



EUROPEAN COMMISSION  
INTERNAL AUDIT SERVICE



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**Internal Audit Service**  
**2010 Annual Activity Report**

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**30/03/2011**

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## **1. POLICY ACHIEVEMENTS**

The purpose of the Internal Audit Service is to contribute to effective implementation of policies, programmes and actions and to efficient and economical management of resources by the European Commission and EU agencies.

The mission of the IAS is to audit the internal control systems that exist within the Commission and the decentralised and executive agencies in order to assess their effectiveness in implementing policies, programmes and actions with a view to bringing about continuous improvement.

2010 was the first year of the Commission's and executive agencies' 2010-2012 audit cycle, which was based on a coordinated strategic IACs/IAS planning. The IAS implemented 100% of priority audits (i.e. those that were planned to be finalised by the end of 2010). Other audits were well advanced, the overall progress of the audit plan reaching 68% of C2 engagements.

The recommendations made in the course of these audits are summarised in the annual internal audit report addressed to the Commission as required by Art. 86(3) of the Financial Regulation.

The risk assessment was updated and forms the basis for 2011 audit plan.

The IAS continued providing auditing services to the EU agencies and other EU bodies in its portfolio, based on the strategic audit plans agreed with the Directors and Boards of agencies; it also carried out one consulting engagement on the request of ECHA management. All decentralised agencies were audited at least once in 2010, as required under the Financial Regulation, and all final reports were issued by 28 February 2011. The results of the risk assessment updated and IT risk assessment carried out in 2010 feed into the audit plan for each agency.

As regards its relations with various stakeholders, the IAS maintained close contacts with its partners in the audit field such as the Institute of Internal Auditors, EU institutions and organisations, the UN family organisations and the African Union. The IAS has the ambition to be a benchmark for public internal audit services.

## 1.1. Achievements: Internal audit of the Commission

<b>ACTIVITY: Internal Audit of the Commission</b>		
<b>Specific objective:</b> Delivery of high quality assurance and consulting services based on the risk-based audit plan for 2010		
Result indicator	Situation at year end	Target (mid-term)
Acceptance rate of critical and very important recommendations	100%	At least 85%
Stakeholders satisfaction on quality of IAS reports	86.1%	At least 70%
Stakeholders satisfaction on usefulness of IAS reports (obsolete- it has been changed into "the recommendations made by the IAS are readily put into practice by the auditees")	73.5%	At least 70%
Main policy outputs in 2010		
Audit reports as planned for 2010, comprising opinions & recommendations		
<b>Specific objective:</b> Assure a permanent and effective follow-up of audit recommendations		
Result indicator	Situation at year end	Target (mid-term)
% of critical and very important recommendations overdue for more than 12 months out of these issued over the last 5 years	3.6%	At most 7% Achievement of the objective depends in fine on action taken by DGs / services
Main policy outputs in 2010		
Bi-annual follow-up reports to the Audit Progress Committee		

<b>Specific objective:</b> Delivery of an overall audit opinion		
Result indicator	Situation at year end	Target (mid-term)
Timely delivery of an annual overall audit opinion	Dry-run overall opinion issued in June 2010	First overall opinion in April 2011
Main policy outputs in 2010		
Dry run of the overall opinion		
<b>Specific objective:</b> Prepare the three year strategic audit plan 2010-2012		
Result indicator	Situation at year end	Target (mid-term)
Reaction of the APC on the strategic 2010-2012 audit plan	Endorsed by APC on 28 April 2010	Endorsement of APC
<i>Main policy outputs delivered in 2010</i>		
Strategic 2010-2012 audit plan		

### Audits, follow-ups, consultancies, reviews or management letters finalised in 2010

\* Joint audit/follow-up with the Internal Audit Capability (IAC) of the service concerned.

DG	AUDIT NAME	Type
REGIO	Control Strategy - Audit and financial correction processes	AUDIT
EMPL	Control Strategy - Audit and financial correction processes	AUDIT
Multi-DG	IT Project Management (set-up phase) (TBC: JLS, TAXUD, DIGIT, HR, SG...)	ML
OLAF	Fraud Prevention (OLAF, JLS, ...)	AUDIT
AIDCO	Programme estimates (Decentralised management) - EU and EDF Budgets	AUDIT
PMO	Pensions	F-UP
BUDG	ABAC audit 2nd follow up (audit and IT part)	F-UP
COMP	Recoveries of fines	F-UP
ELARG	Readiness Assessment - EAR closure	F-UP
OIL	Financial circuits / Management of procurement contracts	F-UP
PMO	Salaries / Regularity of Financial Management and Implementation of Financial Circuits	F-UP
JLS	European Refugee Fund	F-UP
HR	HR Phase I	F-UP
OP	Procurement	F-UP
AIDCO	Ex-Post Controls	F-UP
HR	HR Phase II	F-UP

