



European
Commission

Management Plan 2020

Internal Audit Service (IAS)

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INTRODUCTION

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 IAS¹, 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

The President puts a 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 purpose of this Management Plan (MP 2020) is to explain how key outputs planned for the year 2020 will contribute to the achievement of the Commission's objectives.

2020 is by all means a “special year”. It is expected that auditing will become more complex due to the increased number of interconnections between EU policies and the entities contributing to their implementation. Various uncertainties could have a significant impact on our audit work, such as the socio-economic impact of the COVID-19 pandemic, the multi-annual financial framework (MFF) 2021-2027, the recovery package under Next Generation EU and the effects of the withdrawal of the United Kingdom from the EU. Such challenges are expected to have an impact on the European Union's priorities, budget, governance and accountability arrangements, internal organisation and their associated risks. Therefore, the Strategic Plan, and by definition also this 2020 Management Plan takes into account this ongoing and evolving process. The IAS will have to be very flexible, constantly monitor 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 will also decide in due course on the need and modalities for its own re-organisation and changes of its working methods.



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

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. Similarly, for its work in EU agencies and other autonomous bodies, the IAS reports

¹ 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 50 European Commission services and executive agencies, and the 45 EU agencies and other autonomous bodies receiving contributions from the EU budget (hereinafter called 'audited entities').

² 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.

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

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

functionally to the Board and the Director of each respective entity.

The Audit Progress Committee (APC) - to which the IAS reports its audit work in the Commission and the Executive Agencies - follows closely the acceptance and implementation of IAS's recommendations and takes action where necessary, which has a considerable persuasive effect vis-à-vis the audited entities concerned.
In the EU agencies and other autonomous bodies this role is played by the boards.

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

PART 1. Delivering on the Commission's priorities: main outputs for the year

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

Through its core activity, the IAS also indirectly contributes to the European Union's overall political headline ambitions⁵ and objectives. 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 specific objectives contributing to the high-level political ambitions of the von der Leyen Commission and its priorities for 2019-2024. The IAS strategic audit plans (SAP) cover the systems and processes the audited entities put in place to address those risks.



Through their audit work, the internal auditors add value to the effective and efficient implementation of risk management, control and governance processes, EU policies, programmes and actions, efficient and economical management of resources, legal and regular spending of the EU budget and compliance with the legal frameworks by the audited entities. In this way, they contribute to providing value for money for citizens and thus to **increasing public confidence in the European Union and enhancing its image**.

Through its **Annual Report of the Internal Auditor** (Article 118(4) of the Financial Regulation), the IAS reports each year to the Commission on its audit work in Commission Directorates-General, services and executive agencies. This report is issued early in the year and then summarised by the Secretariat-General of the European Commission in the annual report in accordance with Article 118(8) of the FR. It contains a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations. It is forwarded by the Commission to the European Parliament and the Council and discussed in the framework of the annual discharge procedure.

For the Commission and Executive Agencies, audits of a financial nature contribute to the

⁵ 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) Protecting 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.

yearly **overall opinion of the IAS on financial management in the Commission**. The overall opinion consolidates the IAS's work in the area of financial management.

The Article 118(4) Report and the Overall Opinion of the IAS are delivered at the end of the second quarter of every year and contribute to the preparation of the Commission's **Annual Management and Performance Report for the EU budget (AMPR) and the Commission's integrated financial reporting package** in which the Commission reports on the implementation of the EU budget and its performance. By adopting the AMPR, the Commission takes overall political responsibility for the management of the EU budget.

