SESAR
JOINT UNDERTAKING
Administrative Board

DECISION
ADB(D)-13-2010

SJU internal control standards for effective operation

THE ADMINISTRATIVE BOARD OF THE SESAR JOINT UNDERTAKING (SJU),

Having regard to the Financial Rules of the SESAR Joint Undertaking adopted by the Administrative Board on 28 July 2009 (SJU-AB-010-09-DOC-Final) and in particular Title II, Chapter 7 ("Principle of Sound Financial Management"), Article 25a and Title IV, Chapter 2 ("Financial Actors") thereof;

Whereas, the authorising officer shall put in place, internal control systems and procedures applicable at all levels of the management and designed to provide reasonable assurance of achieving the following objectives:
- effectiveness, efficiency and economy of operations;
- reliability of reporting;
- safeguarding of assets and information;
- prevention and detection of fraud and irregularities;
- adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

Whereas, these internal control systems and procedures shall:
- comply with the minimum standards adopted by the Administrative Board on the basis of equivalent standards laid down by the Commission for its own departments, having due regard to the risks associated with the management environment and the nature of the action financed, and
- suit to the performance of the authorising officer duties, including where appropriate ex post verifications.

Having regard to the internal control standards defined by the Commission for its own departments;

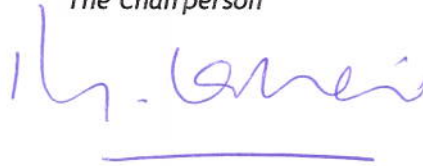**HAS DECIDED AS FOLLOWS:**

Article 1

The Internal Control standards for effective operation proposed in the Annex attached hereto are adopted.

This decision shall enter into force on the date of its approval.

Done in Brussels, 19 October 2010.

For the Administrative Board

Daniel Calleja Crespo
The Chairperson

ANNEX

SJU'S INTERNAL CONTROL STANDARDS FOR EFFECTIVE OPERATION

Introduction

With a view of maintaining an effective and efficient system of internal control, the SESAR Joint Undertaking identifies and adopts a set of Internal Control Standards in line with those implemented by the Commission (see Annex 1).

The internal control framework for effective operations with procedures applicable at all levels of the management is designed to provide the authorising officer with reasonable assurance of achieving the following objectives:

- effectiveness, efficiency and economy of operations;
- reliability of reporting;
- safeguarding of assets and information;
- prevention and detection of fraud and irregularities;
- adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

The proposed internal control framework for effective operations and related procedures:

- complies with the minimum standards adopted by the Administrative Board on the basis of equivalent standards laid down by the Commission for its own departments, having due regard to the risks associated with the management environment and the nature of the action financed, and
- suits to the performance of the authorising officer duties, including where appropriate ex post verifications.

The implementation of the ICS allows the SJU to identify potential issues, being of budgetary or financial nature or more in general of sound management which may hamper the attainment of the objectives set.

ANNEX I

SJU'S INTERNAL CONTROL STANDARDS FOR EFFECTIVE OPERATION

Leadership and Values

1.Mission: The SJU's and its sectors' *raison d'être* are clearly defined in up-to-date and concise mission statements developed from the perspective of the SJU's customers and coherent with the strategic objectives set

2. Ethical and Organisational Values: Management and staff are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.

Human Resources

3. Staff Allocation and Mobility: The allocation and recruitment of staff is based on the SJU's objectives and priorities. Management will give due consideration to staff mobility so as to strike the right balance between continuity and renewal.

4. Staff Evaluation and Development: Sectors and individual accountabilities are recorded in a clear, unambiguous fashion to avoid overlap, ensure grouping of related accountabilities to individuals and to ensure these align with the vision, mission and values of the organisation. Staff performance is evaluated against individual annual objectives, which fit with the SJU's overall objectives. Adequate measures are taken to develop the skills necessary to achieve the objectives. Staff personal development is assessed on a regular basis and expansion of skills and knowledge outside of the direct skills required to deliver individual accountabilities will be possible.

