



19 December 2018

Management Plan 2019

Internal Audit Service



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INTRODUCTION

The Internal Audit Service (IAS) is a central service of the European Commission responsible for auditing the management and control systems of the Commission, the EU agencies and other autonomous bodies. It provides independent and objective assurance on their adequacy and effectiveness. On request of management, it also offers consulting services.

The Service conducts internal audit activities in accordance with the Financial Regulation (FR)¹, the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors (IIA). Its independence is guaranteed in its Mission Charter².

The year 2019 will present a number of major challenges for the EU, such as the outcome of the negotiations on the future Multiannual Financial Framework (MFF) beyond 2020 and the effects of the withdrawal of the United Kingdom from the EU in March 2019. At the same time the newly adopted Financial Regulation is expected to further improve the management of EU finances and have an impact on the design of the next generation of EU programmes. These challenges and changes will not only have an impact on the European Union's priorities, budget, internal organisation and risks, but will also have consequences for the IAS' internal audit activities.

The purpose of this Management Plan (MP) is to highlight the most important outputs of the IAS for the year 2019 in line with the objectives defined in its 2016-2020 Strategic Plan and the emerging challenges for the year 2019. It provides an overview of planned actions substantiating the intended progress towards its main objectives.

This management plan mainly serves planning and management purposes at the operational level.

¹ In accordance with Articles 117 to 123 of Regulation (EU, Euratom) 2018/1046.

² C(2017) 4435 final.

PART 1. MAIN OUTPUTS FOR THE YEAR

The purpose of the IAS is to contribute to the effective implementation of policies, programmes and actions and the efficient and economical management of resources by the European Commission and EU agencies. From an operational perspective, the IAS, as a key horizontal service in the Commission, contributes to the Commission's general objective (No 11):

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

The IAS contributes in particular to the protection and management of assets and resources, by performing audits and consulting services in an effective and efficient manner and by providing re-assurance to the audited entities.

The performance tables in annex 1 to this MP provide an overview of the corporate indicators and IAS' targets applicable to this objective.

Internal Audit

For the IAS (auditing the Commission/Executive agencies and EU agencies and other autonomous bodies), this general objective can be broken down into three specific IAS objectives as follows:

Specific objective 1.1: ***To ensure that the work of the IAS adds value to the Commission services and EU agencies and other autonomous bodies, and contributes to the improvement of their operations (external dimension)***

In order to capture the perception of the quality of its work, the IAS periodically conducts surveys on whether its audits and recommendations satisfactorily covered the risks and processes in the audit universe, added value to the auditees' operations and contributed towards effective risk management.

The two main sources are:

- (a) an annual stakeholder survey addressed to all stakeholders at the end of each year. This survey provides an indication of how the IAS and its work are perceived by all its key stakeholders (APC, Directors-General, Directors of decentralised EU agencies and other autonomous bodies). The survey results are used (as indicators) in the IAS Management Plan and Annual Activity Report.
- (b) a satisfaction survey addressed to the audited services in the Commission and Executive Agencies after each engagement. For EU autonomous bodies and agencies (Directorate A), the new approach and tool for organising a satisfaction survey at the end of each engagement rather than once a year per entity, as was introduced at the beginning of 2018, will be continued in 2019.

In order to complement the information from the auditees, similar questions are addressed in the annual stakeholder satisfaction survey to the Audit Progress Committee concerning the Commission audits and the responsible Management Boards for the Autonomous Bodies' audits.

Relevant general objective: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents

Specific objective 1.1: To ensure that the work of the IAS adds value to the Commission services and EU autonomous bodies and contributes to the improvement of their operations (external dimension)

Main outputs in 2019

Stakeholders' satisfaction surveys (All stakeholders)

Output	Indicator	Target
<i>Hold annual Stakeholder satisfaction survey</i>	<i>Level of satisfaction Minimum 90%</i>	<i>Minimum 90%</i>
<i>Hold satisfaction survey addressed to audited services after each audit engagement.</i>	<i>Level of satisfaction Average < 1.5 [on a scale from 1 (strong agreement) to 4 (strong disagreement)]</i>	<i>Average: < 1,5</i>

Limited conclusions on the state of internal control as a contribution to the preparation of the 2018 AARs (Commission services and Executive agencies only)

Output	Indicator	Target
<i>Limited conclusions on the state of internal control as a contribution to the preparation of the 2018 AARs</i>	<i>Conclusions issued</i>	<i>15 February 2019</i>

Overall opinion on the state of financial management in the Commission for the year 2018 (Commission services and Executive agencies only)

Output	Indicator	Target
<i>Overall Opinion on the state of financial management in the Commission for the year 2018</i>	<i>Opinion issued</i>	<i>15 May 2019</i>

Specific objective 1.2: To ensure that the work of the IAS adds value by being conducted in accordance with the Financial Regulation and its Rules of Application, its internal methodology and guidelines and international auditing standards (internal dimension)

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

The new Data Protection rules (IDPR) for the EU institutions entered into force on 11 December 2018. The IAS developed an action plan in order to ensure its compliance with the new rules as regards the internal audit work. The IAS will further adapt in 2019 its audit processes and procedures in order to ensure the implementation of the new regulation based, where necessary, on the relevant guidance which is yet to be

developed/communicated for some aspects, of the Commission (at corporate level) and/or the EDPS.

