



EUROPEAN COMMISSION
INTERNAL AUDIT SERVICE



Internal Audit Service
Management Plan 2012

1. MISSION AND VISION STATEMENT OF THE IAS

Mission

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 IAS audits the management and control systems that exist within the Commission and the EU agencies and provides independent and objective assurance on their adequacy and effectiveness. On request of management, it also offers consulting activities.

The IAS carries out its mission in accordance with the Financial Regulation of the European Commission and 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 Charter.

Vision

- A service which contributes to providing **value for money** for European citizens and helps the Commission in its objective to achieving a **positive DAS**, and thus to increasing public confidence in the European Union.
- A service which contributes to the promotion of a **culture of effectiveness, efficiency and economy** within the Commission with a view to bringing about **continuous improvement**.
- A **mature** internal audit service committed to **quality** and **excellence**, which builds on its quality certification and a culture of career-long learning, and aspires to be recognised as a **benchmark** for public sector audit functions.

2. THE IAS 2012 CHALLENGES

The IAS is now a mature internal audit service but is still evolving. Its main challenges for 2012 will be:

- To further enhance the added value of the overall audit opinion on financial management within the Commission which provide an extra layer of assurance to the Commission;
- To develop its practice of carrying out performance audits, focussing on the effectiveness, efficiency and economy of use of EU resources; and to explain and promote the concept amongst the stakeholders and auditees;
- To prepare the next strategic three year plan 2013-2015 for the Commission.
- To adapt the audit strategy of the EU agencies and other bodies to the evolution of their number, structure and environment.

3. OBJECTIVES AND PRIORITIES AT THE LEVEL OF THE ABB ACTIVITIES

Title 28 of the ABB nomenclature covers the activities of the policy area 'Audit'. It includes two internal audit activities (Internal Audit of the Commission and Internal Audit of the EU agencies and other bodies¹) and the two horizontal activities which are attached to all policy areas. The budget allocation for the IAS is not split between the five activities, but entirely included under the heading administrative expenditure of Audit policy area. The IAS human resources and financial management, and IT support tasks, have been outsourced under Service Level Agreements.

¹ Self-financing decentralised agencies and other EU entities receiving contribution from EU budget.

3.1. Specific objectives for operational activities

- **ABB activity: Internal Audit of the Commission**

The aim of this ABB activity is to contribute to the effective and efficient performance of all Commission activities by providing independent and objective assurance and consultancy work. This will include auditing the internal control systems in order to assess their effectiveness and, more generally, the performance of departments in implementing policies, programmes and actions with a view to bringing about continuous improvement. It will also seek to help, by means of its opinions, advice and recommendations with regard to the controls of risks, the safeguarding of assets, compliance with rules, accurate and reliable accounting and management information, the quality of internal control and, finally, the effectiveness and efficiency of operations.

ACTIVITY: Internal Audit of the Commission		
Specific objective: Delivery of high quality assurance and consulting services based on the risk-based audit plan for 2012		
Result indicator	Latest known result	Target (mid-term)
Acceptance rate of critical and very important recommendations	100% (June 2011)	At least 95%
Stakeholders satisfaction on quality of IAS reports	86.2% (January 2011)	At least 80%
Stakeholders satisfaction on usefulness of IAS recommendations	73.4% (January 2011)	At least 75%
Main policy outputs in 2011		
Audit reports as planned for 2011, comprising opinion & recommendations		
Specific objective: Assure a permanent and effective follow-up of audit recommendations		
Result indicator	Latest known result	Target (mid-term)
% of critical and very important recommendations overdue for more than 12 months out of those issued over the last 5 years	2% (June 2011)	At most 5% Achievement of the objective depends <i>in fine</i> on action taken by DGs / services
Main policy outputs in 2012		
Bi-annual follow-up reports to the Audit Progress Committee		

Specific objective: Delivery of the annual overall audit opinion		
Result indicator	Latest known result	Target (mid-term)
Timely delivery annual overall audit opinion	First overall opinion delivered in May 2011	Delivery of the annual overall opinion in the course of the first semester 2012
Main policy outputs in 2012		
Overall Opinion		
Specific objective: 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	Latest known result	Target (mid-term)
APC members' satisfaction (stakeholder survey)	100%	At least 80%
Main policy outputs in 2012		
Four APC meetings		
APC annual report		