Planning and Risk Management Processes

5. Objectives and Performance Indicators: The SJU's and its sectors' objectives are clearly defined and updated when necessary. These are formulated in a way that makes it possible to monitor their achievement. Key performance indicators are established to help management evaluate and report on progress made in relation to their objectives.

6. Risk Management Process: The Risk policy is in place and implemented through a risk management process that is in line with applicable provisions and guidelines and is integrated into the annual activity planning. Critical risks which may hamper the SJU from attaining its objectives are treated with mitigating actions and monitored.

Operations and Control Activities

7. Operational Structure: The SJU's operational structure supports effective decision-making by suitable delegation of powers. Individual accountabilities are clear and communicated while risks associated with the SJU's sensitive functions are managed through mitigating controls and ultimately staff mobility. Adequate IT governance structures are in place.

8. Processes and Procedures: The SJU's processes and procedures used for the implementation and control of its activities are effective and efficient, adequately documented and compliant with applicable provisions such as the Financial Rules. They include arrangements to ensure segregation of duties and to track and give prior approval to control overrides or deviations from policies and procedures.

9. Management Supervision: Management supervision is performed to ensure that the implementation of activities is running efficiently and effectively, in accordance with the objectives while complying with applicable provisions. Management activities are compliant with the, mission and values set for the organisation.

10. Business Continuity: Adequate measures are in place to ensure continuity of operation in case of "business-as-usual" interruption. Business Continuity Plans are in place to ensure that the

organisation is able to continue operating to the extent possible whatever the nature of a major disruption.

11. Document Management: Appropriate processes and procedures are in place to ensure that the SJU's document management is secure, efficient (in particular as regards retrieving appropriate information) and complies with applicable rules.

Information and Financial Reporting

12. Information and Communication: Internal communication enables management and staff to fulfil their responsibilities effectively and efficiently, including in the domain of internal control. The SJU has an external communication strategy to ensure that its external communication is effective, coherent and in line with its mission. IT systems used and/or managed by the SJU are adequately protected against threats to their confidentiality and integrity. The IT Security Plan is adopted and implemented

13. Accounting and Financial Reporting: Adequate procedures and controls are in place to ensure that accounting data and related information used for preparing the organisation's annual accounts and financial reports are accurate, complete and timely.

Evaluation and Audit

14. Evaluation of Activities: Evaluations of expenditure and other non spending activities are performed to assess the results, impacts and needs that these activities aim to achieve and satisfy. Appropriate measures are in place to ensure accurate and timely reporting against, , mission, objectives and relevant KPI's.

15. Assessment of Internal Control Systems: Management assess the effectiveness of the SJU's internal control systems at least once a year.

16. Internal Audit: The organisation has an internal audit function, which provides independent, objective assurance and consulting services designed to add value and improve the operations of the SJU.

ICS 1. Mission

The SJU's and its sectors' *raison d'être* are clearly defined in up-to-date and concise mission statements developed from the perspective of the SJU's stakeholders and coherent with the strategic objectives set.

REQUIREMENTS

- The SJU's and its sectors' have up-to-date mission statements which are linked across all hierarchical levels.
- These mission statements have been explained to staff and are readily accessible.
- There is a clear logical link between the mission and the SJU's strategic objectives

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Is the SJU's and its sectors' mission statement up-to-date and sufficiently instructive? An effective mission statement is a concise statement developed from the perspective of the SJU' customers. It should answer two basic questions: Why do we exist? How do we fit within SJU architecture?
- Is staff aware of the mission statements?
- Would it be appropriate to involve selected staff/ stakeholders to set up or update the mission statement?

ICS 2. Ethical and Organisational Values

Management and staff are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.

