European Commission

Management Plan 2018

Internal Audit Service

22 December 2017

Contents

INTRODUCTION

The purpose of this Management Plan (MP) is to highlight the most important outputs of the IAS for the year 2018 in line with the objectives defined in its 2016-2020 Strategic Plan.

It provides an overview of planned actions of the IAS in 2018 substantiating the intended progress towards its main objectives. In relation to the long-term strategy of the IAS, it provides a snapshot that acts as an accountability tool.

The MP mainly serves planning and management purposes at the operational level.

PART 1. MAIN OUTPUTS FOR THE YEAR

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 to this general objective, 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 and (b) a satisfaction survey addressed to the audited services in the Commission and Executive Agencies after each engagement. 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.

The annual stakeholder 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).

Its results are used (as indicators) in the IAS Management Plan and Annual Activity Report.

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 2018		
Stakeholders' satisfaction surveys		
Output	Indicator	Target
Hold annual Stakeholder satisfaction survey	*Level of satisfaction Minimum 90%*	*By December 2018*
Hold satisfaction survey addressed to audited services	*Level of satisfaction Average < 1.5 (on a scale from 1 (strong agreement) to 4 (strong disagreement))*	*After each audit engagement*
Limited conclusions on the state of internal control as a contribution to the preparation of the 2017 AARs (Commission services and Executive agencies only)		
Output	Indicator	Target
Limited conclusions on the state of internal control as a contribution to the preparation of the 2017 AARs	*Conclusions issued*	*15 February 2018*
Overall opinion on the state of financial management in the Commission for the year 2017 (Commission services and Executive agencies only)		
Output	Indicator	Target
Overall Opinion on the state of financial management in the Commission for the year 2017	*Opinion issued*	*15 May 2018*

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.

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 2018		
Internal Quality Assessment		
Output	Indicator	Target
Internal Quality Assessment (IQA)	*Generally conforms*	*January 2018 on 2017 audits (January 2019 on 2018 audits)*

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

The IAS's strategic audit plans are implemented through annual audit plans, which aim to address the risks identified in the course of the audit risk assessment, usually at an early stage in order to maximise the added value of any audit recommendation. The completion of the 2018 Audit Plan is monitored in the course of the year.

At the start of each year, the updated Audit Plan for the Commission and Executive agencies is considered by the Audit Progress Committee and adopted by the Internal Auditor. Several reports are issued: the Annual Report of the Internal Auditor Art 99(3) of the FR and the quarterly overview reports (or information notes) on the follow-up of the IAS recommendations issued to 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 2018		
Updated audit plan for 2018		
Output	Indicator	Target
Updated 2018 Audit Plan for Commission services and Executive agencies	*Timely preparation*	*February 2018*

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	*Timely preparation*	*January 2019 (SIAPs in EU agencies and other autonomous bodies are audit engagements, to be finalised by 31 January 2019)*
Audit, consulting and follow-up engagement reports planned for 2018		
Output	Indicator	Target
Audit, consulting and follow-up engagements reports planned for 2018	*Completion of the 2018 Audit Plan*	*January 2019*
Overview reports		
Output	Indicator	Target
Overview Reports / Information notes on the follow-up of the IAS recommendations issued to APC throughout 2017 (Commission services and Executive agencies)	*Reports finalised and transmitted to APC* *(four in total)*	*March 2018 May 2018 September 2018 November 2018*
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.	*Reports finalised and transmitted*	*March 2018*
Annual report of the Internal Auditor Art.99(3) of the FR (Commission services and Executive agencies only)		
Output	Indicator	Target
2017 Annual Report of the Internal Auditor Art 99(3) of the FR	*Report issued*	*May 2018*

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 HR Modernisation project as laid down in the [Communication on Synergies and Efficiencies](#) continues to be rolled out in the Commission. HR services for DGs are now delivered by the Account Management Centres (AMCs). Within each DG, the HR Business Correspondent coordinates strategic HR matters and prepares the related decisions of the DG's management.

Defining the HR strategy, setting the priority actions for reaching the targets of the Strategic Plan 2016-2020 and ensuring that the IAS gets the HR service it needs, in cooperation with the AMC[1], is the responsibility of the HR Business Correspondent in the IAS, in agreement with the management of the DG.

Commission-wide objective

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.

The IAS contributes to the <u>three Commission-wide initiatives</u>: female representation in middle management, staff well-being, and staff engagement.

