR action plan (full/partial teleworking) in the context of the COVID-19 situation.
Reduce emissions from the missions by promoting remote auditing and video conferencing	Reduced CO ₂ emissions compared with 2019	5% reduction compared to 2019 OR Under 0.6 tCO ₂ per person	Target met As no missions were performed until mid-year and only a limited number in the 2 nd half of the year, this target is achieved by default.
Reduce office	Number of sheets	-10%	Target met

paper consumption	/ person / day	compared to 2019	Target met and paper consumption continued to be reduced despite partial return to the office. Minus 48% office printed pages compared to 2020 and minus 82% compared to 2019.
Increase VeloMai participation	1) Number of IAS participants 2) Amount of CO2 saved	1) 35 2) 800KG CO2	Target partially met 1) 21 2) 417 Although the 2021 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 Commission participants. Key impact (reducing CO2 emission) was by default reached by very limited number of commutes to the office.

ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)

Not applicable

ANNEX 12: EAMR of the Union Delegations (if applicable)

Not applicable

**ANNEX 13: Decentralised agencies and/or EU Trust Funds
(if applicable)**

Not applicable

ANNEX 14: Reporting on the Recovery and Resilience Facility

Not applicable