REQUIREMENTS

- SJU has procedures in place - including updates and yearly reminders - to ensure that all staff is aware of relevant ethical and organisational values, in particular ethical conduct, avoidance of conflicts of interest, fraud prevention and reporting of irregularities.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Would the SJU's and its sectors' ethical guidance be meaningful? Dealing with insider information and preventing frauds are other topics that certain sector may want to stress.
- Is the code of conduct concise and user-friendly? The way the code of conduct/guidance is written will affect its effectiveness. Studies show that the most effective codes of conduct are those that are short and concise, focus on a few main messages and utilise a straightforward vocabulary.
- Is staff sufficiently aware of the different requirements and provisions concerning ethics and integrity (via training of newcomers, regular information, etc.)? Staff awareness can, for example, be analysed through surveys.
- Is enough done to facilitate the practical application of the code of conduct and other ethical guidance? For example, creating easily accessible and secure channels for staff to confidentially report alleged wrongdoings could make the code of conduct more effective in this domain.
- Do results of the supervisory activities, audit reports, reported deviations or other relevant sources suggest that there could be ethical issues or problems in the sectors? Have adequate measures been taken to address these issues?

ICS 3. Staff Allocation and Mobility

The allocation and recruitment of staff is based on the SJU's objectives and priorities. Management will give due consideration to staff mobility so as to strike the right balance between continuity and renewal.

REQUIREMENTS

- Whenever necessary - at least once a year - management aligns the organisational structures and staff allocations with priorities and workload.
- Staff job descriptions are consistent with relevant mission statements.
- SJU will give due to consideration to mobility in order to ensure that the right person is in the right job at the right time and, where feasible, to create career opportunities.
- Necessary support is defined and delivered to new staff to facilitate their integration in the team.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Are adequate arrangements in place to ensure effective staff planning and allocation? Do management have sufficient and relevant information about priorities and staff workloads as well as required and available skills?
- Are there any issues or problems related to staff recruitment and allocation that significantly affect the SJU's performance? Could a modification of current recruitment and allocation procedures address these? How?
- Are sufficient measures taken to ensure flexible and dynamic organisation, for example via re-organisation or other measures?
- Is staff turnover sufficiently monitored and analysed? Are the root causes of any abnormal staff turnover sufficiently analysed and addressed?
- In the event of "excessive" staff turnover, is appropriate action taken to retain staff with the required skills? Have these measures been successful? If not, why?
- Is the possible loss of knowledge adequately managed?

ICS 4. Staff Evaluation and Development

Sector and individual accountabilities are recorded in a clear, unambiguous fashion to avoid overlap, ensure grouping of related accountabilities to individuals and to ensure these align with the, mission and values of the organisation Staff performance is evaluated against individual annual objectives, which fit with the SJU's overall objectives. Adequate measures are taken to develop the skills necessary to achieve the objectives. Staff personal development is assessed on a regular basis and expansion of skill and knowledge outside of the direct skills required to deliver individual accountabilities will be possible

REQUIREMENTS

- Individual accountabilities are coherent with the organisational structure.
- Staff accountabilities are clearly communicated and understood and are consistent with relevant mission statements and aligned to the organisation's values.
- In the context of the annual assessment process discussions are held individually with all staff to establish their annual objectives, which fit with the SJU's objectives.
- Staff performance is evaluated according to standards set by SJU.
- A yearly strategic training framework is developed at the SJU level based on needs deriving from the mission and objectives to be achieved and the individual's aspirations.
- A Training Programme is completed annually by each official discussed with and approved by the line manager. The Training Passport, recording all training activities undertaken by the staff member, is kept up to date.
- Management ensure that every staff member attends at least the training courses of a compulsory nature that have been defined in the assessment exercise.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Does the job description clearly define staff accountabilities?
- Is there for each critical function staff accountable for it? Are overlaps avoided to prevent dilution of accountability?
- Is there in place a process to periodically assess consistency between individual accountabilities and organisational structure?
- Are staff's annual objectives meaningful, sufficiently challenging and accepted by the persons concerned? Are they kept up to date during the year?
- Are staff evaluations based on the achievement of pertinent and up-to-date annual objectives? Using generic or outdated objectives increases the risk of subjective and biased evaluations and can negatively impact on staff motivation.
- Are sufficient measures taken to analyse and develop the SJU's skills and to plan for future HR needs and skill requirements? An effective staff development plan should take into account not only individual training requests but also the collective skills and competences needed to meet the SJU's objectives. Performing an analysis to detect significant gaps between required and available skills and competences in the entity can be an effective means of improving staff development.
- Are pertinent training statistics available? An analysis of the SJU's training statistics may indicate whether the entity's training activities should be re-focused. On the basis of this, is there evidence that staff is taking the necessary courses in order to build their skills in line with present and future requirements and personal ambitions?