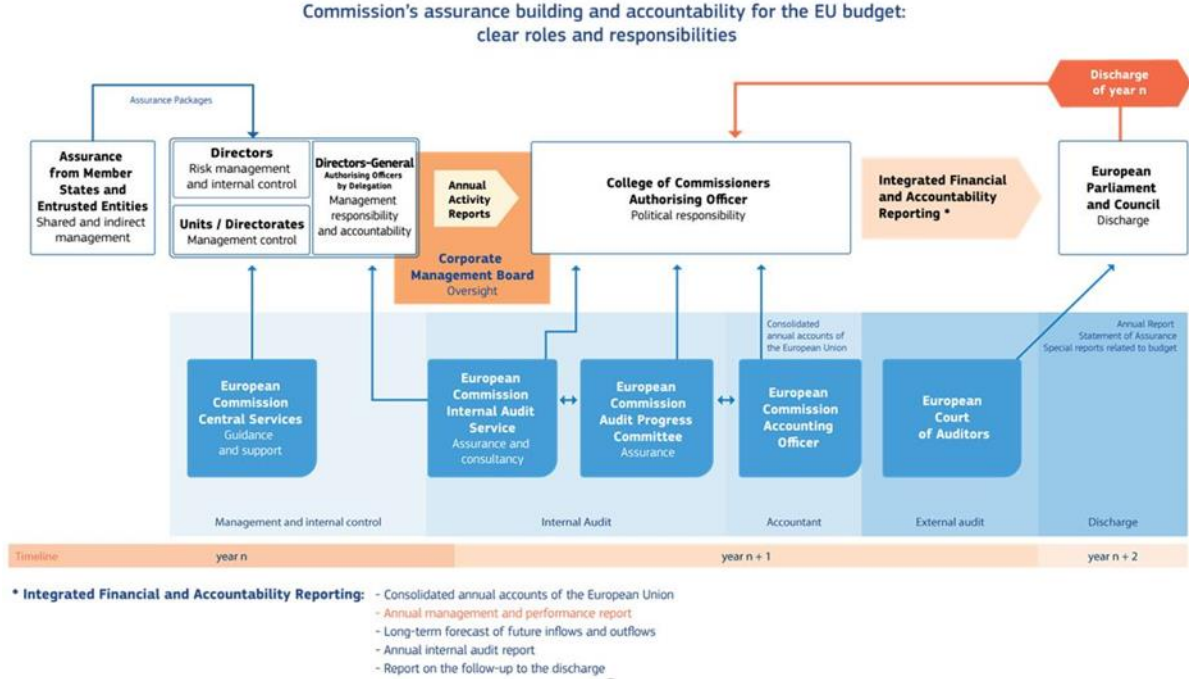


Figure 1 - Commission's Assurance and Accountability Chains. Source: European Commission.

Analysing the new audit universe and adjusting the organisation of the IAS

The new political orientation of the College, focusing on the six political headline ambitions and one horizontal objective, requires Commissioners, DGs and agencies and other autonomous bodies to collaborate in completely new ways. The resulting changes to the governance and accountability arrangements mean that the current segregation within the IAS between the directorates which audit the Commission services and the directorate which audits the agencies and other autonomous bodies may have to be re-considered.

The creation of the knowledge clusters in 2020 will allow the IAS to improve its knowledge sharing capacity across the boundaries of its directorates and units. Nevertheless, depending on the results of a thorough analysis and update of the audit universe in 2020, the organisation of the IAS may have to be adjusted to ensure that the new institutional culture and policy orientation is better reflected in the way internal audit is organised in the European Commission and in the EU agencies and other autonomous bodies. While the knowledge clusters will provide input to the assessment whether and how the IAS organisation should be adapted to be able to cover the risks in the audit universe in the most efficient and effective way, a special project team will be set up to manage the

exercise (see part 2/F: Example of initiatives to improve economy and efficiency of financial and non-financial activities).

Our contribution in 2020 to individual audited entities

The IAS performs a wide range of **audits in 2020**, covering governance aspects, and operational, financial and risk management 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 are identified in the course of the audit, **recommendations** are issued. These recommendations aim at cost-effectively mitigating the related risks, thereby adding value to the audited entity. The implementation of the accepted recommendations is verified through dedicated follow-up audits.

Other reports issued include (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 very important IAS recommendations to EU agencies and other autonomous bodies.

The Internal Auditor issues each year a **conclusion on the state of internal control** (limited type assurance⁶) 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

Based upon their understanding of the evolving audit universe, the work undertaken by the IAS knowledge clusters in 2020 will contribute to the strategic risk assessment in preparation of the next IAS Strategic Audit Plan. In accordance with the IIA Standards this plan will be risk based and the IAS's objective is to cover the high risk areas in its audit universe over the 2021- 2023 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 certain 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 also 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.

Although the full consequences are not known yet, it is clear that the Covid-19 pandemic has a major impact on the IAS audit environment. The pandemic, as well as the measures taken by the Commission, EU agencies and other autonomous bodies in response to the crisis, create new risks. These risks, considering the state of urgency in which the Commission's response to the crisis was given and the exceptional financial proportions of the Commission's response, need to be recognised and tackled. The internal control systems in the Commission, the EU agencies and other autonomous bodies and the

⁶ These limited conclusions have been issued on an annual basis since 2016.

member states' bodies involved in the implementation of the budget could be negatively affected, as well as the IAS's capacity to audit. As an example, the fact that control and audit missions were impossible for a considerable period in 2020 created a gap in the assurance building process for financial management, which will be very difficult to close in the foreseeable future.