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***

Achieving the Commission objective of increasing the percentage of female representation at middle management level

On 19 July 2017, the College adopted a new approach[2] to reach this objective. It repealed the indicative sub-targets per Directorate-General for female representation in middle management and adopted quantitative targets of first female appointments to be made per DG at middle management level. The target set for the IAS was to make one first female appointment by 1 November 2019, which the IAS has already reached with the appointment of a new female Head of Unit as of 1 October 2017. The percentage of female middle managers in the IAS now stands at 27%.

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

[2]   SEC(2015)336 and (SEC(2017)359)

The organisational size of the IAS limits the amount of new management appointments. However, the IAS will continue in 2018 its initiatives to increase the pool of female candidates for middle management positions: organising an information session to familiarise female administrators with the role and tasks of an IAS middle manager; monitoring gender balance for Team Leader and DG Correspondent roles; and encouraging female officials to attend management courses.

Achieving the Commission objective of an increased percentage of staff feeling that the Commission cares about their well-being

According to the 2016 staff survey results, 32% of IAS staff felt that the Commission cares about their well-being, down 5% from the lastly held survey in 2014 and down 3% from the Commission average (35%). The IAS has addressed this situation in a follow up action plan that includes specific measures in order to be in line (and if possible exceed) with the Commission average of 35%.

The IAS will also implement and support any corporate-wide well-being initiatives in 2018. 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. Fit@work is promoted at the induction course for newcomers and during at least one staff meeting per year, as well as via the support to various individual IAS staff initiatives that are coordinated by the AMC and published on the IAS intranet.

In that same context of helping staff members to effectively manage their health and well-being, the IAS continues to support its staff with its demands to the responsible central services to address staff concerns regarding office conditions in the Charlemagne building (temperature in the offices and heating system, air conditioning, cabling). Moreover, together with the other DGs occupying the building, the IAS is actively supporting requests for improvement of the common/polyvalent spaces in this building (e.g. parking for bicycles, well-being rooms).

Achieving the Commission objective of increasing staff engagement

According to the 2016 staff survey results, staff engagement index in the IAS was 68%, up 2% from the last survey in 2014 and above the Commission average of 64.3%.

The IAS has a follow-up action plan[3] to the staff survey. This contains a number of outputs in 2018. An Away-day for all staff is planned in March 2018. Ad hoc lunch-time conferences and regular auditors' forum sessions are also scheduled to take place in the course of 2018 (based on proposals by auditors).

On a more continuous basis, the IAS will continue to actively involve its staff in the audit plan and update on its progress through unit meetings. Regular exchanges of staff between units/directorates are programmed. This helps to share experience and to balance the workload between units/directorates.

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[3] Ares (2017) 2769587. In 2017, two IAS working groups associated staff in defining concrete actions regarding (i) work/life balance and staff well-being and (ii) careers.

The IAS will continue to provide access to information on achieving good work/life balance (mainly via the IAS intranet) enabling staff to manage better their work life balance (part-time, teleworking, time credits, recuperation, etc.).

The outcome of these actions is reported in the AAR.

Commission-wide 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 2018		
Output	Indicator	Target
Initiatives to increase the pool of female candidates for middle management positions	*Percentage of women in middle management positions*	*Increase the current performance (27%), dependent on the opening of new middle management vacancies*
Creating a good working environment and promoting good work/life balance, in the frame of the fit@work programme (with the support of responsible central services in relevant actions)	*Participation of staff* *Percentage/result for well-being in the next staff survey*	*Increase the next staff survey result for well-being to at least Commission average (35%; currently 32% at the IAS)*
Implementation of the follow-up action plan to the Staff Survey	*% of actions planned for 2018 implemented*	*100%*
Initiatives to actively involve staff in the audit plan	*Participation of staff in relevant meetings*	*At least one dedicated staff meeting in 2018*
Away-day for all IAS staff	*Organise at least one Away Day each year*	*March 2018; maintaining level of staff engagement*

IAS specific objectives

Over the period of the 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***

Staff retention and ensuring/maintaining the professional certification of staff

Due to the difficulties in recruiting experienced and qualified auditors, it is important to ensure every effort is made to retain them. In order to ensure a diverse talent base, the IAS also recruits staff with relevant experience but who are not (yet) qualified as internal auditors or certified.