Relevant general objective: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents

Specific objective 1.2: To ensure that the work of the IAS adds value by being conducted in accordance with the Financial Regulation and its Rules of Application, its internal methodology and guidelines and international auditing standards (internal dimension)

Main outputs in 2019

Internal Quality Assessment

Output	Indicator	Target
<i>Internal Quality Assessment (IQA) [annual exercise]</i>	<i>IAS generally conforms with the Standards reviewed and the Code of Ethics</i>	<i>January 2019 on 2018 audits (January 2020 on 2019 audits)</i>
<i>Update of the IAS audit manual and guidance in order to ensure the compliance of the IAS practice with the new Data Protection rules.</i>	<i>Timely revision of the relevant guidance (e.g. Audit Manual) and staff-awareness</i>	<i>Q2 2019 (including staff-awareness events)</i>

Specific objective 1.3: To ensure efficiency and effectiveness in delivering the strategic audit plans through the annual audit plans

At the start of 2019, the new Strategic Audit Plan covering the period 2019-2021 for the Commission and Executive agencies will be considered by the Audit Progress Committee and adopted by the Internal Auditor. This strategic audit plan is implemented through the 2019 Audit Plan. The completion of the 2019 Audit Plan is monitored in the course of the year. Several reports are issued: the Annual Report of the Internal Auditor Art 118(4) [ex-99(3)] of the FR and the quarterly overview reports (or information notes) on the follow-up of the IAS recommendations issued to the APC.

For the EU Agencies and other autonomous bodies the audit plan for the year is based upon the multi-annual Strategic Internal Audit Plan (SIAP) which exists for each entity. For entities where the previous SIAP has been completed or become obsolete a new SIAP is prepared. Reports on the status of open critical or significantly delayed very important IAS recommendations are issued to Agency Directors and Boards in case their agency has such recommendations.

Relevant general objective: To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents

Specific objective 1.3: To ensure efficiency and effectiveness in delivering the strategic audit plans through the annual audit plans

Main outputs in 2019

Audit plan for 2019

Output	Indicator	Target
<i>Strategic Audit Plan 2019-2021 (including the 2019 audit plan) for Commission services and Executive agencies</i>	<i>Timely preparation of the Strategic Audit Plan</i>	<i>February 2019 [Adoption by the Internal Auditor in March 2019]</i>
<i>Strategic Internal Audit Plans (SIAP) to be prepared for those EU agencies and other autonomous bodies where the previous strategic audit plan is completed or has become obsolete</i>	<i>Timely preparation of the SIAPs</i>	<i>January 2019</i>

Audit, consulting and follow-up engagement reports planned for 2019

Output	Indicator	Target
<i>Audit, consulting and follow-up engagements reports planned for 2019</i>	<i>Completion of the 2019 Audit Plan</i>	<i>January 2020</i>

Overview reports

Output	Indicator	Target
<i>Overview Reports / Information notes on the follow-up of the IAS recommendations issued to the APC throughout 2019 (Commission services and Executive agencies)</i>	<i>Reports finalised and transmitted to the APC [four in total]</i>	<i>March 2019 May 2019 September 2019 November 2019</i>
<i>Reports on the status of open critical or significantly delayed very important IAS recommendations issued to Agency Directors and Boards in case their agency has such recommendations.</i>	<i>Reports finalised and transmitted where applicable.</i>	<i>March 2019</i>

Annual report of the Internal Auditor Art. 118 (4) [ex Art.99(3)] of the FR, contributing to the Commission's 2018 Annual Management and Performance Report for the EU Budget (AMPR) (Commission services and Executive agencies only)

Output	Indicator	Target
<i>2018 Annual Report of the Internal Auditor (Art 118(4) [ex-Art.99(3)] of the Financial Regulation)</i>	<i>Report issued</i>	<i>May 2019</i>

The performance tables in annex 1 to this MP provide a more detailed overview of the indicators and targets applicable to each of the specific objectives mentioned above.

PART 2. MAIN ORGANISATIONAL MANAGEMENT OUTPUTS FOR THE YEAR

A. Human resource management

The IAS Business Correspondent coordinates the definition of the HR strategy, setting the actions and targets of the IAS management Strategic Plan 2016-2020³ and ensuring that the IAS gets the HR service it needs, in cooperation with the Account Management Centre (AMC⁴).

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

The DG deploys effectively its resources in support of the delivery of the Commission priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Commission-wide objective

Specific objective 2.1: ***Contributing to the achievement of the Commission-wide objectives regarding female representation in middle management, staff well-being, and staff engagement***

In 2019, the IAS will focus on the following:

Increasing the percentage of female representation at middle management level, which in the IAS now stands at 27%. Although the organisational size of the IAS limits the number of new management appointments, the IAS will continue in 2019 its initiatives to increase the pool of female candidates for middle management positions. The IAS will organise an information session 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.

Increasing the percentage of staff feeling that the Commission cares about their well-being. The IAS will continue to implement and support corporate-wide and DG-specific well-being initiatives. For example, to help staff members effectively manage their health over the length of their career, the IAS implements the fit@work programme together with DG HR.