- **ABB activity: Internal Audit of the EU agencies and other bodies**

The aim of this ABB activity is to contribute to the effective and efficient performance of the bodies covered by article 185 of the Financial Regulation by providing independent and objective assurance and consultancy work. This will include auditing the internal control systems in order to assess their effectiveness and, more generally, their performance in implementing policies, programmes and actions with a view to bringing about continuous improvement. It will also seek to help, by means of its opinions, advice and recommendations with regard to the controls of risks; the safeguarding of assets; compliance with rules; accurate and reliable accounting and management information; the quality of internal control and, finally, the effectiveness and efficiency of operations.

ACTIVITY: Internal Audit of the EU agencies and other bodies		
Specific objective: Delivery of high quality assurance and consulting services to EU agencies and other bodies, based on the risk-based audit plan for 2012		
Result indicator	Latest known result	Target (mid-term)
% of regulatory agencies audited in the year	End 2010: 100% June 2011: 54%	100%
Acceptance rate of critical and very important recommendations	100% (June 2011)	At least 95%
Stakeholders satisfaction on quality of IAS reports	65% (January 2011)	At least 80%
Stakeholders satisfaction on usefulness of IAS recommendations	55% (January 2011)	At least 75%
Main policy outputs in 2012		
Audit reports as planned for 2012, comprising opinions & recommendations		
Specific objective: Assure a permanent and effective follow-up of audit recommendations		
Result indicator	Latest known result	Target (mid-term)
% of critical and very important recommendations overdue for more than 12 months	36.4% (June 2011)	At most 10% Achievement of the objective depends <i>in fine</i> on action taken by the agencies
Main policy outputs in 2012		
Annual reports to agencies listing status of recommendations		

3.2. Specific objectives for horizontal activities

- **ABB Activity: Policy strategy and Coordination for the IAS**

The aim of this ABB activity is to support the DG and the audit process and to increase the awareness and information of our internal and external partners on the importance of the audit work.

ACTIVITY: Policy strategy and Coordination for the IAS		
Specific objective: Maintain a high level of confidence, cooperation and synergy with audit clients, auditees and partners (auditees, APC, EP, IACs, ECA, OLAF, IIA/ECIIA).		
Result indicator	Latest known result	Target (mid-term)
% of stakeholders acknowledging objectivity, honesty and fairness of IAS audit work (stakeholder survey)	in the Commission" 94.5% (January 2011) EU agencies and other bodies: 85% (January 2011)	At least 90%
Main policy outputs in 2012		
Exchange of information		
Actions to further align with audit clients, auditees and partners' expectations		

Specific objective: Play an active role in disseminating innovative ideas and promoting the role of internal audit in good governance		
Result indicator	Latest known result	Target (mid-term)
% of stakeholders recognising IAS vision in governance and internal control (stakeholder survey)	in the Commission: 82.6% (January 2011) EU agencies: 85% (January 2011)	At least 80%
Main policy outputs in 2012		
International high-level conference		
Specific objective: Improve effectiveness of internal audit in the Commission and EU agencies through coordination with IACs and strengthening professionalism		
Result indicator	Latest known result	Target (mid-term)
IACs satisfaction on the effectiveness of cooperation in Auditnet (stakeholder survey)	in the Commission: 100% (January 2011) n.a. for the agencies	At least 90%
% of satisfaction of audit training users (training feedback survey)	81% (May 2011).	At least 75%
Main policy outputs in 2012		
2012 Training programme for internal auditors available		
Improvement of exchange best practices on internal control and audit in EU Agencies and bodies		

- **ABB activity Administrative support**

The aim of this ABB activity is to ensure an effective and efficient human resources and financial management within the IAS. The IAS human resources and financial management and IT support tasks have been outsourced respectively to DG HR and DIGIT.

ANNEX 2 Internal control standards for effective management

Internal Control Standards with high relevance for IAS in 2012	
Standard	Comments/Reasons for high relevance
Standard n°2 Ethical and Organisational Values	Knowledge of ethical and organisational values is key for auditors who are often seen as ethics' ambassadors
Standard n° 9 Management Supervision	Management supervision is key for audit process
Standard n°11 Document Management	Document management need to be revisited due to the introduction of the new audit management system (GRC)