To ensure a high professional standard amongst its staff, the IAS has set a medium term target of 70% of its professional audit staff being fully certified. New recruits are therefore encouraged to strive for one certification.

- The training programme allows them to develop their careers as internal auditors by preparing them to pass a certification test for Certified Government Auditing Professional (CGAP®), Certified Internal Auditor (CIA®), Certified Information Systems Auditor (CISA®) and/or other professional certifications.
- To assist and support its staff in achieving this objective, the IAS pays the membership fee for all IAS Auditors or Assistant Auditors to be members of the Institute of Internal Auditors (IIA) and (partially) reimburses the membership fees for one further professional organisation.

Ensuring that the Internal Audit Training Programme covers the necessary needs as defined by the Internal Audit Training Steering Committee

To ensure the continued development of its internal auditors, the IAS has developed the Internal Audit Training Programme (IATP). This comprehensive audit specific training programme for 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.

This training programme supports newcomers in achieving the desired level of expertise for the implementation of the audit work programme and ensures their continued development. The organisation of a number of induction training courses (and/or "Welcome coffees") will depend on the number of new recruits in the course of 2018.

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).

The IAS actively keeps its auditors abreast of recent developments in the internal audit profession as well as in the Commission and 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 meetings are planned for 2018).

The 2018 edition of the IAS Annual Conference will be held in the autumn. In 2018, two additional conferences will be facilitated by the IAS: (1) The IAS has participated for over 10 years in the annual meetings of the Heads of Internal Audit in international organisations in Europe (HOIA). The IAS has agreed to be this year's host. (2) The IAS has also agreed to be the 2018 host the one-day event of the Heads of Internal Audit of EU Institutions.

Two meetings of the Auditnet for the decentralised EU Agencies and other autonomous bodies will be held in 2018. This type of meeting combines the exchange of audit related information with the updates on common internal control and anti-fraud issues.

A weekly newsletter on audit and audit related matters is sent to staff and is available on the intranet.

Develop the management potential of female staff (2016-2020)

The Talent management campaign to encourage female AD staff to apply for management positions is currently being reviewed by corporate HR.

The share of AD8 and above female administrators having followed a management training course is currently 63%. The IAS expects to reach 81% in 2018, above the target of 75% for 2018 (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 2018		
Output	Indicator	Target
Support auditors in professional certification	*Share of certified auditors*	*More than 67% by January 2019*
Internal Audit Training Programme 2018 edition	*Timely delivery*	*January 2018*
Finalise list of topics for Auditors' Forums in 2018	*Timely delivery*	*January 2018*
"Welcome coffee" and/or "Induction Training" for new staff	*Organise at least one each year*	*December 2018*
IAS Annual Conference	*Timely delivery*	*Autumn 2018*
"Heads of Internal Audit in international organisations in Europe" (HOIA)	*Hosting and facilitation*	*Q2 2018*
Heads of Internal Audit of EU Institutions	*Hosting and facilitation*	*Q2 2018*
Organise 6 Auditors' Forum sessions	*Timely delivery*	*December 2018*
Auditnet for the decentralised EU Agencies and other autonomous bodies	*Organise two meetings per year*	*Spring and autumn 2018*
Newsletter on audit and audit related matters	Sent to staff and made available on the intranet.	*Weekly*
Dedicated talent management campaign to encourage female AD staff to apply for management positions	*Share of AD8 and above female administrators following a management training course*	*75%*

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***

Implementation of the IAS Human Resource Plan 2016-2020

For the coming years, the key challenges for the IAS are identified and documented in the IAS Human Resource Plan 2016-2020. This document covers the internal HR strategy, 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

Following the results of the staff survey, an action plan has been established. It includes actions related to developing a career path for IAS auditors, work life balance, and flexible working arrangements. Once the results of the working groups are known, both the IAS Learning and Development Strategy and HR plan will be updated.

Management of vacancy rate

The vacancy rate is currently 5.3%, already close to the Commission's average to be reached by 2018.The IAS will maintain its efforts to further reduce its vacancy rate.

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 2018		
Output	Indicator	Target
Update Learning and Development Strategy	*Timely delivery*	*February 2018*
HR plan 2018	*Timely delivery*	*March 2018*
Measures to reduce the vacancy rate at the IAS	*Vacancy rate in line with the Commission average (5.3%)*	*Rate of 6% or less by 31/12/2018*

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 assessment of compliance with and effectiveness of the implementation of Internal Control Standards (ICS).