³ The IAS management Strategic Plan 2016-2020 sets out the IAS's strategic vision and objectives for a five-year period, up until 2020 [Ares(2016)1273926 of 14/03/2016].

⁴ Account Management Centre, delivering HR services to a group of Directorates-General. The IAS is served by AMC5.

Achieving the Commission objective of increasing staff engagement, by implementing the actions coordinated by the IAS Staff Engagement Committee, such as an Away-day for all staff, ad hoc lunch-time conferences (“AudiTED” talks) and regular auditors’ forum sessions throughout the year.

In addition, the IAS will continue to actively involve its staff in the preparation of the audit plan and keep them informed about its implementation through unit meetings. Following a 2018 survey among IAS staff on their interest in temporary mobility initiatives, an increase of the number of exchanges of staff between units/directorates is programmed as well as the creation of job-shadowing opportunities within the IAS and with other DGs. These initiatives will aim at sharing experience, increasing the level of knowledge across the DG and balancing the workload between units/directorates.

The IAS will also continue to promote (mainly via the IAS intranet) initiatives on work/life balance, enabling staff to better manage their work life balance (part-time, teleworking, time credits, recuperation, etc.).

Objective: The DG deploys effectively its resources in support of the delivery of the Commission priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Specific objective 2.1: Contributing to the achievement of the Commission-wide objectives regarding female representation in middle management, staff well-being, and staff engagement

Main outputs in 2019

Output	Indicator	Target
<i>Initiatives to increase the pool of female candidates for middle management positions</i>	<i>Percentage of women in middle management positions</i>	<i>Increase the current performance (27%), [dependent on the opening of new middle management vacancies]</i>
<i>Creating a good working environment and promoting good work/life balance, in the frame of the Fit@work programme</i> <i>[with the support of responsible central services in relevant actions]</i>	<i>Participation of staff in Fit@work and other staff engagement related activities</i> <i>Percentage/result for well-being in the next staff survey</i>	<i>>30% of staff to participate in one or more activities in 2019.</i> <i>Increase the next staff survey result for well-being to the new Commission average (at least 35%, i.e. old Commission average), currently 32% at the IAS</i>
<i>Action plan to follow up on the outcome of the 2018 corporate staff opinion survey</i>	<i>Approval of the action plan by the Director General</i>	<i>1st half of 2019</i>
<i>Implementation of the follow-up action plan to the 2018 Staff Survey</i>	<i>% of actions planned for 2019 implemented</i>	<i>100%</i>
<i>Initiatives to actively involve staff in the preparation of the audit plan</i>	<i>Participation of staff in relevant meetings</i>	<i>At least one dedicated staff meeting in 2019</i>

<i>Away-day for all IAS staff</i>	<i>Number of Away Days per year</i>	<i>At least one in 2019</i>
<i>Drafting and Implementation of the Staff Engagement Committee workplan 2019</i>	<i>% of actions planned for 2019 implemented</i>	<i>100%</i>

IAS specific objectives

Over the period of the IAS Strategic Plan 2016-2020, the IAS has two specific objectives, aiming at staff retention and ensuring/maintaining the excellence of technical knowledge and the professional certification of staff.

Specific objective 2.2: ***Increasing the capacity and the level of professionalism of internal auditors of the IAS and the EU autonomous bodies***

In 2019, the IAS will focus on the following:

Staff retention and ensuring/maintaining the professional certification of staff.

Due to the shortage of experienced and qualified auditors in the EC, the IAS will continue its efforts to retain its auditors. In order to ensure a diverse talent base, it will continue to recruit staff with relevant experience but who are not (yet) qualified or certified as internal auditors.

The IAS has set a medium term target of 70% of its professional audit staff being fully certified. New recruits are therefore encouraged, through training and a contribution to the certification and membership fees, to strive for certification.

Ensuring that the Internal Audit Training Programme (IATP) covers the necessary needs as defined by the Internal Audit Training Steering Committee.

This comprehensive audit specific training programme for new and experienced internal auditors of the EU institutions needs to cover 100% of all approved training needs of this professional community and is regularly updated taking account of changing priorities for internal audit. In parallel, dedicated audit training is also offered through more specialised training courses outside the Commission, in particular for IT auditors, and forums and seminars that address specific audit areas.

Keep auditors abreast of the latest developments in the Commission and in the profession relevant for their work through structured opportunities for continuous learning (2016-2020).

In this way, it contributes to the capacity building of internal audit professionals in a wider context, via for example an IAS Annual Conference and regular Auditors' Forum seminars (six of these latter meetings are planned for 2019). The 2019 edition of the IAS Annual Conference will be held in the autumn. Two meetings of the Auditnet for the decentralised EU Agencies and other autonomous bodies will be held in 2019. This type of meeting combines the exchange of audit related information with the updates on common internal control, data protection and anti-fraud issues. A sub-group of the IAS Staff Engagement Committee is developing opportunities for job-shadowing which will offer staff the opportunity to familiarise themselves with the working methods of other Units in the IAS, other DGs or even outside the European Commission.

Develop the management potential of female staff (2016-2020). The campaign to encourage female AD staff to apply for management positions is currently being reviewed

by corporate HR. The share of female administrators (AD8 and above) having followed a management training course is expected to be 50% as at 31 December 2018 (including staff newly promoted to AD8 grade during 2018). The IAS expects to reach the target of 75% for 2019 (in line with its Strategic Plan 2016 – 2020).