HR	IAC Quality review	F-UP
OIB	ICS	F-UP
ELARG	Financial management of IPA grants	AUDIT
REGIO	Programming Period 2007-13 - Design of control systems (Phase I)	F-UP
EMPL	Programming Period 2007-13 - Design of control systems (Phase I)	F-UP
PMO	Sickness Scheme - JSIS	AUDIT
ESTAT	Grant Awarding	F-UP
TRADE	ICS	F-UP
LS	Handling of sensitive information and conflicts of interest	AUDIT
JLS	Management letter - Exceptions reporting and recording in DG JUSTICE and DG HOME	ML
BUDG	Payment deadlines (BUDG, TREN, AIDCO, ECHO + IT Part)	AUDIT
ENER	Payment deadlines (BUDG, TREN, AIDCO, ECHO + IT Part)	AUDIT
MOVE	Payment deadlines (BUDG, TREN, AIDCO, ECHO + IT Part)	AUDIT
AIDCO	Payment deadlines (BUDG, TREN, AIDCO, ECHO + IT Part)	AUDIT
ECHO	Payment deadlines (BUDG, TREN, AIDCO, ECHO + IT Part)	AUDIT
OP	OJ production process (including management of contracts)	AUDIT
OP	Management letter to SG - Transmission to OP of sensitive information for publication	ML
JRC	Management letter on JRC Grant holders	ML
JLS	Fraud Prevention (OLAF, JLS, ...)	AUDIT
EAC	Lifelong Learning Financial Management by NA and Supervisory Mechanism	AUDIT
JLS	IT Procurement	F-UP
PMO	NAP	AUDIT
DIGIT	BCM	AUDIT
ENTR	Monitoring the Implementation of EU Law	F-UP
Multi-DG	Monitoring the Implementation of EU Law - Consolidated Report	F-UP
Multi-DG	Overview Review Report on Executive Agencies	AUDIT
REA	Set up of internal controls/financial management systems (+ IT Part)	AUDIT
AGRI	Interventions on Agricultural Markets	AUDIT
OIB	OIB Ispra	AUDIT
ERCEA	Set up of internal controls/financial management systems	AUDIT
AIDCO	Thematic Budget lines	AUDIT
ELARG	Financial management of Public procurement under IPA.	AUDIT
ENV	Monitoring the Implementation of EU Law	F-UP
SANCO	Grant Management in the Food Safety, Animal Health and Welfare and Plant Health Activity	F-UP
Multi-DG	Dry-run Overall Opinion	OO
PMO	PMO Ispra	AUDIT
AIDCO	Cost eligibility under FAFA with UN	F-UP
AIDCO	2nd FUP on NGO Funding	F-UP
DIGIT	IT Governance 2004	F-UP
DIGIT	IT Consolidation	F-UP

ENV	Environmental programmes (Life+ )	AUDIT
SANCO	Large IT systems	F-UP
OIL	ICS	F-UP
EAC	Local IT Management	AUDIT
REGIO	Fraud Prevention and Detection	F-UP
REGIO	Recoveries Review	F-UP
REGIO	New Member States	F-UP
OP	2004 In-depth Audit	F-UP
ESTAT	IT risk assessment 2nd follow up	F-UP
COMM	Building management	F-UP
COMM	Contract management in the area of Communication	F-UP
ENV	Grant Management of Non-Life Programmes	F-UP
EACEA	Ex-post control activities and implementation of Financial Circuits	F-UP
Multi-DG	Consulting engagement on 3602 (Carry-over)	CONS
AGRI	Interventions in Agricultural Markets F-up	F-UP
PMO	Audit on missions Follow-up	F-UP
EMPL	Recoveries Review	F-UP
Multi-DG	AAR Process	F-UP
	AAR Process - Operational DGs - INFSO	F-UP
	AAR Process - Operational DGs - RTD	F-UP
	AAR Process - Operational DGs - EMPL	F-UP
	AAR Process - Operational DGs - REGIO	F-UP
	AAR Process - Operational DGs - JLS	F-UP
	AAR Process - Operational DGs - AIDCO	F-UP
TEN T EA	Administrative Budget	F-UP
COMP	Local IT second follow-up	F-UP
RTD	Follow-up on 2006 Audit of Ex-Post Controls	F-UP
EAHC	Management of the operational budget including the relations with DG SANCO	AUDIT
Multi-DG	Risk management in the Commission (SG, BUDG, RELEX, ENV) (Carry-over)	AUDIT
TREN/EACI/TEN TEA	Local IT Systems supporting Financial Management	AUDIT

## Audits started but not finalised in 2010

\* Joint audit/follow-up with the Internal Audit Capability (IAC) of the service concerned.