ICS 5 Objectives and Performance Indicators

The SJU's and its sectors' objectives are clearly defined and updated when necessary. These are formulated in a way that makes it possible to monitor their achievement. Key performance indicators are established to help management evaluate and report on progress made in relation to their objectives.

REQUIREMENTS

- The SJU Annual Work Plan is developed in accordance with applicable guidance and on the basis of a dialogue between managers and staff in order to ensure it is understood and owned.
- The AWP clearly sets out how the planned activities at each level which will contribute to the achievement of objectives, taking into account the allocated resources and the risk identified.
- To the extent possible, the AWP objectives are established in line with the SMART criteria, i.e. they are Specific, Measurable or verifiable, discussed and Accepted, Realistic and Timed.
- Whenever necessary, the objectives are updated to take account of significant changes in activities and priorities.
- In the AWP, there is at least one performance indicator per objective to monitor and report on achievements. To the extent possible, the performance indicators are established according to the RACER criteria, i.e. they are Relevant, discussed and Accepted, Credible, Easy and Robust.
- Reporting structures are in place to alert management when indicators show that the achievement of the objectives is at risk.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Is the concept of "management by objectives" sufficiently understood, discussed and accepted by management and staff? Does this concept work in practice? If not, why?
- Is there a need for resources redeployment or (re)prioritisation of the objectives?
- Are the performance indicators meaningful, i.e. do they actually support and facilitate the management and monitoring of the activities?
- Are the performance indicators focused on the SJU's key activities and risks?
- Too many or too detailed indicators may be confusing and ineffective.
- In case performance cannot be quantified, are meaningful qualitative performance indicators established?

ICS 6 Risk Management Process
The Risk policy is in place and implemented through a risk management process that is in line with applicable provisions and guidelines and is integrated into the annual activity planning. Critical risks which may hamper the SJU from attaining its objectives are treated with mitigating actions and monitored.

REQUIREMENTS
- A risk management exercise is conducted at least once a year as part of the AWP process and whenever management considers it necessary (typically in the event of major modifications to the activities occurring during the year). Risk management is performed in line with applicable provisions and guidelines.
- The process allows the identification of possible risks, the assessment of their impact and the likelihood of occurrence. The combination of these two elements determines the risk criticality. Critical risks are treated with mitigating actions assigned to staff with an action plan whose implementation is monitored.
- Risk management action plans are realistic and take into account cost/benefit aspects in order to avoid disproportionate control measures. Processes are in place to ensure that actions are implemented according to plan and continue to be relevant.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS
- Is the risk management concept sufficiently understood by management and staff? Surveys can be used to identify issues in this domain.
- Is risk management a continuous action adequately integrated into the processes and procedures used for the planning, implementation and control of the activities?
- Is the risk management process user-friendly and pragmatic or is it considered a "bureaucratic burden"?

ICS 7. Operational Structure

The SJU's operational structure supports effective decision-making by suitable delegation of powers. Individual accountabilities are clear and communicated while risks associated with the SJU's sensitive functions are managed through mitigating controls and ultimately staff mobility. Adequate IT governance structures are in place