As from the 2018 Management Plan, the new Internal Control Framework (ICF) moves away from a purely compliance-based to a principle-based system. With the preparation of this MP, the IAS has launched the process of adapting the Internal Control Principles to its specific environment and of setting the basis for the assessment of its internal control system to be reported in its 2018 Annual Activity Report.

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 focussing 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 €19.36 m in 2018. 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, 97.42% 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 IAS[4] is therefore accountable for the remaining 2.58% which is, however, co-delegated[5] 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.

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[4] According to 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.

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

Despite the fact that the mission budget is delegated to PMO, the IAS executes its own additional controls to ensure compliance of its <u>mission expenses</u> 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.

Objective 3.1: Effective and reliable internal control system giving the necessary guarantees concerning <u>the legality and the regularity </u>of the underlying transactions		
Main outputs in 2018		
Output	Indicator	Target
Ex-post controls on missions	*Error rate detected on the legality and regularity of the underlying transactions for budget implementation*	*Error rate below 2% for budget implementation by end 2018*

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 2: Effective and reliable internal control system in line with sound financial management.		
Main outputs in 2018		
Output	Indicator	Target
Errors identified in mission costs	*Errors identified as a percentage of total mission costs*	*Error rate below 2% materiality threshold by end of 2018*
Implementation of the new Internal Control Framework (ICF)	*Completion status of the implementation of the revised internal control framework*	*All principles rated as "Fully implemented" by end of 2018*

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.***

As a non-spending DG with low fraud risk profile, the IAS anti-fraud strategy 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).

A new strategy valid for 2017-2019 was adopted on 6 December 2016 following the fraud-risk assessment performed by management at the end of 2016. The services provided by DG HR and DIGIT are subject to their own anti-fraud measures.

The IAS AFS was agreed by the senior management in December 2016. 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).

Objective 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 2018

Output	Indicator	Target
Implementation of the anti-fraud strategy as planned for 2018	*% of implementation of actions planned for 2018 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 2016-2018, the IAS identified "better regulation" as one of the key themes/risks 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 Commission adopted a new corporate strategy for data, knowledge and information management in October 2016. The new strategy 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.

Roll-out of new audit management tool

In order to improve productivity and facilitate quality control, the IAS uses an electronic tool to document its audit work. 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.

A new tool (TeamMate) has been fully operational since 1 January 2017. The implementation of the additional module "TeamRisk" has started in October 2017. The full use of TeamSchedule has been planned for Q1 2018.

Knowledge management initiative

The IAS also identified knowledge management/knowledge retention as an area to be better supported by information systems. The knowledge management initiative is expected to bring considerable savings in terms of time for the IAS by better documenting information that exists about the auditees and making the information easier to search and access.

In 2017, the IAS finalised the business case for the Knowledge Management Project which aimed to assess its needs, identify different options and implement suitable solutions so to contribute to a more efficient use of resources and knowledge-sharing to support the core activity of the IAS.

The IAS launched a pilot exercise to use *SharePoint* for storing and sharing of information about auditees (permanent files), *TeamMate* to store information about the auditors' skills and certifications; and a combination of *Sharepoint* and the shared drives to temporarily store and share information. In addition, the IAS established another pilot to use *Connected* (the Commission collaborative tool) for TeamMate support.

Finally, the IAS decided to plan a project in 2018 to investigate the options to implement a *data warehouse solution*[6] for sharing audit related information from all data sources within the IAS and assess the opportunity to migrate essential information of previous audits from GRC to TeamMate.

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[6]   The solution might be an off-the-shelf product or developed by DIGIT.

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 one of the highest rates (85% in 2015 and 88.9% in 2016) of sharing HAN files that are readable/accessible by all units.

However, given the restrictive nature 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 2018		
Output	Indicator	Target
2017 Annual report on document management	*Timely delivery*	*March 2018*
Full use of TeamSchedule	*Timely delivery*	*January 2018*
Knowledge management system solution	*Implementation of a Sharepoint solution for permanent files*	*June 2018*
Development of a 'data warehouse'	*Finalisation of the project on data warehouse options*	*December 2018*

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. 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. Over the period 2016 to now, the ambitious target has so far been reached.