DG	AUDIT NAME	Type
AIDCO	Financial management of Intra ACP Programmes, namely facilities	AUDIT
ECFIN	ICS	F-UP
RTD	Control Strategy - on-the-spot Controls	AUDIT
INFSO	Control Strategy - on-the-spot Controls	AUDIT
MARKT	Monitoring of implementation of public procurement rules in MS	AUDIT
DIGIT	s_TESTA	AUDIT
REGIO	Security of IT environment in subcontracted projects	AUDIT
EACI	Enterprise Europe Network IT tools	AUDIT
Multi-DG	Recoveries (BUDG, LS, EAC, EACEA, INFSO, AIDCO)	F-UP
PMO	Local IT	F-UP

Multi-DG	Management of guarantees (BUDG and DIGIT, EACI, ELARG)	AUDIT
LS	Local IT	F-UP
ENTR	Galileo - EGNOS	AUDIT
ENER/MOVE / CLIMA/ENV	Governance and internal controls - management letter	AUDIT

## 1.2. Achievements: Internal audit of the Regulatory Agencies

<b>ACTIVITY: Internal Audit of the regulatory agencies and other bodies</b>		
<b>Specific objective:</b> Delivery of high quality assurance and consulting services to regulatory agencies and other bodies, based on the risk-based audit plan for 2010		
Result indicator	Situation at year end	Target (mid-term)
% of EU agencies audited in the year <sup>1</sup>	100%	100%
Acceptance rate of critical and very important recommendations	95.8%	At least 85% (end of 2010)
Stakeholders satisfaction on quality and usefulness of IAS reports	65%	At least 70%
Main policy outputs in 2010		
Audit reports as planned for 2010, comprising opinions & recommendations		

<b>Specific objective:</b> Assure a permanent and effective follow-up of audit recommendations		
Result indicator	Situation at year end	Target (mid-term)
% of critical and very important recommendations overdue for more than 12 months	28.1%	At most 10% Achievement of the objective depends in fine on action taken by the agencies
Main policy outputs in 2010		
Annual reports to regulatory agencies listing status of recommendations		
<b>Specific objective:</b>		

<sup>1</sup> Decentralised agencies (with regulatory functions or without) falling under Art. 185 FR and operational throughout 2010

Prepare for the professional certification of the audit process in agencies		
Result indicator	Situation at year end	Target (mid-term)
Result of an external quality assessment	n.a.	Positive external assessment (2011)
Main policy outputs in 2010		
Self-assessment of compliance with the IIA standards		

<b>Audits and follow ups finalised in 2010</b>		
Agency	Engagement	Date of final report
CDT	Budgeting of Expenditure	29/07/2010
Cedefop	AAR and Building Blocks of Assurance	09/07/2010
Cepol	Assessment of the Administrative Multi-Annual Plan and its implementation	09/12/2010
	Follow-Up	10/12/2010
CFCA	Budget Execution	20/09/2010
ECHA	Consultancy / Preparedness for Registration	14/04/2010
EEA	Management Plan System / Monitoring of Activities	30/09/2010
EFSA	Procurement	19/11/2010
EMCDDA	Quality Review of the External Communication	10/09/2010
EMSA	Legal and Financial Decision-Making Process	09/07/2010
ENISA	Planning (including stakeholder input on the main operational objectives)	05/07/2010
ERA	Planning and Budgeting	04/06/2010
ETF	Planning and Monitoring	28/05/2010
Eurofound	PART 1 - Survey Management: Efficiency and Effectiveness	08/12/2010
Eurojust	Planning : Internal Process supporting the establishment of the annual work program	20/07/2010
European Schools	Consultancy / Implementation of Internal Control Standards	Workshops on 27/05/2010, 11/06/2010 and 08/07/2011
FRA	Follow-Up	30/07/2010
Frontex	Operational Planning based on Internal and External Stakeholders input	17/11/2010
OHSA	Follow-Up	25/06/2010
Eurofound	Follow-Up	15/04/2010