In this plan the IAS still sets the target at 100% for the coverage by the end of the strategic audit planning period. However, the restrictions on the IAS's audit work in 2020 caused by the COVID-19 pandemic may reduce the scope of the overall opinion on financial management in the Commission, to be issued after the closure of 2020. This will be communicated very transparently in the different IAS reports to its stakeholders. In case of long term effects on subsequent budgetary exercises, they will also be communicated.

Delivering the audit plans and optimising the use of resources

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 mid-year to reflect new and emerging risks faced by the audited entities. The IAS successfully completes annually between 70 to 90 audit, consulting and risk assessment engagements, each year covering 100% of the number of engagements planned to be completed in the year.

The IAS actively manages its operational performance through a detailed planning of audit tasks, allocation of staff to engagements, close monitoring of the respect of deadlines and milestones for all audits, detailed time recording for all staff and the regular analysis of the differences between budget and actual time spent on each audit. Audit staff spends on average 85% of their time on audit activities.

The consequences of the COVID-19 pandemic, described above, will also have an impact on the delivery of the strategic audit plans through the annual audit plans. Especially in 2020, but possibly even in subsequent years, the restrictions on missions and the unavailability of auditees who are heavily involved in measures in response to the crisis, will result in cancelled, suspended or delayed audit engagements. The forced introduction of remote auditing practices may also have a negative effect on the efficiency of the audits. As a consequence, the IAS lowers the interim milestone targets for 2020, but plans to get back to the former levels of efficiency and effectiveness in subsequent years.

Closely monitoring stakeholders' feedback

Also in 2020, the IAS will survey its auditees on whether they consider that the audits and recommendations satisfactorily covered the risks and processes in their entity, provided added value to their operations and contributed towards effective risk management. It conducts satisfaction surveys (after each engagement and annually) with its key stakeholders. These include the 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).

So far stakeholders recognise that the IAS covers the main risks (past satisfaction rates of over 90%), its recommendations add value (past satisfaction rates of over 85%) and confirm that the IAS helps them to improve their internal control (past satisfaction rates of over 85%). They are also convinced that the IAS performs its audits with objectivity, honesty and fairness (past satisfaction rates of over 90%). However, the IAS has to stay vigilant and will continue in 2020 to implement actions to ensure the cost-effectiveness of its audit recommendations and expand its auditors' knowledge of the auditees' businesses. Taking into account that the 'businesses' will change quite drastically under the pressure of the new political headline ambitions, the challenges of the corona crisis and the expected changes to the ways of working in the Commission, the analytical and knowledge building activities of the IAS will be important in order to be prepared to meet the stakeholders' expectations and needs.

Complying with internal methodology and guidelines and international auditing standards

The IAS is working in an open and transparent manner, meeting the expected high level of professional and ethical standards.

General objective: A modern, high-performing and sustainable European Commission		
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.		
<i>Related to spending programme(s) N/A</i>		
Main outputs in 2020 (other important outputs):		
Output	Indicator	Target
Revised and updated audit universe (draft)	At the end of the first year of the strategy the IAS should have a completely updated audit universe, thereafter (minor) annual updates should be prepared until the arrival of the next College	By end 2020
Specific objective 2: The organisation of the IAS is adequate to cover the audit universe efficiently and effectively.		
<i>Related to spending programme(s) N/A</i>		
Main outputs in 2020 (other important outputs):		
Output	Indicator	Target
New organisation chart (adjusted to the evolving audit universe and organisational culture)	At the end of 2020 / beginning of 2021, on the basis of the adopted MFF 2021-2027 and the recovery efforts under Next Generation EU, the IAS will set up an organisation which is adapted to the changes in the evolving audit environment (such as the structure, the organisational culture and governance arrangements) and able to cover the audit universe.	By end 2020 preparation ready, full rolling out in Q1 2021
Specific objective 3: Cover the high risk areas of the audit universe		
<i>Related to spending programme(s) N/A</i>		
Main outputs in 2020 (other important outputs):		
Output	Indicator	Target
New Strategic Audit Plan 2021-	100% of coverage, through the strategic audit	By January 2021