Objective: The DG deploys effectively its resources in support of the delivery of the Commission priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Specific objective 2.2: Increased capacity and the level of professionalism of internal auditors of the IAS and the EU autonomous bodies

Main outputs in 2019

Output	Indicator	Target
<i>Support auditors in professional certification</i>	<i>Share of certified auditors</i>	<i>Maintain a share of more than 67% by January 2019</i> <i>(current rate: 73%)</i>
<i>Internal Audit Training Programme 2019 edition</i>	<i>Timely delivery</i>	<i>January 2019</i>
<i>Finalise list of topics for Auditors' Forums in 2019</i>	<i>Timely delivery</i>	<i>January 2019</i>
<i>Organise Auditors' Forum sessions</i>	<i>Timely delivery</i>	<i>6 Auditors' Forum sessions by December 2019</i>
<i>Organise AudiTED talks (lunch-time presentations of specific audits).</i>	<i>Timely delivery</i>	<i>5 AudiTED talks by December 2019</i>
<i>"Welcome coffee" and/or "Induction Training" for new staff</i>	<i>Number of Welcome coffee or induction training per year</i>	<i>At least one by December 2019 [depends on the number of new recruits]</i>
<i>IAS Annual Conference</i>	<i>Timely delivery</i>	<i>November 2019</i>
<i>Auditnet for the decentralised EU Agencies and other autonomous bodies</i>	<i>Organise two meetings per year</i>	<i>Spring and autumn 2019</i>
<i>Dedicated talent management campaign to encourage female AD staff to apply for management positions</i>	<i>Share of AD8 and above female administrators following a management training course</i>	<i>75%</i>

Specific objective 2.3: *Provide effective HR services in order to recruit, to support and to maintain a high-performance work force in the IAS*

In 2019, the IAS will focus on the following:

Implementation of the IAS Human Resource Plan 2016-2020, which aims at ensuring that the service has sufficient adequately skilled and engaged staff and a competent, effective and balanced management team to enable it to fulfil its mandate and reach its objectives.

Update the Learning and Development Strategy for the IAS, which includes actions related to developing a career path for IAS auditors, work life balance, and flexible working arrangements.

Management of vacancy rate, expected to reach 10% as at 31 December 2018. The IAS will maintain its efforts to reduce its vacancy rate. In 2019, the IAS actions will include the participation in the organisation of an EPSO competition for auditors together with the other Commission DGs who have an audit Directorate and the launch of a call for expression of interest (awaiting the results, expected in 2020, of the audit competition).

Objective: The DG deploys effectively its resources in support of the delivery of the Commission priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Specific objective 2.3: Provide effective HR services in order to recruit, to support and to maintain a high-performance work force in the IAS

Main outputs in 2019

Output	Indicator	Target
<i>Update Learning and Development Strategy</i>	<i>Timely delivery</i>	<i>February 2019</i>
<i>2019 Update of the HR plan</i>	<i>Timely delivery</i>	<i>March 2019</i>
<i>Measures to reduce the vacancy rate at the IAS</i>	<i>Vacancy rate in line with the Commission average (5.3%)</i>	<i>Rate of 6% or less by 31/12/2019</i>
<i>Participation in the organisation of a horizontal EPSO competition for auditors together with the other DGs with Audit Directorates</i>	<i>Timely delivery</i>	<i>Lists to be available 18 months after the publication of the competition notice.</i>

The performance tables in annex 1 to this MP provide an overview of the indicators and targets applicable to each of the specific objectives mentioned above.

B. Financial management: Internal control and Risk management

Risk management and internal control are continuous and pro-active processes in the IAS. Each year, it conducts an in-depth risk assessment exercise, combined with an internal assessment of its internal control framework. The criteria against which the implementation of all 16 principles of the Internal Control Framework should be assessed were defined in 2017 and reviewed at the time of the assessment performed in 2018.

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

The Authorising Officer by Delegation should have reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions including prevention, detection, correction and follow-up of fraud and irregularities".

The IAS contributes to this general objective, in particular, by focusing on a number of priority actions over the period of the Strategic Plan as follows:

Objective 3.1 (mandatory): *Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions*

The administrative budget of the IAS totals €19.73 m in 2019. The entire expenditure is either delegated to PMO or co-delegated to DGs HR and DIGIT. The AODs of these services bear responsibility for their implementation and report in their AARs. 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.

- As provided for by the Internal Rules, 97.47% of the IAS's budget is directly delegated to PMO, DG DIGIT and DG HR and this expenditure is therefore covered by the Declaration of assurance of DGs HR and DIGIT.
- The IAS⁵ is therefore accountable for the remaining 2.53% which is, however, co-delegated⁶ 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, the co-delegation with DG DIGIT by a Memorandum of Understanding.

Despite the fact that the mission budget is delegated to PMO, the IAS executes its own additional controls to ensure compliance of its mission expenses with the Commission's Guide for missions and with the IAS specific guidance. All mission requests and cost claims are controlled ex-ante by a verifying officer and a sample of reimbursements is controlled ex-post within the IAS.