<b>Audits and follow ups started but not finalised in 2010</b>		
Agency	Engagement	Start Date
EASA	Standardisation	20/09/2010
ECDC	Follow-Up	25/10/2010
EMA	Follow-Up	13/09/2010
GSA	Financial Management	26/06/2010
EFSA	Follow-Up	25/11/2010
Europol	Limited Review – Implementation of Internal Control Standards	13/09/2010

### 1.3. Achievements: Policy and Strategy Coordination of the IAS

<b>ACTIVITY: Policy strategy and Coordination for the IAS</b>		
<b>Specific objective:</b> Maintain a high level of confidence, cooperation and synergy with stakeholders (DGs and Services, Agencies, APC, EP) and partners (IACs, ECA, OLAF, IIA/ECIIA)		
Result indicator	Situation at year end	Target (mid-term)
% of stakeholders acknowledging objectivity, honesty and fairness of IAS audit work (stakeholder survey)	94.4%	At least 90%
<b>Main policy outputs in 2010</b>		
<p>Exchange of information with various stakeholders was organised and actions to further align with stakeholders' expectations were taken:</p> <ul style="list-style-type: none"> <li>• Topics for Auditors Forum were adjusted to stakeholders' needs.</li> <li>• A communication strategy incorporates stakeholders' expectations</li> <li>• Awareness raising activities on IAS role were organised: <ul style="list-style-type: none"> <li>- articles were published in Commission en direct and Management Matters</li> <li>- news about the IAS' strategic audit plan were posted on MyIntraComm,</li> <li>- a welcome page was created on MyIntraComm</li> </ul> </li> </ul>		

<b>Specific objective:</b> Play an active role in disseminating innovative ideas and promoting the role of internal audit in good governance		
Result indicator	Situation at year end	Target (mid-term)
% of stakeholders recognising IAS vision in governance and internal control (stakeholders survey)	82.4%	At least 80%
Main policy outputs in 2010		
International high-level conference to promote exchange of good practices		
<b>Specific objective:</b> Improve effectiveness of internal audit in the Commission and regulatory agencies through coordination with IACs and strengthening professionalism		
Result indicator	Situation at year end	Target (mid-term)
IACs satisfaction on the effectiveness and efficiency of cooperation in Auditnet (stakeholder survey)	100%	At least 90%
% of satisfaction of audit training users (training feedback survey)	82%	At least 70%
Main policy outputs in 2010		
<ul style="list-style-type: none"> <li>• Training programme for internal auditors available</li> <li>• Results of IACs work incorporated in the overall opinion</li> <li>• Self-assessment of the Commission's IACs as part of their external quality assessment</li> <li>• Platform for regulatory agencies to exchange best practice on internal control and audit</li> </ul>		

<b>ACTIVITY: Coordination within the Commission</b>		
<b>Specific objective:</b> Provide continuous and efficient support to the Audit Progress Committee (APC) in order to enable the APC to achieve its objectives as stated in its Charter		
Result indicator	Situation at year end	Target (mid-term)
APC members' satisfaction (stakeholder survey)	100%	At least 80%

## Main policy outputs in 2010

2010 saw the first Audit Progress Committee (APC) meetings under the Barroso II Commission and thus a new Committee membership under the Chairmanship of Commissioner Šemeta. In accordance with the Committee's revised Charter, 4 APC meetings (one by written procedure as there were no 'B points' for discussion) and 10 Preparatory Group discussions were held in 2010. Meetings were prepared in an orderly fashion to the full satisfaction of Committee members and minutes informing the members of the key conclusions were distributed on a timely basis. 2 Information notes to the College were also prepared to draw Commissioners' attention to significant issues.

The APC issued its annual report on activities in 2009 in May 2010. The report confirmed the added value of APC activities in ensuring that audit recommendations receive appropriate and timely follow-up, but noted that there is still some work to do here particularly in ensuring that residual risks following recommendation implementation are adequately assessed and managed. Attention continued to focus on this area in 2010, which saw a slight reduction in the number of overdue very important recommendations and regular discussion took place on how to further improve this aspect, as well as how to take forward the other ideas set out in the Kallas Legacy paper. 2011 will continue to build on these qualitative aspects of the APC's work.

## 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS

### 2.1. Introduction to IAS

#### Policy activities and operations

The role of the Internal Auditor of the Commission is defined in Articles 85 to 87 of the Financial Regulation (FR). According to Article 185 of the FR, the Internal Auditor of the Commission has the same powers with respect to decentralised agencies. The IAS carries out its mission in line with the international standards issued by the Institute of Internal Auditors (IIA).