REQUIREMENTS

- Delegation of authority is clearly defined, assigned and communicated in writing, conforms to legislative requirements and is appropriate to the importance of decisions to be taken and risks involved.
- All delegated and sub-delegated authorising officers have received and acknowledged the Charters and specific delegation instruments.
- As regards financial transactions, delegation of powers is defined, assigned and communicated in writing.
- The sensitive functions are clearly defined, recorded and kept up to date. For each sensitive function a risk assessment is carried out and relevant mitigating controls are established:
- The SJU records and reports in the AAR derogations granted to allow staff to remain in sensitive functions beyond five years along with documentation of the risk analysis and the mitigating controls.
- The standard IT governance is applied, and in particular:
  - the management committee examines at least once a year the IT Governance;
  - IT master plan, covering all information systems developments (regardless of budget source) has been produced;
  - each information system possesses a clearly identified business owner;
  - all new information systems projects are approved on the basis of appropriate supporting documentation;
  - all new information systems are developed using the most appropriate project management and development methods, and take security into account from the very first stage.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Are there any organisational issues or problems that negatively impact on the performance or control environment? In what way?
- Are the nature and scope of delegated functions and powers clear to all persons concerned?
- Are the risks associated with the delegated functions and powers sufficiently analysed?
- Where sensitive functions have been removed and allocated to a different member of staff, is management satisfied that the risks involved have been effectively mitigated?
- Where additional mitigating controls have been put in place, is management satisfied that these controls are effective and that the risks involved have been reduced to an acceptable level (considering impact and likelihood of the risk)?
- Do results of the supervisory activities, audit reports or other relevant sources suggest that there could be failings or issues associated with the sensitive functions?
- Are all IT projects and their specific risks clearly identified and managed according to the relevant guidance?
- If the SJU owns Information Systems or if it wishes to develop one, have possible synergies among the Founding Members' Information Systems been explored and exploited, to the maximum extent possible? Are the systems interoperable to a satisfactory level? Are there duplicated investments in similar systems which merit attention?

ICS 8. Processes and Procedures

The SJU's processes and procedures used for the implementation and control of its activities are effective and efficient, adequately documented and compliant with applicable provisions such as

the Financial Rules. They include arrangements to ensure segregation of duties and to track and give prior approval to control overrides or deviations from policies and procedures.

REQUIREMENTS
- The SJU's main operational and financial processes and procedures are adequately documented.
- The Implementing Rules relating the Financial Rules are developed and adpted.
- The SJU's processes and procedures ensure appropriate segregation of duties (including for non financial activities).
- A method is in place to ensure that all instances of overriding of controls or deviations from established processes and procedures are documented in exception reports, justified, duly approved before action is taken and logged centrally.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS
- Are the main processes and procedures used for the implementation and control of the activities documented in a user-friendly fashion? Are they readily accessible? Are they kept up to date?
- Are arrangements in place to ensure data protection is applied to manual processes?
- Have management performed a risk assessment of their main processes and procedures, when appropriate and for example in case of major modifications? Accordingly, have the most vulnerable parts of the processes and procedures been identified and appropriate mitigating controls been implemented?
- Are the process controls in place adequately designed? Is it clear: (1) Who performs the control?; (2) How the control is being performed (methodology, sample size, etc.)?; (3) What information is required to perform the control?; (4) How frequently the control operates?; (5) What criteria are used to define the level of significance of "anomalies" identified (i.e. what type of issues detected by the controls should be considered significant; what type of error should be considered minor)?
- Are audit logs and corresponding alerts for actions considered risky foreseen for all critical information systems?
- If implementing bodies are involved in the control processes and procedures, has the "control chain" end-to-end been adequately described? Are the respective roles and responsibilities in the control chain clear to all parties involved? Is information about the control activities and results adequately and effectively shared between all parties involved?

ICS 9. Management Supervision

Management supervision is performed to ensure that the implementation of activities is running efficiently and effectively in accordance with the objectives while complying with applicable provisions. Management activities are compliant with the vision, mission, and values set for the organisation.