2023	plan and successive annual audit plans, of the high risk areas identified in the strategic risk assessments and the annual updates	(cut-off date of the Plan is end January of T+1)
Audit plan 2021: Assessment made for every entity whether the combination of the finalised audits of the SIAP and the planned audits in the remaining years of the SIAP provide sufficient coverage (Agencies and other autonomous bodies only)	100% of coverage, through the strategic audit plan and successive annual audit plans, of the high risk areas identified in the strategic risk assessments and the annual updates	By January 2021 (cut-off date of the Plan is end January of T+1)
Assessment whether the audits in the previous three years covered 100% of the financial audit universe (Commission and Executive agencies only)	Coverage, through the strategic audit plan and successive annual audit plans, of the financial management in Commission services resulting in the delivery of an overall opinion without material scope limitations.	100 % over a period of 3 years

Specific objective 4: Deliver the strategic audit plans through the annual audit plans effectively and efficiently.

Related to spending programme(s) N/A

Main outputs in 2020 (other important outputs):

Output	Indicator	Target
Audit, consulting and follow-up engagements planned for 2020	Completion rate of the original 2020 Audit Plan and the annual update (effectiveness) [target 2020 reduced due to COVID-19]	100% engagements in the (updated at mid-year) 2020 audit plan to be finalised by January 2021
Mid-term review of the Annual audit plan. Updated Audit Plan for 2020 (Commission and Executive Agencies)	Timely preparation and delivery on time	July 2020
Strategic Internal Audit Plans (SIAPs) to be prepared for each entity where the previous SIAP is complete or has become obsolete	Timely preparation and delivery on time	January 2021 (cut-off date of the Plan is end January of T+1)
Conclusions on the state of internal control to each individual Directorate-General and service of the Commission as a contribution to the preparation of their annual activity reports	Timely preparation and delivery on time	15 February 2020
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 2020 reduced due to COVID-19]	Exceptionnally 75% of total working time available in 2020.
2019 Annual Report of the Internal Auditor (Article 118(4) of the Financial Regulation)	Report issued	June 2020
Overall opinion of the IAS on financial management in the Commission	Report issued	June 2020
Quarterly overview reports (or information notes) transmitted to the APC on the follow-up of IAS recommendations concerning	Reports finalised and transmitted in time to the APC (4 reports in total)	March, May, September and November 2020

Commission's Directorates-General and services		
Annual reports on the status of open critical and significantly delayed very important IAS recommendations to EU agencies and other autonomous bodies (in case their agency has such recommendations)	Reports/notes finalised and transmitted to Directors and Management Boards	Timely issued (March 2020)
Mid-term review of the Management Plan	(Due to the late approval of the MP 2020, there will be no mid-term review)	N/A

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

Related to spending programme(s) N/A

Main outputs in 2020 (other important outputs):

Output	Indicator	Target
Note on results of the IAS stakeholders' satisfaction survey.	Level of satisfaction of stakeholders (APC/Management Boards and Directors-General/Directors of EU agencies and other autonomous bodies)	Issued in Q1 Minimum 90% ⁷
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
Results of analysis of the implementation of recommendations	Level of implementation of IAS recommendations issued in the previous 5 years, whose initial target date has passed	Issued in Q1 Minimum 90%

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

Related to spending programme(s) N/A

Main outputs in 2020 (other important outputs):

Output	Indicator	Target
Report of the internal quality assessment (IQA) for all three Directorates	Successful compliance with the internal methodology and guidelines of the IAS and with international internal auditing standards as assessed through the Internal Quality Assessment (IQA)	No non-conformance issues raised
Preparation of the procurement procedure for the external assessor (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 2020
IAS set up in 2020 a series of knowledge clusters, who receive a Mission letter and a set of guidelines, instructions and working methods.	Level of completion of the mission letter, guidelines, instructions and working methods for the knowledge clusters in 2020.	100% by end 2020

⁷ 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.

PART 2. Modernising the administration: main outputs for the year

As a modern public administration, the Commission implements an internal control framework inspired by the highest international standards. Its internal control framework⁸ supports sound management and decision-making. It notably ensures that risks to the achievement of objectives are taken into account and reduced to acceptable levels through cost-effective controls. The Internal Audit Service (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 main actions for 2020 to improve these processes are described in the section below. For a more comprehensive explanation we refer to the Strategic Plan (SP) covering the period of 2020-2024.