The IAS reported regularly to Commissioner Algirdas Šemeta and to the Audit Progress Committee (APC) on its activities. In 2010, the APC met 4 times. Reporting to the Commissioner was in line with the Code of Conduct for Commissioners of 20 August 2004. Meetings with the cabinet and the Commissioner were organised on a regular basis to discuss operational and strategic matters respectively. On 23/09/2010 and 23/03/2011, the IAS reported to Commissioner Šemeta on the status of implementation of internal controls in the IAS.

Internal Audit Capabilities from the DGs gather in Auditnet meetings, which are chaired by the Internal Auditor of the Commission. Similarly, Internal Audit Capabilities from the decentralised agencies meet in Auditnet for Agencies.

Stakeholders are consulted during the elaboration of the audit plan.

#### Change in the working environment

Since 1 March 2010 the Secretariat of the Audit Progress Committee previously attached to the Secretariat General of the Commission was embedded into the IAS. The Secretariat is run by an adviser directly attached to the Internal Auditor of the Commission.

In May 2010 a new A3 unit dedicated to other agencies and bodies was created by splitting unit A2 into two.

### ***Administrative and resource management***

The administrative expenditure of the IAS was € 11.042.209 in 2010. However, most of this budget was cross-delegated to DG HR for administrative and financial support and to DIGIT for the provision of IT support.

As the Director General of IAS may not be an authorising officer (FR Art 85), the powers of authorising officer are delegated by Commission Decision to Director A. The AOD executes ex post controls additional to those by DG HR and DIGIT.

Resource management is coordinated by the CoCell reporting to Director General. The CoCell monitors the budget execution.

- A Service Level Agreement with DG HR provides support services to the IAS in the area of human resources and financial management. The nature and quality of these outsourced services, as well as respective responsibilities and interactions are defined in the Service Level Agreement.

The AOD has given a cross delegation to DG HR. The appropriate finance unit in DG HR ensures the IAS's compliance with the financial regulation and implementing rules and other applicable guidelines by advice and by participation on the procurement evaluation committees. DG HR reports regularly to the IAS on the budgetary execution of the cross-delegated part and presents the annual report. For the budgetary execution and follow-up, the IAS relies on the internal controls in place in DG HR as described in the AAR of DG HR, including ex-post controls on transactions.

- A Service Level Agreement with DIGIT foresees that IT helpdesk operations and all financial operations in relation to IT are performed by DIGIT. The IAS AOD has given a cross delegation to the Director General of DIGIT. Under the SLA, DIGIT presents to the IAS an annual report on the budgetary execution of the part cross-delegated by the IAS to DIGIT. For the budgetary execution and follow-up the IAS relies on the internal controls in place in DG DIGIT as described in the AAR of DIGIT.

## **2.2. The functioning and effectiveness of the implementation of the Internal Control system**

### ***2.2.1. Managerial reviews and ex-post controls***

An ex-post review on a sample of transactions of missions was performed by the AOD. The result in general was positive, with room for enhancing the internalisation of guidelines

The most effective use of limited budget appropriations stays a main focus in planning and monitoring 2011.

No exception with financial impact was registered in 2010.

Action was taken on documents management issues identified in 2009, resulting in IAS reaching 98% compliance in the e-Domec review by SG (4<sup>th</sup> best in the Commission).

### *2.2.2. Effectiveness of the implementation of the prioritised control standards*

For 2010 the IAS defined the Internal Control Standards 4, 7 and 12 (Information and Communication) as priority standards.

#### *– ISC 4 Staff Evaluation and Development:*

Staff performance is evaluated against individual annual objectives, which match with the IAS overall objectives. Moreover, the IAS ensures that adequate measures are taken to develop the skills necessary to achieve the objectives by updating its own internal audit training programme and by facilitating external training. With this objective in mind, a training grid is prepared each year and used during the annual dialogue between the jobholder and their reporting officer. The average number of training days is 13,5 days/pers in 2010 (15,6 day/pers in 2009).

#### *- ISC 7 Operational structure*

The new structure of delegations for mission budget resulted in decreased number of exceptions. Following the creation of Unit A3, the operational structure of directorate A was adjusted by setting up a quality team at the directorate level.

#### *- ISC 12 Information and Communication*

In 2010 the IAS's Away Day was dedicated to Communication and as a result communication check-lists were developed and distributed to all staff. At the same time, a 2010-2012 IAS Communication strategy was developed and started to be implemented.