REQUIREMENTS

- Management at all levels supervise the activities they are responsible for and keep track of main issues identified. Management supervision covers both legality and regularity aspects and operational performance (i.e. achievement of objectives).
- The supervision of activities involving potentially critical risks is adequately documented.
- Management monitors the implementation of accepted IA's audit recommendations and related action plans.
- Management monitors the implementation of ECA recommendation issued.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Are the supervisory activities sufficiently focused on high-risk areas? The following situations would typically warrant an increased level of supervision: - Complex operations; - Transactions of high monetary value; - Low control consciousness among staff; - Lack of experienced or skilled personnel; - Reorganisation or significant modification of operating activities; New or revamped IT systems; -Potential conflicts of interest or influence from external parties; - Activities of a politically sensitive nature; - Activities impacting significantly on the working conditions of staff (health, safety, security).
- Is there systematic follow-up of significant issues identified through the supervisory activities?
- If implementing bodies are responsible for carrying out actions (e.g. EUROCONTROL, Members etc), has appropriate supervision or follow-up been established by the responsible service?
- Are these objectives and indicators useful in practice? If not, why?
- Do management have satisfactory evidence that key controls in place are operating as intended in practice (for example via the results of supervisory activities, audits, investigations and other relevant sources of information)?
- Are all reported internal control weaknesses properly analysed and addressed where necessary? Depending on the nature of the work performed, the documentation of supervision can, for example, be constituted of minutes of?

ICS 10. Business Continuity

Adequate measures are in place to ensure continuity of operations in case of "business-as-usual" interruption. Business Continuity Plans are in place to ensure that the organisation is able to continue operating to the extent possible whatever the nature of a major disruption.

REQUIREMENTS

- Adequate measures - including handover files and deputising arrangements for relevant operational activities and financial transactions - are in place to ensure the continuity of all service during "business-as-usual" interruptions (such as sick leave, staff mobility, migration to new IT systems, incidents, etc.).
- Business Continuity Plans cover the crisis response and recovery arrangements with respect to major disruptions (such as pandemic diseases, terrorist attacks, natural disasters, etc.). They identify the functions, services and infrastructure which need to be restored within certain time-limits and the resources necessary for this purpose (key staff, buildings, IT, documents and other). Procedures are established for exercising, updating and validating the BCP. Reviews are at least annual, through the existing risk management process.
- Electronic and hardcopy versions of the BCP are stored in secure and easily accessible locations, which are known to relevant staff.
- Contingency and backup plans for information systems are established, maintained, documented and tested as determined by operational, business continuity and security needs.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Continuity of Service (Business-As-Usual): Are the SJU's procedures to ensure continuity of service (handover arrangements, backup procedures, etc.) sufficiently known, readily accessible (in particular to new staff) and applied in practice?
- Business Continuity Plan: Are management and relevant staff sufficiently aware and appropriately trained regarding the BCP? Do they know what to do in the immediate response to major disruption in order to minimise the risks to staff and assets? Is the BCP easily understandable and readily accessible to those who need it when they need it?
- Business Continuity Plan: Are priorities and key risks – including IT risks – clearly defined and sufficiently highlighted in the BCP? Short and concise messages and instructions are usually more effective than long and detailed explanations, particularly in a stressful situation.
- Business Continuity Plan: Is the BCP – including relevant IT elements – sufficiently tested? Conducting periodic testing and practice drills are important means of determining whether the continuity plan works effectively in practice.
- Business Continuity Plan: Are results of testing activities sufficiently analysed and documented, necessary improvements identified and BCP updated accordingly?

ICS 11. Document Management
Appropriate processes and procedures are in place to ensure that the SJU's document management is secure, efficient (in particular as regards retrieving appropriate information) and complies with applicable rules.

REQUIREMENTS
- Document management systems and related procedures comply with relevant compulsory security measures, provisions on document management and rules on protection of personal data.
- In particular, every document that fulfils the conditions laid down in the implementing rules needs to be registered, filed in at least one official file (each file being attached to a heading of the Filing Plan), and preserved by appropriate use of the SJU's registration and filing systems.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS
- Are documents adequately protected against destruction, theft, fire, etc.?
- Are the procedures for registration sufficiently known? Are they applied in practice?
- Are the procedures for filing sufficiently known?
- In general, is the time spent on finding documents reasonable?
- Are applicable rules regarding handling of sensitive documents sufficiently known and applied in practice?
- Are adequate measures taken to ensure the readability of documents in the future, especially when the SJU owns the repository system?
- Are management and staff sufficiently aware of applicable retention periods for documents? Are retention periods respected in practice?