⁵ According to Art 117(1) [ex-Art.98(1)] of the Financial Regulation, the Director-General of the IAS (the Commission's Internal Auditor) may not be the Authorising Officer by Delegation (AOD). This role is exercised by the Director of IAS.A.

⁶ Type II co-delegation, whereby the IAS is the primary AOD, while DGs HR and DIGIT are the secondary AODs.

Objective 3.1: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

Main outputs in 2019		
Output	Indicator	Target
<i>Ex-post controls on missions</i>	<i>Error rate detected on the legality and regularity of the underlying transactions for budget implementation</i>	<i>Error rate below 2% for budget implementation by end 2019</i>

Objective 3.2 (mandatory): **Effective and reliable internal control system in line with sound financial management**

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 ex-ante controlled by the 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 PMO and the ex-post controls performed by DG HR on a sample of transactions executed by PMO and DG HR in the framework of the existing SLA with the IAS.

Objective 3.2: Effective and reliable internal control system in line with sound financial management.

Main outputs in 2019		
Output	Indicator	Target
<i>Errors identified in mission costs</i>	<i>Errors identified as a percentage of total mission costs</i>	<i>Error rate below 2% materiality threshold by end of 2019</i>
<i>Implementation of the Internal Control Framework (ICF)</i>	<i>Completion status of the implementation of the revised internal control framework</i>	<i>All principles rated as "Fully implemented" by end of 2019</i>

Objective 3.3 (mandatory): **Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and repairation of fraud.**

As a non-spending DG with low fraud risk profile, the IAS anti-fraud strategy (AFS) aims at maintaining the high ethical awareness and stance of its staff and at keeping in place standard preventive and detective control measures (segregation of duties, ex-post controls, ethical values and principles, and collegiality of decisions).

The current strategy is valid for 2017-2019 and will be updated following the adoption of the new Commission Anti Fraud Strategy in 2019. It contains various indicators to be measured annually ("80% of IAS staff to be well informed about how to act when facing

ethical problems" by October; "Annual review of effectiveness of the internal control system, including the anti-fraud controls" by the end of the year, as part of the management risk and internal control assessment exercise).

The services provided by DG HR and DIGIT are subject to their own anti-fraud measures.

Objective 3.3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.

Main outputs in 2019		
Output	Indicator	Target
Implementation of the anti-fraud strategy as planned for 2019	% of implementation of actions planned for 2019 in the anti-fraud strategy	100%

The performance tables in annex 1 to this MP provide an overview of the indicators and targets applicable to each of the specific objectives mentioned above.

C. Better Regulation

The Internal Audit Service is not directly involved in drafting legislation. However, during the preparation of its Strategic Audit Plan for the period 2019-2021, the IAS identified "better regulation" as one of the key themes to be addressed in some of its audits. In this way, the IAS contributes to the improvement of the better regulation process.

D. Information management aspects

The corporate strategy for data, knowledge and information management (October 2016) establishes a corporate framework while leaving room for DGs to develop and implement their own approaches tailored to their unique needs.

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

Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable

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

Continuous development of the audit management tool

In order to improve productivity and facilitate quality control, the IAS uses an electronic tool to document its audit work (TeamMate since 1 January 2017). The tool enables the use of standard checklists, provides an audit trail of the review and supervision of audit work and provides reports on the status of the implementation of audit recommendations. In addition, the tool also allows the IAS to better monitor the progress of the audit plan. Adjustments to the existing customised reports in TeamCentral, and a number of new reports have been delivered by the vendor in 2018. During 2019, the IAS

will launch some additional requests for new tailored monitoring reports. The implementation and customisation of the risk assessment module TeamRisk and the deployment of TeamSchedule were completed in 2018. For 2019, the degree of use of the latter module will be reconsidered. The update of the current software version (from 11.2 to 12.3) is planned for Q3 2019.

Introduction of new IT audit techniques and data analytics project

In order to stay abreast of the latest developments in audit techniques while also following the developments in the IT systems and tools of the auditees and maintaining the capacity to audit all aspects of the processes which are using these new IT systems and tools, the IAS will actively consider in 2019 the use of Data analytics and new IT audit tools and techniques.

The objective is first to identify the developments in our audit universe which may require the development or acquisition of new skills, capacities, methods and tools and then to define what the IAS should do to fulfil the needs while taking into account the resources constraints. In line with the existing corporate strategies on synergies and efficiencies, such initiatives have to be coordinated with DG DIGIT and the audit Directorates of other DGs who might have similar needs. These initiatives are presented under this objective as the Information and IT component is dominant, but it is also essential for objective 1.1 on "ensuring that the work of the IAS adds value" and objective 2.2 on "increasing the capacity and the level of professionalism of internal auditors of the IAS".

Sharing of HAN files

Hermes-Ares-NomCom ("HAN") is a suite of IT tools which have been developed to allow staff working in accordance with the "e-Domec" rules within the Commission's Services, the EEAS, the executive agencies and the EU delegations. In summary, a "HAN" file contains documents registered in "Ares" IT system, managed via the database "NomCom" and integrated in the general European Commission repository "Hermes".

The IAS has since many years one of the highest rates (at least 85%) of sharing HAN files that are readable/accessible by all units.

However, given the operational sensitivity and confidentiality of its core business, the IAS is not in a position to share files with other DGs.