ANNEXES TO THE MANAGEMENT PLAN

Annex 1. 2018 Performance tables

INTERNAL AUDIT (COMMISSION AND EU AUTONOMOUS BODIES)

Relevant general objective[7]
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** 2018: Increase

Impact indicator:
Staff engagement index in the Commission
Source: European Commission

Baseline (2014): 65.3%	**Target** 2018: 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 2018:**
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 2018**
Average score of 1.5 on a scale	Average score below 1.5

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[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.

from 1 (strong agreement) to 4 (strong disagreement)

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 2018**
Target met	By 15 May 2018

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 2018**
New indicator	By 15 February 2018

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 2018**
IQA of 2015	IQA of 2018
No non-conformance issues raised	No non-conformance issues raised

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 2018**
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 2018**
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)	**Target 2018**
Commission:	Commission:
35 days for engagements with one auditee	30 days for engagements with one auditee
40 days for engagements with multiple auditees	35 days for engagements with multiple auditees
EU bodies:	EU bodies:
32 days	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)	**Target 2018**
Commission: 5%	Actual execution within the margin of ±10% of budgeted number of man-days
EU Bodies: 6%	(+ indicating an overrun and – indicating an underrun)

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	**Final target by 2019**
IAS: 22.2 % per 1/1/2016	40%[11]
IAS: 27% per 1/10/2017	
Commission average = 31.9%	

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

Indicator 3 (mandatory):

Staff engagement index

Source: Commission staff survey – data to be provided by DG HR

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

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 2018:
64 %	67% (final target = 70%)

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 2018:
6 Auditors Forum seminars held in 2014, 2015 and 2016.	• At least six seminars per year
Baseline 2017: (no Conference held in 2016) Participant survey satisfaction rate = 98%	• IAS Annual Conference November 2018 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 2018:
Training needs to be covered	IAS Management confirming that the necessary needs are covered

Result indicator 4:

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[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.

Encourage AD8 and above female administrators to follow a management training course	
Source of data: Internal	
Baseline 31.12.2016	**Target 2018**:
IAS: 63%	75%

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[13]	
Source of data: Internal	
Baseline 31.12.2015	**Target 2018**:
IAS: 8%	IAS: 6% (5.3% in 2015, 5.5% at the end of 2017)
	Commission average to be reached by 2018.

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 rate[14]	
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:	**Target 2018**
Judged to be close to 0 %	*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	

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[13] The vacancy rate is calculated by deducting posts to be returned in 2016 in the context of staff reduction and redeployment tax.

[14] 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.

Baseline 2014:	**Target 2018**
Judged to be close to 0 €	*Below materiality threshold of 2%*

Indicator 3 (mandatory):

Estimated future corrections

Source: internal

Baseline 2014	**Target 2018**:
0 €	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.

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	**Target 2018**:
0.25 AST FTE (target reached each year)	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	**Target 2018**
Errors identified as a percentage of total mission costs = 0.1%	*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 OLAF[15]

Source: information available in DG's AFS

Baseline: period 2014-2016	**Target 2018**:
IAS Anti-fraud strategy was released on 20 January 2014, updated for 2017-2019	100% Implementation of actions planned for 2018 in the anti-fraud strategy (low fraud risk profile) e.g. • 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

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[15] 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.

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 filed[16] (ratio)

Source: *Hermes-Ares-Nomcom (HAN)[17] statistics* – data to be provided by DG DIGIT

Baseline 2015:	**Target 2018**
IAS: 1.2%	< 1%[18]
3.51% at Commission level	(2016: 0.33%; 2.36% at Commission level)

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 2018**
IAS: 85.1%	85%[19]
77.88% at Commission level	(2016: 88.95%)

Indicator 3 (mandatory):

Number of HAN files shared with other DGs

Given the restrictive nature 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 2018**
IAS: 0.05% (represents 1 file)	0%
6.25% at Commission level	(2016: 0.04%, 1 file)

Indicator 4 (IAS specific):

Finalisation of the timely implementation of new IT audit tool

Source: internal

Baseline 2017	**Target 2018**:
New indicator	TeamSchedule module to be implemented
	by March 2018

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[16] 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.

[17] Suite of tools designed to implement the e-Domec policy rules.

[18] 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.

[19] 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.

Indicator 5 (IAS specific):
Knowledge management system: implementation of identified solutions
Source: internal

Baseline 2017	**Target 2018**:
New indicator	Results by Q2 2018 (June 2018)

Indicator 5 (IAS specific):

Knowledge management system: implementation of identified solutions