A. Human resource management

In order to ensure the effective management of human resources and to optimise the capacity to deliver on priorities, the IAS will update in 2020 its local HR strategy with a medium to long-term outlook (3–5 years) consistent with the overall corporate HR strategy. This strategy will cover the main elements of the change of the institutional culture, such as more agile, flexible, transparent and digital ways of working, more cooperation at all levels, pooling knowledge and expertise through knowledge clusters, and giving priority to performance measurement and reporting on achievements.

As a consequence of the COVID-19 pandemic, the IAS will focus in 2020 on the implementation of the corporate measures with the objective of maintaining the audit capacity as well as staff motivation and engagement while being in a 100% teleworking mode. In parallel, the IAS HR-BC team will develop the IAS exit strategy to prepare for the gradual return to the office in the subsequent phases of the crisis, following the corporate guidance. The lessons learned during the teleworking period will feed into the new HR strategy.

Maintain and further increase staff engagement

In 2020, the IAS will continue to implement actions to enhance staff engagement. These actions focus on the job-content of staff as well as their professional and personal development opportunities and the working environment.

Through the newly-created knowledge clusters the audit staff will have the opportunity to learn more about other parts of the IAS, the Commission and EU agencies and other autonomous bodies as a whole, and hence will be more involved in the preparation of the next strategic audit plans.

⁸ [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.

Initiatives such as job-shadowing and the IAS's international exchange programme will be rolled out at a larger scale after the return to the office. The staff engagement committee and the IAS Communication Team will also continue internal communication activities, including the IAS newsletter and the organisation of AudiTED talks, allowing auditors and non-auditors to share their experiences with colleagues. Finally, sports and social activities will restart after the return to the office.

The IAS will also continue to promote (mainly via the IAS intranet) 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 corona-crisis has worked as an accelerator in this domain.

The rationale behind the initiatives is not only that staff engagement is good for performance and productivity, but also that these factors increase 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

The level of female representation in IAS middle management is at 36% (as of 1 January 2020). 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. The IAS will also continue its initiatives to increase the pool of female candidates for middle management positions and will organise information sessions to familiarise female administrators with the role and tasks of an IAS middle manager, monitor the gender balance for Team Leader and DG Correspondent roles and encourage female officials to attend management courses.

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

At the end of 2019 the IAS vacancy rate was 6%, which is close to the Commission average. However, this was only possible thanks to the recruitment of a number of temporary agents⁹ as auditors. According to the original plan the ongoing competition should result in the publication of a reserve-list with a significant number of new auditors in 2020. Due to the COVID-19 pandemic the process has been delayed and will probably be completed in early 2021. The resulting list should guarantee a reserve of candidates for 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 professional audit staff being fully professionally certified.

The comprehensive specific audit training programme for its new and more experienced internal auditors, and by extension those of the EU institutions, will be regularly updated during 2020 taking account of changing priorities for internal audit and staff expectations. In parallel, dedicated audit training will be offered through more specialised training courses and participation in conferences outside the Commission, in particular for IT

⁹ On 31/12/2019, temporary agents represented 12,75 % of the establishment posts allocated to the IAS.

auditors, and forums and seminars that address specific audit areas. In 2020, Auditors' Forum seminars and two meetings of the Auditnet for the decentralised EU agencies and other autonomous bodies will be organised.

Promote (internal) communication and professional networking

Most communication activities of the IAS are of an 'internal' nature with external communication limited to contacts with professional bodies in the field of auditing. The 2020 edition of the IAS Annual Conference will be held in the autumn and will exceptionally be in cooperation with DG BUDG. In addition, the IAS has regular contacts and interactions with professional bodies in the field of auditing, such as the Institute of Internal Auditors (global, EU and Belgian level).

The IAS will continue the job-shadowing initiative in the Commission as well as the IAS international exchange programme, which were both mentioned before, and which also promote professional and international networking for the senior auditors of the IAS.

