

Multi-annual audit plan 2012-2013¹		
<p>Country: XYZ Programme: LLP National Authority: Ministry of Education, Department EU programmes National Agency: ABC Date: 25/09/2011</p>		
<p><i>Please list hereafter the names of all services that are expected to carry out secondary controls on behalf of the National Authority, indicating whether or not they are NAU internal or external bodies:</i></p> <p>1. Ministry for Education, Department EU programmes (internal body) 2. Ministry for Education, Internal Audit Service (internal body)</p> <p>Note: We do not intend to use an external audit company for the following reasons: - too costly - our Internal Audit Service has built up the necessary know how of the Lifelong Learning Programme and of the functioning of the National Agency. It has experience in carrying out financial audits for our national programmes. In addition, one of the internal auditors is very skilled in Monetary Unit Sampling and should be able to carry out the sampling method proposed by the Commission.</p>		
PLANNED SECONDARY CONTROLS	WHEN <i>(month/year)</i>	WHO <i>(1, 2, ...)</i>
<p><i>Attention: the following questions 1 to 3 relate specifically to the preparation of the 2011 Declaration of Assurance whereas 4 and 5 concern checks on NA systems and procedures in the multi-annual strategy context.</i></p>		
1. 2011 Yearly NA Report		
1.A. Activity Report (Part A)		

¹ Please fill in preferably in one of the three working languages of the Commission (EN/FR/DE) to facilitate analysis and allow for timely feedback.

<p><i>Please describe hereafter the planned audit approach and planned audit activities, differentiating between the Part 1 – Programme management (NA management and compliance issues) and Part 2 – Programme implementation (results of programme implementation in the country).</i></p> <p>Planned audit approach: review of Part A</p> <p>We intend to review Part A ourselves. Planned audit activities:</p> <ul style="list-style-type: none"> • Plausibility check of data and comments of the NA on the basis of our day-to-day contacts and information gathered during the 4 quarterly monitoring visits) • Coherence check with other parts of the 2011 Yearly NA Report on the basis of a checklist still to be prepared by the Internal Audit Service. • Review of statistical annexes (check whether help is needed from internal auditors) 	<p>03/2012</p>	<p>1&2</p>
<p>1.B. Financial Reporting (Part B)</p> <p><i>Please describe hereafter for each of the annexes B.1, B.2, B.3 and B.4 the planned audit approach and planned audit activities.</i></p> <p><i>Please answer the following questions:</i></p> <p>a) Will the model Terms of reference as described in the Guidelines for NAUs (annex 6) be used for the auditors? YES, this part will be done by the Internal Audit Service of the Ministry; if NO, why not?</p> <p>b) Will the sampling approach as described in the Guidelines for NAUs (annex 6, par. 5) be applied? YES; if NO please ensure that the sampling approach is covered in the description under point 1.B.2. below.</p>		
<p>1.B.1 - Bank accounts</p> <p>Planned key audit activities:</p> <ul style="list-style-type: none"> • Follow up of observation No 3 of the final evaluations conclusion letter as regards completeness and correctness of B1 tables. Last year 3 bank accounts were missing on the 	<p>As soon as the Yearly NA Report is available, the latest in 03/2012</p>	<p>2</p>

<p>B1 tables. Double-check this year.</p> <ul style="list-style-type: none"> • Existence, ownership and use of bank accounts (exclusively for EU decentralised actions?) • Reconciliation of opening and closing bank balances with bank accounts and bank statements of the NA. • Check of interest earned and accrued (see observations No 2 and 7 made last year by DG EAC in its monitoring visit report). 		
<p>1.B.2 Financial Reports</p> <p>Planned key audit activities:</p> <p>Background information: last year the Commission detected some important errors (see observation No 7 in Commission's audit report) in the financial reports related to the 2009 COM-NA agreement. We will pay special attention to the follow-up made by the NA (possible procedural weaknesses for preparation of NA report).</p> <ul style="list-style-type: none"> • Reconciliation of agglomerate data with the new accounting system ACCO; this should normally already have been done and documented by the NA. • Check probity and accuracy of financial data by carrying out detailed testing on a sampled basis (examination of legality and regularity of each selected transaction). • Testing process: the Internal Audit Service will carry out transaction tests according to annex 6 (terms of reference for financial audits) of the Guidelines for NAUs. Special attention will be paid on proper documentation of this test • Thorough check on procedures related to the establishment of the yearly NA Report. 	03/2012	2
<p>1.B.3 Recoveries</p> <p>Planned key audit activities:</p> <p>In the light of the high number of old outstanding recoveries (see observation No 5 in the evaluation conclusions letter of the Commission), the following checks are planned:</p> <ul style="list-style-type: none"> • Detailed check on completeness and correctness of data; pay attention on wavers of recoveries: compliant with Guide for NAs? • Reconciliation of B3 tables with underlying NA administration. 	03/2012	2

