

DECISION
ADB(D) 17-2010

Mission Charter of the Internal Auditor of the SJU

The Administrative Board of the SESAR Joint Undertaking,

Having regard to Article 7a of Council Regulation (EC) 219/2007 as last modified by Council Regulation (EC) 1361/2008, hereinafter the "SJU Statutes";

Having regard to Administrative Board Decision ADB(D)11-2010;

Having regard to Opinion No 2/2010 of the European Court of Auditors;

After having taken into account the opinion expressed by the Internal Auditor of the European Commission in his note dated 14.09.2010 to the Executive Directors of the Clean Sky and Fuel Cells and Hydrogen Joint Undertakings and copied to the SJU Executive Director; as well as the indications of the letter sent by Mr. Gray, Internal Auditor of the EC on 16 October 2010 to the Chairman and the SJU Executive Director;

In order to ensure that the Internal Audit function established in the SJU is in compliance with the Financial Regulation of the European Union, and in particular its article 185 (3) which establishes that "*the Commission's Internal Auditor shall exercise the same powers over the bodies referred to in paragraph 1 as he/she does in respect of Commission departments*";

Considering that the SJU is included in the bodies of Article 185(1) and consequently the provisions of Article 185 (3) of the General Financial Regulation shall apply.

has adopted the following decision:

Article 1

The Mission Charter of the Internal Auditor of the SJU, annexed to this decision with the reference SJU-AB-016-10-DOC-09 bis is approved.

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

Done in Brussels, 31 December 2010.

For the Administrative Board



Daniel Calleja Crespo
The Chairperson

MISSION CHARTER OF THE INTERNAL AUDIT SERVICE OF THE EUROPEAN COMMISSION IN RELATION TO TRADITIONAL AGENCIES AND INDEPENDENT BODIES

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

This mission charter sets out the mission, objectives, reporting and working arrangements essential to the proper fulfilment of the IAS's role to the bodies to which the Internal Auditor of the European Commission provides their internal audit function according to Article 185 of the Financial Regulation or under individual agreements, hereinafter referred to without discrimination as 'Agency'.

1. MISSION AND OBJECTIVES

The **mission** of the Internal Audit Service is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the Agency. The IAS helps the Agency accomplish its objectives by bringing a systematic, disciplined approach in order to evaluate and make recommendations for improving the effectiveness of risk management, control and governance processes². Thereby it promotes a culture of efficient and effective management within the Agency.

Assurance is an objective examination of evidence for the purpose of providing an independent assessment of effectiveness of risk management, control and governance processes. For its assurance services the IAS will rely on risk-based planning and an opinion should be included 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 IAS 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 and managed,

¹ SEC(2000) 560

² Including promoting appropriate ethics and values within the organisation, ensuring effective organisational performance management and accountability, effectively communicating risk and control information to appropriate areas of the organisation.

- 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 IAS work in the Agency is performed under the authority of the Management Board in the meaning of Art. 72.3 of the Framework Financial Regulation³ (thereafter "Board").

The IAS shall be accountable to the Executive Director and the Board (through its Audit Committee if applicable) to:

- Report significant issues related to the audited activities of the Agency, including potential improvements to those processes.
- Report at least annually to the Director and the Board on the IAS mission, authority and responsibility and performance in relation to the annual audit plan. Reporting should also include significant risk exposures and control issues, corporate governance issues and other matters needed or requested by the Agency.

3. INDEPENDENCE AND OBJECTIVITY

No authority may interfere in the conduct of IAS audits or ask the IAS to make any alterations to the content of audit reports.

In order to ensure objectivity in their opinions and avoid conflict of interest, IAS internal auditors must preserve their independence in relation to the activities and operations they 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 address himself/herself directly to the Chairman of the Board.

³ Commission Regulation (EC, Euratom) No 2343/2002

4. RESPONSIBILITY

The Head of the IAS has responsibility to:

- Develop and establish the IAS 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 Board (through its Audit Committee if applicable) for approval.
- Coordinate work with the Internal Audit Capabilities (IACs), as appropriate, for the purpose of providing optimal audit coverage. The coordination with the IACs will be supported through the network of internal auditors (Auditnet for Agencies).
- Coordinate audit planning with the European Court of Auditors (ECA).
- Implement the annual audit plan, as adopted, including as appropriate any special tasks or projects requested by the Director and the Board. He/she may change the annual plan in the course of the year after informing the Director and the Board save for their disagreement.
- Establish a follow-up process in order to monitor that recommendations have been implemented or that the risk of not taking action has been accepted.
- Develop and maintain a quality assurance programme that covers all IAS audit activities and continuously monitor its effectiveness. This programme includes periodic internal and external quality assessments and ongoing internal monitoring.
- Ensure that the IAS resources are appropriate, sufficient and effectively deployed to meet the requirements of the annual work plan.
- Perform its audits in line with the "Mutual Expectations" paper, which describes the relationship between auditor and auditee to clarify responsibilities and align mutual expectations so that audits are smooth, efficient and effective.
- Promptly validate its findings and discuss its recommendations with the auditee. The auditee's position should be reflected in the final report, particularly in the case of disagreement.
- Develop a continuous dialogue with the auditee, to ensure the relevance of the findings and the quality and feasibility of the recommendations for action to be taken. This dialogue should be concluded by means of an exit meeting with the Director, when the main findings and recommendations are presented.
- Effectively and timely communicate results of audit engagements (assurance and consulting) to the Director and the Board (through its Audit Committee if applicable).

- Formally communicate in writing to the Director and the Board (through its Audit Committee if applicable) where the Head of IAS believes that the Agency 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 OLAF⁴ and, as appropriate, to the Director and the Board (through its Audit Committee if applicable).
- Respect confidentiality with regard to the information gathered from the audit and consultancy engagements performed.
- Disclose and explain any failing or inability to meet and comply with the requirements of this charter in the annual work plan and/or annual activity report.

5. AUTHORITY

The Head of the IAS and his/her staff 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.
- 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.
- 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 Head of the IAS and his/her staff is **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 IAS.

⁴ Decision of 2.6.1999 OJ L 149, 16.6.1999, p. 57 and C(2002)845 of 5.3.2002

6. STANDARDS OF AUDIT PRACTICE AND ETHICS

The IAS will adhere to the *International Standards for the Professional Practice of Internal Auditing* as well as the provisions of the Code of Ethics as drawn up by the Institute of Internal Auditors. Such professional standards 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 IAS
Internal Auditor of the
European Commission

Director of Agency

For the Board
Chairman

Done in Brussels,
on

Done in,
on

Done in,
on