Objective: 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		
Main outputs in 2020:		
Output	Indicator	Target
Strategic development		
Updated HR strategy for the IAS	Update of the IAS HR strategy with a medium to long-term outlook (3–5 years)	By Q3 of 2020
Impact of Covid-19 crisis		
Implementation of the corporate measures	HR management will focus on the implementation of the corporate measures with the objective of maintaining the audit capacity as well as staff motivation and engagement while being in a 100% teleworking mode.	By end 2020
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 Q3 of 2020
Staff engagement		
Implementation of the Staff Engagement Committee plan	Complete all actions planned on staff engagement: involvement in the Strategic Audit Planning process, knowledge clusters, job-shadowing, international exchange programmes, AudiTED talks, and sports, social and internal communication activities.	By end 2020
Implementation of work-life balance initiatives	Complete a series of initiatives to promote work-life balance (part-time, teleworking, time credits, recuperation, etc.)	By end 2020
Maintain level of staff engagement (HR survey)	Keep IAS staff engagement index in line with Commission average, and possible increase further	IAS indicator: $\geq 75\%$
Staff retention and recruitment		
First female appointments to middle management positions	One first female management appointment [SEC(2020) 146]	by 2022

Completion of EPSO competition	Timely finalisation in order to have list of candidates for vacancies arising in the medium term	Timely finalisation
Capacity building		
IAS auditors which have one or more professional audit qualifications	Percentage of staff certified = 79.5% (2019)	Minimum 70%
Update of the Internal Audit Training Programme (IATP)	Level of satisfaction of IAS staff with the structured training	Minimum 80%
Annual Conference	Timely implementation	November 2020

B. Sound financial management

The administrative budget of the IAS totals €20.25m in 2020.

- As provided for by the Internal Rules, 97.56% of the IAS's budget is directly delegated to PMO, DG HR and DG DIGIT and this expenditure is therefore covered by the Declaration of assurance of DGs HR and DIGIT.
- The IAS¹⁰ is accountable for the remaining 2.44% which is, however, co-delegated¹¹ to DGs HR and DIGIT. As the budget is managed under the same Commission rules, the primary AOD can in principle rely on the legality and regularity, efficiency and cost-effectiveness of the controls in place in DG HR and DG DIGIT. The co-delegation with DG HR is supported by a Service Level Agreement and the co-delegation with DG DIGIT by a Memorandum of Understanding.

The entire expenditure is either delegated to PMO, DG HR or DG DIGIT or co-delegated to DGs HR and DIGIT. The AODs of these services bear responsibility for their implementation and report in their annual activity reports. All standard controls are performed by the PMO and ex-post controls are performed by DG HR on a sample of transactions executed by the PMO and DG HR in the framework of the existing service level agreements (SLA) with the IAS.

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

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

Main outputs in 2020:

¹⁰ According to Art 117(1) of the Financial Regulation, the Director-General of the IAS (the Commission's Internal Auditor) may not be the Authorising Officer by Delegation (AOD). This role is exercised by the Director of IAS.A.

¹¹ Type II co-delegation, whereby the IAS is the primary AOD, while DGs HR and DIGIT are the secondary AODs.

Output	Indicator	Target
Effective controls: Legal and regular transactions (missions)	Risk at payment	< 2 % of mission expenditure
	Estimated risk at closure	< 2 % of mission expenditure
Effective controls: safeguarded assets (sensitive information)	Positive assessment of the related IIA Standard during the IQA and EQA (quality assessment)	No issues of non-conformance with the IIA Standards
Cost effective controls: (mission expenditure)	Overall estimated cost of controls (mission expenditure)	< 10 % of mission budget

C. Fraud risk management

The IAS anti-fraud strategy was updated in the first quarter of 2020 (for the period 2020-2022) on the basis of the 2019 Commission Anti-Fraud Strategy (CAFS). It was reviewed by OLAF before its adoption by the Director General of the IAS. Its implementation is monitored twice a year with reporting to the management. The IAS continues to strongly rely on the ethical awareness and the stance of the IAS staff. An information package on ethics is handed over to all new IAS staff upon recruitment. The IAS carries out additional preventive and detective controls such as ex-ante and ex-post controls on missions and the follow-up of potential conflicts of interest if reported by recruitment panel members and/or candidates.

Furthermore, the results of the Internal Quality Assessment launched at the beginning of 2019 confirmed that IAS staff are well informed about how to act when faced with ethical issues and have sufficient knowledge of fraud concepts to identify 'red flags' in the context of audit engagements¹². Nevertheless, the IAS will launch in 2020 an information campaign, including the organisation of an Auditors' Forum to raise staff awareness on the new strategy and possible ethics, conflict of interest or fraud-related issues.

As indicated in the IAS' AFS action plan, the IAS will contribute to the implementation of the CAFS at the level of the Commission and the agencies and other bodies in 2020 by promptly responding to all OLAF requests for information or support and by flagging fraud related audit results to OLAF.