Objective: Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable.

Main outputs in 2019		
Output	Indicator	Target
<i>2018 Annual report on document management</i>	<i>Timely delivery</i>	<i>March 2019</i>
Reassessment of the use of TeamSchedule (working procedures to be implemented)	Timely delivery	Q2 2019
TeamMate migration to 12.3 version	Timely implementation	Q4 2019

2019 Report on TeamMate satisfaction survey	Timely delivery	Q4 2019
2019 Business case – New IT audit techniques and Data Analytics	Preliminary analysis of the IAS needs	Q4 2019

The performance tables in annex 1 to this MP provide an overview of the indicators and targets applicable to each of the specific objectives mentioned above.

E. External communication activities

The main stakeholders of the IAS are DGs and Services of the European Commission and its Executive Agencies, EU autonomous bodies and the Audit Progress Committee. In addition, the IAS liaises with the European Court of Auditors during the preparation of its Strategic and Annual Audit Plans.

Although most communication activities are of an "internal" nature, the IAS organises also an annual Conference and several 'ad-hoc' meetings, which involve external stakeholders and the broader internal audit community. In addition, the IAS has regular contacts and interactions with professional bodies in the field of auditing.

These activities contribute also to the capacity building of the IAS and its staff (specific objective 2.2).

F. Example(s) of initiatives to improve economy and efficiency of financial and non-financial activities of the DG

The IAS is committed to constantly ensuring its efficient use of resources in the delivery of its core business activity, which is closely monitored in the weekly "Radar screen" for individual engagements.

It has set an ambitious target of 86% for the time spent by auditors on direct and/or indirect audit work. The achievement of this target is monitored every quarter at an aggregate level.

Annex 1. 2019 Performance tables

INTERNAL AUDIT (COMMISSION AND EU AUTONOMOUS BODIES)

Relevant general objective⁷	
To help achieve the overall political objectives, the Commission will effectively and efficiently manage and safeguard assets and resources, and attract and develop the best talents.	
Impact indicator:	
Trust in the European Commission	
Source: Eurobarometer on Public Opinion in the European Union	
Baseline (2015): 40% tend to trust	Target 2019: Increase
Impact indicator:	
Staff engagement index in the Commission	
Source: European Commission	
Baseline (2014): 65.3%	Target 2019: Increase

Specific objective 1.1	
To ensure that the work of the IAS adds value to the Commission services and EU autonomous bodies and contributes to the improvement of their operations (external dimension).	
Result indicator 1:	
Level of satisfaction of stakeholders	
(APC/Management Boards and Directors-General/Directors of autonomous bodies)	
(Results of the annual stakeholders' satisfaction survey to show a minimum level of satisfaction)	
Source: 2017 IAS annual Stakeholder Satisfaction Survey	
Baseline 2015	Target 2019:
Commission stakeholders: 88% ⁸	Commission stakeholders: minimum 90%
EU autonomous bodies stakeholders: 91% ⁹	EU autonomous bodies stakeholders: minimum 90%
Result indicator 2:	
Level of auditee satisfaction	
Source: Satisfaction survey addressed to the audited services in the Commission and the Executive Agencies and EU autonomous bodies after each engagement.	
Baseline 2015	Target 2019
Average score of 1.5 on a scale from 1 (strong agreement) to 4 (strong disagreement)	Average score below 1.5

⁷ Monitoring of the corporate impact indicators will be performed by the SG once per year and the results will be shared with all DGs and services in time for inclusion in the Annual Activity Reports.

⁸ This calculation is based on the average level of satisfaction of: (1) APC PG members and (2) Commission DGs and Directors of Executive Agencies, in respect of the following two statements (a) IAS covering the mains risks and processes and (b) IAS work adding value.

⁹ This calculation is based on the average level of satisfaction of: (1) Board members of the EU autonomous bodies and (2) Directors of the EU autonomous bodies, in respect of the following two statements (a) IAS covering the mains risks and processes and (b) IAS work adding value.

Output indicator 3 (effectiveness):
Timely delivery of IAS overall opinion on the state of financial management in the Commission
 Source: Regular IAS internal monitoring.

Baseline 2015	Target 2019
Target met	By 15 May 2019

Output indicator 4 (effectiveness):
Timely delivery of IAS limited conclusions on the state of internal control as a contribution to the preparation of the AARs of DGs/Services/Executive Agencies
 Source: Regular IAS internal monitoring.

Baseline 2017	Target 2019
New indicator	By 15 February 2019

Specific objective 1.2
To ensure that the work of the IAS adds value by being conducted in accordance with the Financial Regulation and its Rules of Application, its internal methodology and guidelines and international auditing standards (internal dimension).

Result indicator 1 (effectiveness):
Successful compliance with the internal methodology and guidelines of the IAS and with international internal auditing standards as assessed through the Internal Quality Assessment (IQA):
 Source: Report of the internal quality assessment carried out by IAS 01 for all three Directorates

Baseline 2015	Target 2019
IQA of 2015	IQA of 2019
No non-conformance issues raised	No non-conformance issues raised
	IAS to generally conform with the Standards reviewed and the Code of Ethics

Output indicator 2 (effectiveness):
New Data Protection rules: timely revision of the relevant guidance (e.g. Audit Manual) and staff-awareness.
 Source: Regular IAS internal monitoring.