### *2.2.3. Independent assurance*

While the IAS has no IAC to provide independent assurance, the IAS regularly performs internal (annually) and external (every five years) quality assessments in line with the IIA standards. The most recent independent assessment conducted in 2008 for Commission audits concluded that the IAS is generally compliant with the IIA Standards and Code of Ethics, which is the best possible rating. The external quality assessment for audits in EU agencies will take place in 2011.

### *2.2.4. Conclusions on compliance with the requirements of control standards*

Based on the guidance to assess the effectiveness of the internal control system, the Internal Control Coordinator performed an assessment of the IAS's compliance with the internal control standards. The results show that overall the IAS complies with the requirements of the Internal Control Standards for Effectiveness.

### **2.3. Information to the Commissioner**

The main elements of this report and assurance declaration were brought to the attention of Commissioner Algirdas Šemeta at the meeting of 23 March 2011.

## **3. BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE**

### **3.1. Building blocks of assurance**

#### *3.1.1. Assessment by management*

#### **Key indicators on legality and regularity and sound financial management**

##### Key indicators (financial)

The 2010 budget has been subject to a close and regular monitoring to ensure an optimal and sound management of IAS financial resources.

The level of execution in commitment of the other decentralised administrative credits represents 96% in 2010 compared with 95% in 2009. IAS optimised the use of its resources available for external staff using 94% of its budget allocation against 87.7% in 2009. The execution of C8 (C1 from 2009) is 63% in 2010 against 31% in 2009.

As indicated under point 2.1 the other decentralised administrative credits are cross-delegated to DG HR for administrative and financial support and to DIGIT for the provision of IT support. The financial transactions related to other decentralised administrative credits are part of the scope of control procedures of DG HR and DG DIGIT. These controls did not give rise to any observations from DG HR and DG DIGIT.

##### Key indicators (non-financial)

The IAS has a well defined and structured audit process. Performance indicators in relation to the audit process are generated and used to monitor the progress made with the audit engagements.

The acceptance rate of the critical and very important recommendations for 2010 is at 100% for Commission audits and at 95.8% for Agency audits. The average rating of the customer satisfaction survey in relation to individual Commission audit engagements is at 1.54 (1 highest, 4 lowest rating).

All decentralised agencies were audited at least once in 2010, as planned.

The results of the stakeholder surveys carried out by the IAS are fairly positive. 86.2% of the survey participants thought that the IAS reports are of good quality (84% in 2009), 94.5% that audits are performed with honesty, objectivity and fairness (90% in 2009) and 92.7% (previously 90%) considered that IAS work

contributes to the quality of management and control systems in the Commission. 90% of respondents agreed that the IAS communicates in the course of its audits in an accurate, objective, clear, constructive and timely manner (66.7% in 2009) and 86% thought that the recommendations issued by the IAS contribute to improving the internal controls of the Commission / Executive Agencies (73.3% in 2009).

### *3.1.2. Follow up of action plans in reply to audit work performed in previous years and previous year's reservations*

An action plan was prepared by the auditees for all accepted recommendations issued by the IAS. For the period 2006-2010, 86% of all recommendations had been implemented by end-2010, the rest are still in progress. For recommendations issued in 2010, 33% have already been implemented while the other 67% are in progress. All critical or very important recommendations which are significantly overdue are followed up by the APC.

### *3.1.3. Assurance received from other Authorising Officers in cases of cross subdelegation*

As provided in the Service Level Agreement, the IAS relies on assurance provided by the Resource Director of DG HR (see 2.1.1). The declaration of the Resource Director of DG HR of 25/03/2011 is attached to this AAR (Annex 1B).

The IAS also relies on the assurance provided by DIGIT in relation to IT support and the financial resources for IT. The reports for 2010 and the assurance declaration by the DG DIGIT were received on 02/02/2011.

## **3.2. Reservations**

No reservation

**4. STATEMENT OF THE DIRECTOR-GENERAL AND OF THE DELEGATED AUTHORISING OFFICER**

We, the undersigned,

Brian Gray, Director General of the Internal Audit Service of the European Commission,

Agnieszka Kazmierczak, Director (IAS/A), in my capacity as delegated authorising officer,

Declare that the information contained in this report gives a true and fair view.

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

This reasonable assurance is based on our own judgment and on the information at our disposal, such as the results of self-assessments.

Confirm that we are not aware of anything not reported which could harm the interests of the Institution.

*Brussels, 31/03/2011*

(Signed)

*Agnieszka Kazmierczak*

(Signed)

*Brian Gray*