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS)¹³ aimed at the prevention, detection and correction¹⁴ of fraud

Main outputs in 2020:

Output	Indicator	Target
Implementation of the 2020 actions included in the IAS anti-fraud strategy (2020-2022)	Percentage of the 2020 actions foreseen in the IAS Anti-Fraud strategy that are implemented in time.	100% of action points 2020 implemented in time

¹² See section 1.2.2.

¹³ Communication from the Commission "Commission Anti-Fraud Strategy: enhanced action to protect the EU budget", COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

¹⁴ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

Update of its anti-fraud strategy	Adoption of the updated strategy	April 2020
Information campaign	Timely delivery of a dedicated Auditors' Forum to raise staff awareness on the new strategy and possible ethics, conflict of interest or fraud-related issues.	Before end of 2020

D. Digital transformation and information management

In the course of the period covered by the Strategic Plan 2020-2024 the support for the current version of TeamMate will end. Before that date the IAS will perform a needs assessment in order to prepare for migration to a new TeamMate version (TeamMate+) or eventual acquisition and/or development of a different audit management tool. This exercise will be performed in close cooperation with DIGIT ensuring that it is integrated in the European Commission's overall digital strategy.

The IAS has launched the project on Innovation and Digital Auditing, which aims at enhancing the use of data analytics and digital auditing within the IAS and increase the number of audits based on comprehensive data analysis. In 2019, the project team assessed the results of a survey on available audit techniques and tools enabling the digitalising of audit work. It produced a progress report on 'Innovation and Digital Auditing' that was issued in early 2020. In 2020; a multi-annual IAS innovation and digital auditing plan and a roadmap will be issued, which will describe whether and how four technological areas (AI and data analytics, blockchain, data visualisation and publication of digital reports) will play a role in the work of the IAS in the coming years.

The IAS is promoting the use of collaborative tools like Sharepoint and, shortly, Microsoft365 including Teams. In 2020, MyIC Collaborative Spaces is used to implement a sharing platform for the "IAS knowledge clusters". The IAS knowledge clusters were set up as cross-functional teams drawing on resources from all IAS directorates and units. They were established by the Director-General, under the steering and coordination of a Director and a lead Head of Unit, around specific themes. They aim at covering key political priorities/MFF headings/policy domains by gathering and sharing relevant knowledge on these themes. Regarding Microsoft 365, as it cannot yet be used for sharing the sensitive non-classified (SNC) information, its use within the IAS remains limited. However, once Microsoft 365 is approved for the SNC information, Microsoft Teams will be promoted for collaboration within IAS and with other services. Moreover, TeamMate is also a tool that is available to other DGs to work collaboratively on the implementation of action plans.

The IAS implemented its own data protection action plan in order to ensure compliance with the rules and the Commission's Data Protection Action Plan¹⁵. Given the nature of the IAS activities which involve the processing of personal data (although not targeting specific individuals), the target for training staff on aspects of data protection during audits should remain at 100% per year, every year, until 2024. In practice this means that in 2020 the IAS will train all newcomers on data protection during audits but will not request the attendance of staff that attended the year before. Depending on new developments regarding data protection and the need to share best practices, the IAS may organise

¹⁵ C(2018)7432.

additional sessions for all staff (specific content to be decided ad-hoc). In the coming years, the processes and procedures will continuously be monitored and updated and the staff awareness will be maintained through the structural training offer and periodic refresher initiatives.

Objective: 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

Main outputs in 2020:

Output	Indicator	Target
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 (2020-2021)
Progress report on 'Innovation and Digital Auditing'	Delivery of a progress report on innovation and digital auditing within the IAS	January 2020
Implementation of the 2020 phase of the multi-annual IAS innovation and digital auditing plan (project)	Degree of implementation of the project	End 2020 : Initiation and planning phase of the project completed.
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
Staff attending awareness raising activities on data protection compliance	% Level of attendance of structural training offer and periodic refresher initiatives, such as a dedicated Auditors Forum	100% of staff to attend at least one of the trainings and initiatives by end 2020

E. Sound environmental management

The IAS takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work.

Having its offices in one of the Commission buildings participating in the Eco-Management and Audit Scheme (EMAS), the IAS will perform its actions in line with the EMAS and contribute to the reduction of the building’s energy consumption, CO₂ emissions, waste generation, water use and office paper consumption (see table below). Beyond the Commission EMAS targets, the IAS will additionally promote as from 2020 its own paper reduction targets and continue to extend the CO₂ emission reduction beyond the building context (e.g. commuting, missions travels) through implementing digital and remote auditing practices which are ongoing IAS projects.

