

MISSION CHARTER OF THE

INTERNAL AUDIT SERVICE OF THE EUROPEAN COMMISSION

IN RELATION TO BODIES SET UP UNDER THE TFEU AND THE EURATOM
TREATY HAVING LEGAL PERSONALITY AND RECEIVING CONTRIBUTIONS
CHARGED TO THE BUDGET

The Internal Audit Service was established by Commission Decision on 11 April 2000¹.

This mission charter replaces the previous charter and sets out the mission, objectives, reporting and working arrangements essential to the proper fulfilment of the Internal Audit Service's role to the Union bodies for which the Internal Auditor of the European Commission performs the internal audit function according to Article 70 of the Financial Regulation², hereinafter referred to without discrimination as 'Agency'.

This mission charter uses the definitions set out in Article 2 of the Framework Financial Regulation³ and Article 2 of the Financial Regulation of the Agency for Support for the Body of European Regulators for Electronic Communications (BEREC Office)⁴.

1. MISSION AND OBJECTIVES

The **mission** of the Internal Audit Service is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The Internal Audit Service helps the Agency accomplish its objectives by bringing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control and governance processes. Its tasks include assessing and making appropriate recommendations for improving the risk management, control and governance process in the accomplishment of the following objectives: promoting appropriate ethics and values within the organisation, ensuring effective organisational performance management and accountability and effectively communicating risk and control information to appropriate areas of the organisation. Thereby it promotes a culture of efficient and effective management within the Agency.

Assurance services are an objective examination of evidence for the purpose of providing an independent assessment of effectiveness of risk management, control and governance processes. In line with the Framework Financial Regulation (in particular recital 23 thereof), for its assurance services, the Internal Audit Service will rely on a risk-based approach which takes account of the overall group of Union bodies. The bodies concerned and the specific subjects to be covered will be selected for audit on a risk basis and according to a timeframe

¹ SEC(2000) 560.

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.

³ Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

⁴ Decision No MB/2019/13 of the Management Board of the Agency for Support for BEREC (BEREC Office) on the financial regulation applicable to the BEREC Office.

determined by the Internal Audit Service, after consultation of the Union bodies concerned. The Internal Audit Service will provide a conclusion, and where appropriate an opinion, in each assurance audit report.

Consulting services are advisory and management-requested activities, the nature and scope of which are agreed with the Director. They are intended to add value and improve the Agency's governance, risk management and control processes without the internal auditor assuming management responsibility.

The primary **objective** of the Internal Audit Service is to provide the Agency with assurance as to the effectiveness and efficiency of the risk management, control and governance processes, with special reference to the following aspects:

- risks are appropriately and continuously identified, assessed and managed;
- significant financial, managerial and operating information is accurate, reliable and timely;
- the Agency's policies, procedures and applicable laws and regulations are complied with;
- the Agency's objectives are achieved effectively and efficiently;
- the development and maintenance of high-quality control processes are promoted throughout the Agency.

2. ACCOUNTABILITY

The Internal Audit Service's work in the Agency is performed under the authority of the Management Board.

The Internal Audit Service shall be accountable to the Director and the Management Board to:

- report significant issues related to the audited activities of the Agency, including potential improvements to those processes;
- report at least once a year critical risks identified in the course of its assignments and recommendations that have not been addressed and significant delays in the implementation of the recommendations made in previous years (Article 78(7) of the Framework Financial Regulation).

Where applicable, the Internal Audit Service shall communicate with the Management Board through its Audit Committee or the Executive Board.

3. INDEPENDENCE AND OBJECTIVITY

No authority may interfere in the conduct of Internal Audit Service audits or ask the Internal Audit Service to make any alterations to the content of audit reports⁵.

⁵ Refer to Institute of Internal Auditors standards 1100 on Independence and Objectivity and 1110 and 110.A1 on Organizational Independence.

In order to ensure objectivity in their opinions and avoid conflict of interest, Internal Audit Service internal auditors must preserve their independence in relation to the activities and operations they audit or review. If their objectivity is impaired in fact or in appearance, the details of the impairment should be disclosed.

If the Internal Auditor considers it necessary, he/she may contact directly the Chair of the Management Board.