ICS 12. Information and Communication

Internal communication enables management and staff to fulfil their responsibilities effectively and efficiently, including in the domain of internal control. The SJU has an external communication strategy to ensure that its external communication is effective, coherent and in line with the organisation's key messages. IT systems used and/or managed by the SJU are adequately protected against threats to their confidentiality and integrity.

REQUIREMENTS

- Internal and external communications comply with relevant copyright provisions.
- Management scoreboards (or equivalent tools) are developed for the SJU's main activities and thereafter, if appropriate, at the level of Sections. These include concise management information necessary to oversee the entity's activities and evolution,
- Arrangements in line with the SJU's Internal Communication are in place to ensure that management and staff are appropriately informed of decisions, projects or initiatives that concern their work assignments and environment.
- All personnel are encouraged to communicate potential internal control weaknesses, if judged significant or systemic, to the appropriate management level. Contact person(s) is/are assigned to facilitate and coordinate such reporting.
- The SJU has a documented strategy for external communication, including clearly defined target audiences, messages and action plans.
- The IT systems support adequate data management, including database administration and data quality assurance. Data management systems and related procedures comply with relevant Information Systems Policy, compulsory security measures and rules on protection of personal data.
- The IT Security Plan, based on the identification of the security requirements and a risk analysis of the IT system under the SJU's responsibility, is adopted and implemented

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Is the information provided in the management scoreboards pertinent and useful for the management of these activities? Are the scoreboards used by management and staff in practice? If not, why? Are the scoreboards reliable, or should more be done to check the accuracy of the information?
- Have the current arrangements used for internal communication been analysed?
- Have the current procedures and methods used for external communication been analysed to identify their strengths and weaknesses, including cost-benefit aspects?
- What is done in practice to seek and analyse feedback from target audiences regarding communication impact? Is the information obtained reliable and pertinent? Is relevant feedback escalated to the appropriate level and used to adapt ongoing communication strategies?
- Do results of the regular supervision of IT systems, audit findings or information from other sources suggest that there may be IT-security-related issues? Are these issues escalated to and discussed at the appropriate management level?
- Is feedback from IT users regarding system performance collected and analysed, given that systematic collection and analysis of comments and suggestions from IT users (through surveys or channels for ad-hoc feedback) can be a good way of detecting effectiveness and efficiency issues? Are statistics on system down-time, server capacity and other performance indicators regularly analysed? Are system performance issues reported to the appropriate management level? Is the implementation of the IT Security Plan monitored?
- Does the SJU have effective procedures in place concerning data retention periods, data backup, data access and archiving? Can management demonstrate that these procedures are applied in practice? Do the results of supervisory activities, "customer complaints", audit findings or information from other sources suggest any weaknesses in the field of data management, e.g. data quality issues, missing or untimely data, etc.?

ICS 13. Accounting and Financial Reporting

Adequate procedures and controls are in place to ensure that accounting data and related

information used for preparing the organisation's annual accounts and financial reports are accurate, complete and timely.

REQUIREMENTS
- The Finance Division has responsibility for ensuring the reliability and completeness of budget information under its control necessary for the production of accounts which give a true image of SJU assets and of budgetary implementation.
- The SJU's budget procedures and controls are adequately documented.
- Financial and management information produced by the SJU, including financial information provided in the annual activity reports, is in conformity with applicable budget/accounting rules and Accountant's instructions.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS
- Are budget data quality controls pertinent and sufficiently documented? Such controls may, for example, include analyses of accounts, analysis of ageing balances of outstanding invoices, outstanding pre-financing, separation of duties, reviews of reports, sample testing, etc. Is management satisfied that these controls work as intended in practice?

ICS 14. Evaluation of Activities

Evaluations of expenditure programmes and other non spending activities are performed to assess the results, impacts and needs that these activities aim to achieve and satisfy. . Appropriate measures are in place to ensure accurate and timely reporting against, mission, objectives and relevant KPI's.