Well consolidated teleworking arrangements allow for a better work/life balance, but also for a decrease in emissions due to a lower number of commuters, missions and buildings’ users every day. The COVID-19 pandemic has suddenly forced the IAS to become a 100%

teleworking DG and stopped all missions. Similar to other Commission services the results have been mostly positive. Audits continued and even started and finished remotely, 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. The IAS will therefore keep promoting telework practices in 2020. During 2019, 68.9% of IAS staff teleworked occasionally which was already a serious increase compared to 51.2% for the year 2018. It is expected that the experience gained during the pandemic with 100% telework will result in a permanent more flexible and frequent use of telework once the pandemic is under control and staff is allowed to return to the office. At that time the IAS expects new corporate guidelines on telework providing more flexibility.

The IAS will promote the EMAS corporate campaigns at local level and identify 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. In 2020, the IAS green ambassadors initiative was launched, a new subgroup of the Staff Engagement Committee was created which will develop and implement an action plan of EMAS initiatives by area.

Objective: The IAS takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

Main results and outputs in 2020:

Output	Indicator	Target
IAS-EMAS action plan		
Implementation of Corporate level monitoring scheme	Reduction of energy consumption of the building, water use, office paper consumption, CO ₂ emissions from building and waste generation	In line with Commission average
Promote the EMAS corporate campaigns – Development and implementation of the IAS EMAS action plan	(1) Adoption of the IAS-EMAS plan (2) Implementation of the IAS-EMAS plan by the IAS green ambassadors, a new subgroup of the Staff Engagement Committee	(1) Adoption of the plan: Mid 2020 (2) Implementation of at least 50% of the defined actions by end 2020
Promote Teleworking	Average number of days of teleworking per staff member	In line with Commission average
Reduce number of missions by promoting remote auditing and video conferencing	Reduction of number of missions compared with 2019	New (in line with Commission average)
Reduce office paper consumption	Number of sheets / person / day	-40% compared to 2019 (teleworking due to COVID)
Increase VeloMai participation	1) Number of IAS participants 2) Amount of CO ₂ saved	1) 35 2) 800KG CO ₂

F. Example of initiatives to improve economy and efficiency of financial and non-financial activities

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

Introducing a holistic view: the knowledge clusters

In response to the evolving audit universe and the increased number of interconnections, the IAS set up in 2020 a series of knowledge clusters. These are cross-functional IAS teams bringing together auditors across the IAS directorates and units to ensure knowledge sharing, analyse related risks and contribute to planning and implementing audits, as well as to reporting their results as regards cross-cutting issues. They are set up around specific themes¹⁶ and aim, to the extent possible, to reflect the range of key political priorities/MFF headings/policy domain(s) for those particular themes. The knowledge clusters will enable 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. Starting from 2020, the knowledge clusters will contribute to the definition of the audit universe, the in-depth risk assessment and the preparation of the strategic and annual audit plans for the Commission and for the EU agencies and other autonomous bodies. In addition, they will provide input to the reflection on the adaptation of the structure of the IAS, in order to be better prepared to support the EU with the realisation of the political headline ambitions.

By end of 2020, the new IAS knowledge clusters will perform an in-depth analysis of the changing audit environment, define the updated IAS audit universe and subsequently contribute to the reflection on how to adapt the structure and allocation of the audit portfolio in the IAS to the new institutional culture and policy orientation.

While the knowledge clusters are a new initiative, the IAS has been working since 2018 on the modernisation of its own methods and practices. Under the header 'lean auditing' several working groups have been set-up in 2019 to work on the modernisation of different aspects of the audit process and its deliverables. The lean auditing initiative will continue in 2020.

¹⁶ I. A Europe fit for the Digital Age; II. European Networks, Energy and Transport; III. Justice and Home Affairs, Migration and Border Management, Security; IV. European Green Deal; V. Regional Development and Cohesion, Investing in People, Social Cohesion and Values; VI. A modern, high performing and sustainable European Commission; VII. Research and Innovation; VIII. Education, Health, Internal Market, Industry, Defence and Space; IX. Economic, Monetary, Fiscal and Financial Policies, European Strategic Investments, Statistics and OLAF; and X. Neighbourhood and the World.