<ul style="list-style-type: none"> • Comparison of situation end 2010 with end 2011 and examination of changes. • Detailed follow-up of important number of old recoveries (recoveries are not centrally followed-up): check follow-up system; are remedial actions in line with the Guide for NAs ? 		
<p>1.B.4 Fraud cases</p> <p>Planned key audit activities:</p> <ul style="list-style-type: none"> • Check on completeness and correctness of data; ask for possible new cases. • Comparison of situation end 2010 with end 2011 and examination of changes. • Follow up of 3 outstanding fraud cases. • Check all communications to the Commission: was all information properly disclosed? 	03/2012	2
<p>1.C. Reports on checks of beneficiaries (Part C)</p> <p><i>Please describe hereafter the planned audit approach and planned audit activities as regards primary checks specifying for example NAU supervisory controls on C.1 and C.2 tables, test of sampled primary checks.</i></p> <p>Planned key audit activities:</p> <p>Attention: the Commission detected during its visit in 2010 that tables on primary checks did not match with the supporting administration of the NA (differences in numbers and types of primary checks – see observations No 3).</p> <ul style="list-style-type: none"> • Reconciliation of primary checks tables with supporting administration. • Check completeness and correctness of data included in tables of primary checks. • Quality check of primary controls: compliance check of NA procedures for primary checks with Guide for NAs (sampled basis): see observations above. • Check of respect of minimum number of primary controls. 	03-04/2012	2
<p>2. Multi-annual audit strategy</p>		
<p>NA systems and procedures: <u>multi-annual audit strategy</u></p> <p><i>Please describe hereafter the multi-annual planning of audit activities for the remainder of the</i></p>		

programme period with regard to NA systems and procedures.

2.1. Planned audits in 2012

The audit of all NA systems and procedures will be planned in a 3-years period. Tests will be carried out in the National Agency twice a year: in January and August.

The following NA systems, procedures and internal control standards will be checked and followed up in the year 2012 because of weaknesses found in the year 2011:

- Authorisation, recording and correction of exceptions (see internal audit report No25 of our internal audit service)
- Accounting system, LLPLink, bank accounts and treasury management
- Internal audit function: still under development
- Data protection not yet put in place
- Grant award procedure: proper documentation? See draft audit report of the Commission's external auditor under "other audit findings".
- Reception and registration of grant applications
- Checks of grant beneficiaries (see observations mentioned under point 3 above)

The following NA systems and procedures will be audited in the year 2012 because not audited in the last 2 years:

- Documentation of internal procedures
- Dealing with irregularities and fraud

The following NA systems, procedures and internal control standards will not be audited in the year 2012 because included in the scope of last year without detection of weaknesses and/or incompliance's:

- IT systems and tools
- Document management and filing systems
- Infrastructure

01/2012 and
08/2012

2

<ul style="list-style-type: none"> • Monitoring and support to beneficiaries • Use of EU funds <p><u>2.2. Planned audits in 2013</u></p> <p>Follow up of possible audit findings as regards:</p> <ul style="list-style-type: none"> • Documentation of internal procedures • Dealing with irregularities and fraud <p>The following NA systems and procedures will be audited in the year 2013 <u>because not audited in the last 2 years</u>:</p> <ul style="list-style-type: none"> • Ethics and integrity • NA staffing • Organisational structure <p>Audit of all NA systems and procedures for which there are outstanding observations (made by DG EAC, Audit Company Ltd or Court of auditors). We will rely as much as possible on work performed by the internal auditor of the NA, of course after having checked the scope and quality of his audits.</p>	<p>01/2013 and 08/2013</p>	<p>2</p>
<p><u>2.3. Other activities</u></p> <p><i>Please describe hereafter, if applicable, other planned (audit) activities.</i></p> <ul style="list-style-type: none"> • Accompanying visits to some of the NA on-the-spot checks to beneficiaries • Monitoring of NA performance through meetings with the NA and review of reports of the NA 	<p>At several moments during the year, to be agreed with the NA.</p>	<p>1</p>