Baseline 2017	Target 2019
New indicator	Q2 2019 (including staff-awareness events)

Specific objective 1.3
To ensure efficiency and effectiveness in delivering the strategic audit plans through the annual audit plans.

Output indicator 1 (effectiveness):
Completion rate of the annual audit plan
 Source: Regular IAS internal monitoring.

Baseline 2015	Target 2019
100%	Completion of 100 % of C1 engagements (i.e. engagements to be completed during the year) included in the (revised) plans in both Commission and EU autonomous bodies

Result indicator 2 (efficiency):
Percentage of time spent on direct audit work and audit support work by auditors
 Source: Regular IAS internal monitoring.

Baseline (31/12/2015)	Target 2019
Commission: 87%	86% (direct audit work and audit support work)
EU bodies: 86%	

Output indicator 3 (efficiency):**Timeliness of the completion and the delivery of audit reports****(time elapsed in working days between the validation meeting and the final report)**

Source: Regular IAS internal monitoring.

Baseline (31/12/2015)**Commission:**

35 days for engagements with one auditee

40 days for engagements with multiple auditees

EU bodies:

32 days

Target 2019**Commission:**

30 days for engagements with one auditee

35 days for engagements with multiple auditees

EU bodies:

30 days

Output indicator 4 (efficiency):**Difference between actual time and budgeted time for each audit engagement.**

Source: Regular IAS internal monitoring.

Baseline (31/12/2015)**Commission:** 5%**EU Bodies:** 6%**Target 2019**Actual execution within the margin of $\pm 10\%$ of budgeted number of man-days (+ indicating an overrun and – indicating an underrun)*NB: This indicator is calculated for audits completed during the year (i.e. C1 audits of year N and C2 audits of year N-1) taking into account the whole duration of the audit (year N-1 and year N).***ORGANISATIONAL MANAGEMENT****HUMAN RESOURCES MANAGEMENT****General objective (mandatory)¹⁰:****The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.****Specific objective 2.1:****Contributing to the achievement of the Commission-wide objectives regarding female representation in middle management, staff well-being, and staff engagement****Indicator 1 (mandatory):****Percentage of female representation in middle management**

Source: data to be provided by DG HR

Baseline: 2016

IAS: 22.2 % per 1/1/2016

IAS: 27% per 1/10/2017

IAS: 27% per 1/10/2018

Commission average = 31.9%

Final target by 2019*Target reached in 2017¹¹*¹⁰ Monitoring of the corporate impact indicators will be performed by the SG once per year and the results will be shared with all DGs and services in time for inclusion in the Annual Activity Reports.¹¹ From list of targets for each DG as adopted by the Commission on 15 July 2015 – SEC(2015)336. The Commission repealed the indicative sub-targets per Directorate-General as set out in SEC(2015)336 however and adopted quantitative targets of first female appointments to be made per Directorate-General at middle management level (SEC(2017)359). The target set for the IAS was of one first female appointment and was reached on 01/10/17.

Indicator 2 (mandatory):
Percentage of staff who feel that the Commission cares about their well-being
 Source: Commission staff survey 2014 - – data to be provided by DG HR

Baseline 2014	Target 2019
IAS: 37.5%	To be in line with new Commission average
Commission average not communicated for 2014 survey	
2016 staff survey: IAS 32% (Commission average: 35%).	Staff survey 2018

Indicator 3 (mandatory):
Staff engagement index
 Source: Commission staff survey – data to be provided by DG HR

Baseline 2014	Target 2019
IAS: 65.5%	To be in line with the new Commission average
Commission average = 65.3%	
2016 staff survey: IAS staff engagement index 68% (Commission average: 64.3%)	Staff survey 2018

Specific objective 2.2:
Increased capacity and the level of professionalism of internal auditors of the IAS and the EU autonomous bodies

Indicator 1:
Percentage of staff certified
 Source: Internal calculations

Baseline 2015:	Target 2019:
64 %	Maintain a share of more than 67% by January 2019

Result indicator 2:
Internal auditors are kept abreast of the latest developments in the Commission and the profession relevant for their work through structured opportunities for continuous learning
 Source: Internal

Baseline 2014:	Target 2019:
6 Auditors Forum seminars	<ul style="list-style-type: none"> • At least six seminars per year • Maintain the average satisfaction rate of $\geq 85\%$
Baseline 2017: 1	<ul style="list-style-type: none"> • IAS Annual Conference November 2019
Participant survey satisfaction rate = 98%	Participant survey satisfaction rate $\geq 85\%$ ¹²

Result indicator 3:
The Internal Audit Training Programme covers the necessary needs as defined by the Internal Audit Training Steering Committee
 Source: Internal annual training needs survey

Baseline 2015	Target 2019:
Training needs to be covered	IAS Management confirming that the necessary needs are covered

Result indicator 4:
Encourage AD8 and above female administrators to follow a management training course
 Source of data: Internal

Baseline 31.12.2016	Target 2019:
IAS: 63%	75%

¹² This calculation is based on the average level of satisfaction of (1) the conference met its objectives and (2) the expectations of the participants were met.