REQUIREMENTS

- Evaluations are performed in accordance with the guiding principles of EC's Evaluation Policy.
- Corresponding evaluation baseline requirements are applied for retrospective evaluations (interim, final and ex-post) while prospective evaluations (ex-ante and impact assessments) follow the relevant specific guidelines.
- An effective reporting system is in place to allow assessment of the results actually achieved against plan at Project and Work Package levels
- There is a procedure in place to periodically assess alignment between achievements and SJU's mission.
- Management information produced by the SJU concerning Programme implementation and results achieved are included in the annual activity reports, is in conformity with applicable requirements and rules.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Are evaluation activities appropriately organised and resourced to meet their purposes?
- Are evaluation activities planned in a transparent and consistent way so that relevant evaluation results are available in due time for operational and strategic decision-making and reporting needs?
- Does the evaluation design provide clear and specific objectives, and appropriate methods and means for managing the evaluation process and its results?
- Do evaluation activities provide reliable, robust and complete results? Are the evaluation reports used by management in practice, i.e. do they have a real impact on the SJU's decision-making or proposals? If not, why?
- Are evaluation results communicated in such a way that they ensure maximum use of the results and that they meet the needs of decision-makers and stakeholders?
- Are programme data quality controls pertinent and sufficiently documented? Is management satisfied that these controls work as intended in practice? Is the Annual Activity Report satisfying the quality requirements from stakeholders?
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ICS 15. Assessment of Internal Control Systems
Management assess the effectiveness of the SJU's key internal control systems at least once a year.

REQUIREMENTS
- Management assess the effectiveness of the SJU's key internal control systems, including the processes carried out by implementing bodies at least annually. Such self-assessments can, for example, be based on staff surveys or interviews combined with management reviews of supervisory reports, results of evaluation and ex-ante/ex-post verifications, audit recommendations and other sources that provide relevant information about the SJU's internal control effectiveness.
- On an annual basis – as part of the SJU Annual Report – the ED and the Accounting Officer signs a statement, to the best of his/her knowledge, on the accuracy and exhaustiveness of the information on management and internal control systems provided in the SJU Annual Report.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS
- Do managers and staff who participate in self-assessments of the SJU's internal control systems have a sufficient understanding of internal control and risk management? If not, what is done to avoid misinterpretations or misunderstandings that could affect the results and conclusions of the exercise?
- Is the self-assessment well organised, pragmatic and value-adding (or is it regarded as a "bureaucratic burden")? Is it sufficiently sponsored by senior management?
- Is the self-assessment focused on the SJU's main activities and risks? A too wide or too detailed scope may reduce its effectiveness.
- Are self-assessment results sufficiently supported, for example via references to other relevant sources?

ICS 16. Internal Audit

The organisation has an internal audit function comprising the Commission's Internal Auditor under the responsibility of the Administrative Board and an Internal Audit Capability under the responsibility of the Executive Director, which provides independent, objective assurance and consulting services designed to add value and improve the operations of the SJU.

REQUIREMENTS

- The role and responsibilities of the internal audit function are formally defined in internal audit charters for both the Commission's Internal Auditor and the Internal Audit Capability.
- The annual audit work programme of the Internal Audit Capability is risk-based, forms part of a multi-annual strategic plan, is approved by the ED, and endorsed by the Administrative Board as part of the SJU Annual Work Programme.
- The Administrative Board and the ED ensure that the internal audit function is independent of the activities they audit.
- The Administrative Board ensures that the internal audit function has sufficient and appropriate resources to perform the work plan.

TIPS FOR ASSESSING CONTROL EFFECTIVENESS

- Does the internal audit function apply, when appropriate for SJU, internationally recognised audit standards, such as the standards issued by the Institute of Internal Auditors (IIA) or equivalent? In particular, are there any situations that could threaten IA's organisational independence? Are the auditors sufficiently aware of the principles of integrity, objectivity, confidentiality and competency, and do they apply them in all of their dealings?