4. RESPONSIBILITY

The Internal Auditor has responsibility to:

- develop and establish the Internal Audit Service audit procedures;
- develop a three-year audit plan and an annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management and submit these plans as well as periodic updates to the Director and the Management Board for consideration;
- update the three-year audit plan at least annually to take into account new and/or emerging risks that could impact the organisation and submit these updated plans to the Director and the Management Board for consideration;
- offer cooperation and coordination⁶ with the internal audit capability, as appropriate, for the purpose of providing optimal audit coverage. The cooperation with the internal audit capability will be supported through the network of internal auditors (Auditnet for autonomous EU bodies);
- ensure audit planning and coordination with the European Court of Auditors as appropriate;
- implement the annual audit plan, including as appropriate any special tasks or projects requested by the Director or the Management Board. The Internal Auditor may change the annual plan in the course of the year after informing the Director and the Management Board;
- establish a follow-up process in order to monitor that recommendations have been implemented and inform the Management Board and the Director in accordance with Article 78(7) of the Framework Financial Regulation;
- develop and maintain a quality assurance programme that covers all Internal Audit Service audit activities and continuously monitor its effectiveness. This programme includes periodic internal and external assessments and ongoing internal monitoring;
- ensure that the Internal Audit Service resources are appropriate, sufficient and effectively deployed to meet the requirements of the annual work plan;

⁶ See Article 80 of the Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council, concerning the establishment of an internal audit capability.

- perform engagements in line with the ‘Mutual Expectations Paper’, which describes the audit process workflow, its deliverables, and relationship between the auditor and auditee to clarify responsibilities and align mutual expectations so that engagements are smooth, efficient and effective;
- develop a continuous dialogue with the auditee, to ensure the relevance of the findings, the quality and feasibility of the recommendations for action to be taken. This dialogue should be concluded by means of a closing meeting with the Director, when the main findings and recommendations are presented, unless the auditee considers that such meeting is not necessary;
- promptly validate findings and discuss recommendations with the Agency's management. The position of the Agency's management should be reflected in the final report, particularly in the case of disagreement;
- effectively and timely communicate results of audit engagements to the Director and the Management Board;
- formally communicate in writing to the Director and the Management Board where the Internal Auditor believes that the Agency's management has accepted an unreasonably high level of risk;
- communicate copies of final audit reports, with the Agency comments, to the European Court of Auditors;
- report any suspected fraudulent activities within the Agency to the European Anti-Fraud Office (OLAF)⁷ and, as appropriate, to the Director and the Management Board;
- respect confidentiality with regard to the information gathered from the audit and consultancy engagements performed;
- disclose and explain to the Management Board any failure or inability to meet and comply with the requirements of this charter.

5. AUTHORITY

The Internal Auditor and the staff of the Internal Audit Service are authorised to:

- have unrestricted access to all functions, information systems, records, property and personnel within the Agency, as considered necessary for the fulfilment of their duties, unless the constituent act or the specific financial regulation of the Agency provide otherwise;
- obtain the necessary assistance of Agency staff;
- allocate resources, select subjects, determine the scope of work and apply the techniques required to accomplish audit objectives;

⁷ Article 8 of the Regulation (EU, EURATOM) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF).

- be informed at an early stage about the development of new systems and changes to existing systems that may substantially affect the Agency's internal control system.

The Internal Auditor and the staff of the Internal Audit Service are **not** authorised to:

- perform any operational duties for the Agency;
- initiate or approve financial transactions;
- direct the activities of Agency staff, except to the extent such staff members have been appropriately assigned to auditing teams or to otherwise assist the Internal Audit Service.

6. STANDARDS OF AUDIT PRACTICE AND ETHICS

The Internal Audit Service will adhere to the mandatory guidance of the International Professional Practices Framework promulgated by The Institute of Internal Auditors. The mandatory elements of the International Professional Practices Framework are:

- The Core Principles for the Professional Practice of Internal Auditing.
- The Definition of Internal Auditing.
- The Code of Ethics.
- The International Standards for the Professional Practice of Internal Auditing.

The mandatory guidance will be applied in accordance with regulations applicable to the Agency. In the event of discrepancies, requirements originating from EU regulations and Agency decisions shall take precedence.

Director-General
of the Internal Audit
Service
Internal Auditor of the
European Commission

Director
of BEREC Office
Laszlo Igneczi

For the BEREC Office
Management Board,
The Chair
Dan Sjoblom

(e-signed)

[e-signed]
on 27 March 2020

Riga
Done in,
on ..19 June 2020

Done in *Stockholm*
on *11/6-2020*