Specific objective 2.3:

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

Result indicator 1:

Vacancy rate

Source of data: Internal

Baseline 31.12.2015

IAS: 8%

Target 2019:

IAS: 6% (10% at the end of 2018)

Commission average to be reached by 2019.

FINANCIAL MANAGEMENT (including internal control and risk management)

General objective (mandatory):

The Authorising Officer by Delegation should have reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions including prevention, detection, correction and follow-up of fraud and irregularities.

Objective 3.1 (mandatory):

Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

Indicator 1 (mandatory):

Estimated residual error rate¹³

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

Source: IAS internal

Baseline 2014:

Judged to be close to 0 %

Target 2019

Below the materiality threshold of 2%

Indicator 2 (mandatory):

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

Rf. to indicator 1 above

Source: internal

Baseline 2014:

Judged to be close to 0 €

Target 2019

Below materiality threshold of 2%

Indicator 3 (mandatory):

Estimated future corrections

Source: internal

Baseline 2014

0 €

Target 2019:

Given the target on the amounts at risk, no corrections are likely to be made ex-post.

However, if needed, IAS is determined to ensure full recovery of undue amounts paid out.

¹³ For the definition, see the first annex to the AAR instructions 2014 "Key definitions for determining amounts at risk" at <https://myintracomm.ec.europa.eu/budgweb/EN/rep/aar/Documents/aar-standing-instructions.pdf>.

Objective 3.2 (mandatory):

Effective and reliable internal control system in line with sound financial management.

Indicator 1 (mandatory):

Conclusion reached on cost effectiveness of controls

Source: Estimation of the costs of controls on missions and other expenditure

Baseline 2014

0.25 AST FTE (target reached each year)

Target 2019:

No more than 0.25 AST FTE.

Indicator 2:

Conclusion reached on reliability, effectiveness of controls within the IAS

Source: Qualitative analysis of exception register, transactions rejected by PMO, errors reported by DG HR, errors detected in sample of missions verified by the IAS in its ex-post control

Baseline 2015

Errors identified as a percentage of total mission costs = 0.1%

Target 2019

Below materiality threshold of 2%

Objective 3.3 (mandatory):

Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.

Indicator 1 (mandatory)

Implementation of the action plan stemming from the updated 2017-2019 anti-fraud strategy of DG IAS, elaborated on the basis of the methodology provided by OLAF¹⁴

Source: information available in DG's AFS

Baseline: period 2014-2016

IAS Anti-fraud strategy was released on 20 January 2014, updated for 2017-2019

Target 2019:

100% Implementation of actions planned for 2019 in the anti-fraud strategy (low fraud risk profile)

INFORMATION MANAGEMENT

Objective (mandatory):

Information and knowledge in your DG is shared and reusable by other DGs.

Important documents are registered, filed and retrievable

Indicator 1 (mandatory):

Percentage of registered documents that are not filed¹⁵ (ratio)

Source: *Hermes-Ares-Nomcom (HAN)*¹⁶ statistics – data to be provided by DG DIGIT

Baseline 2015:

IAS: 1.2%

3.51% at Commission level

Target 2019

< 1%¹⁷

(latest known result : 2017: 0.36%;
1.20% at Commission level)

¹⁴ The methodology can be found on the FPDNet website: <https://myintracomm.ec.europa.eu/serv/en/fraud-prevention/ToolBox/Documents/Methodology%20and%20guidance%20for%20DGs%20anti-fraud%20strategies.pdf>. In particular paragraph 3 of the methodology is relevant.

¹⁵ Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by requirements of Internal Control [Principle 13 of Part IV](#)). The indicator is to be measured via reporting tools available in Ares.

¹⁶ Suite of tools designed to implement the [e-Domec policy rules](#).

¹⁷ 1% is an ambitious target. In any case, 0% is not feasible because there is always a turnover of registers waiting for the opening of files.

Indicator 2 (mandatory):
Number of HAN files readable/accessible by all units in the IAS
 Source: *HAN statistics*- data to be provided by DG DIGIT

Baseline 2015:	Target 2019
IAS: 85.1%	85% ¹⁸
77.88% at Commission level	(latest known result 2017: 90.61%)

Indicator 3 (mandatory):
Number of HAN files shared with other DGs
 Given the operational sensitivity and confidentiality of the IAS work, the IAS only very occasionally shares files with other DGs. The 0.04% represents one such file.
 Source: *HAN statistics* - data to be provided by DG DIGIT

Baseline 2015	Target 2019
IAS: 0.05% (represents 1 file)	0%
6.25% at Commission level	(latest known result : 2017: 0.04%, 1 file)

Indicator 4 (IAS specific):
Tailoring of the IT audit tool to the IAS needs
 Source: internal

Baseline 2017	Target 2019:
New indicator	TeamSchedule working procedures to be implemented In Q2 2019
	TeamMate migration to 12.3 version to be implemented by Q3 2019
	New custom reports to be implemented by Q4 2019

Indicator 5 (IAS specific):
2019 Business case – New IT audit techniques and Data Analytics Source: internal

Baseline 2017	Target 2019:
New indicator	Finalisation of the preliminary analysis by Q4 2019.

¹⁸ To promote the knowledge sharing amongst IAS auditors, the IAS has chosen to give a maximum of access to IAS documents. However, the remaining 11.05% concern restricted files related to management, horizontal QA and HR issues.