

## **Charter of Europol's Internal Audit Capability (IAC)**

### ***SECTION 1*** **Introduction**

Article 84 (1) (a) of the Financial Regulation applicable to Europol specifies that the purpose, authority and responsibility of the IAC shall be provided for in the internal audit charter and shall be subject to the approval of the Management Board (MB) or a duly empowered advisory body established by the MB.

This charter also establishes the vision, mission, objectives, scope of work and accountability considered essential to the proper fulfilment of the IAC's role.

The Executive Director was consulted on the content of the charter.

This charter replaces the one adopted by the MB on 23 September 2009<sup>1</sup>.

### ***SECTION 2*** **Vision**

The IAC shall be recognized as a valuable resource of Europol, directly contributing to its permanent improvement.

### ***SECTION 3*** **Mission and objectives**

The mission of the IAC is to enhance and protect Europol's organisational value, by providing risk-based and objective assurance, advice and insight.

The IAC helps Europol in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of risk management, control, and governance processes, and by issuing recommendations for their improvement, thereby promoting a culture of efficient and effective management within Europol.

---

<sup>1</sup> EDOC#262728

Assurance services are an objective examination of evidence for the purpose of providing an independent assessment of the effectiveness of risk management, control and governance processes. Assurance services are based 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 Europol's management and which are intended to add value and improve Europol's governance, risk management and control processes, without the auditors assuming management responsibility.

The primary objective of the IAC is to determine whether reasonable assurance exists that Europol's established goals are being achieved efficiently and effectively. Other objectives include promoting appropriate ethics and values within the organization, effective performance management and accountability, as well as efficient communication of risks and controls to appropriate areas of the organization.

#### **SECTION 4** **Scope of work**

The scope of work of the IAC encompasses the examination and evaluation of Europol's performance in carrying out assigned responsibilities. The IAC recommendations shall seek to realise an improved value chain in processes, systems and applicable regulatory frameworks of the organisation.

It includes:

- Evaluating the appropriateness of Europol's risk identification and management system;
- Assessing the effectiveness of internal controls and the adequate implementation of the Internal Control Standards (ICS);
- Reviewing the arrangements established to ensure compliance with applicable legislation and regulations, policies, standards, plans and procedures;
- Reviewing the reliability and integrity of significant operating and financial information and the means used to identify, measure, classify and report such information;
- Reviewing programs or operations to ascertain whether results are consistent with established plans and objectives, and determining whether goals have been achieved;
- Evaluating the economy and effectiveness with which resources are employed;
- Reviewing the means of safeguarding assets and, when applicable, verifying the existence of such assets;
- Promoting the development and maintenance of high quality controls in Europol's processes and their implementation throughout Europol;
- Monitoring the implementation of audit recommendations issued by the IAC and reporting on their status;

- Performing regular risk-based audits or ad-hoc checks and consider the potential for the occurrence of fraud, evaluate how Europol manages fraud risk and independently report significant fraud risk exposure and control issues;
- Performing additional audit procedures on signals that require immediate attention by issuing Audit Issue Memos which include findings, recommendations and agreed action plans, in order to strengthen continuous business monitoring;
- Providing consultancy on conflicts of interest in respect of MB members at their request;
- Reviewing specific operations/processes at the request of the MB and the Executive Director.

## **SECTION 5**

### **Accountability**

The IAC shall be solely accountable to the MB.

## **SECTION 6**

### **Independence and Objectivity**

All IAC audit activities shall remain free of influence from any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content, in order to ensure the auditor's independent and objective attitude;

Neither the Head of the IAC nor its staff shall have any direct operational responsibility or authority over the activities audited, in order to preserve their independence in relation to the processes and operations under review;

IAC staff is to exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. In this regard, they shall make a balanced and fair assessment of all relevant circumstances and shall not be unduly influenced by their own interests or by those of others in forming judgments. In performing their duties, IAC staff must, at all times, exercise due professional care;

The Head of the IAC shall address to the Executive Director any issue which, in fact or appearance, might impair the independence or objectivity of the IAC. If the Head of the IAC considers it necessary, he/she may address himself/herself to the MB;

The Head of the IAC shall report functionally to the MB and administratively to the Executive Director. The staff of the IAC shall report to the Head of the IAC.

## **SECTION 7**

### **Responsibilities**

The Head of the IAC is responsible for:

- Managing, overseeing and reporting on operational, performance, financial, regulatory, investigative, compliance related and other types of audits at Europol;
- Providing formal or *ad hoc* consultancy on a variety of cross organizational matters;
- Developing an annual IAC work programme, which includes the annual audit plan drawn up taking into consideration *inter alia* the Executive Director's assessment of risk in Europol. In designing this plan, the Head of the IAC shall:
  - Consult the Executive Director on the areas and activities to be audited;
  - Consider the scope of work of the Internal Audit Service of the Commission (IAS), the European Court of Auditors (ECA), and other internal or external providers of relevant assurance or consulting services and take due account of relevant reports issued , to ensure optimal audit coverage and to prevent the duplication of efforts;
  - Consider and assess the impact on internal controls of new or changing services, processes or operations;
  - Consider specific audit and other consultancy engagements requested by the MB.
- Submitting the draft IAC annual work programme to the MB for review and approval;
- Implementing the IAC annual work programme, as approved, including as appropriate any special tasks or projects requested by the MB or by the Executive Director;
- Providing timely communication on any significant deviation from the formally approved annual IAC work programme to the MB and inform the Executive Director thereof;
- Developing, establishing and reviewing as appropriate the IAC Audit Manual, containing guidelines on the IAC's audit process, and submit it to the MB for approval;
- Maintaining a professional audit team with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this charter;
- Reporting to the MB and the Executive Director on the IAC's findings and recommendations;
- Reporting periodically to the MB and the Executive Director on the conformance of the IAC activity with the Code of Ethics and the Standards referred to in Section 9.
- Providing the auditee and the management responsible for the activities/processes under review with a draft of each audit report as appropriate;
- Providing all final audit reports, which should reflect the auditee's and management's positions to the MB and to the Executive Director. The Executive Director shall have the opportunity to comment on the report to the MB. The Head of the IAC shall not be obliged to make revisions to the final audit reports.

However, any unresolved comments from the Executive Director may be forwarded separately by the Executive Director to the Management Board;

- Providing the MB and the Executive Director with an IAC Annual Activity Report, including the summary of the results of the internal audits conducted during the year;
- Issuing ad-hoc reports in case significant changes or weaknesses of Europol's system of internal controls are noted;
- Developing and maintaining a quality assurance and development programme that covers all of the IAC's activities and continuously monitoring its efficiency and effectiveness, including an external quality assessment to be performed at least once every five years;
- Ensuring that IAC staff enhance their knowledge, skills and other competencies through continuing professional development;
- Ensuring cooperation with the IAS and, where appropriate, with the ECA.

### **SECTION 8** **Authority**

The Head of the IAC and its staff are authorized to:

- Have unrestricted access to all Europol's records, information systems, property and personnel, as considered necessary for the fulfilment of their duties;
- Obtain the necessary assistance from personnel in Europol's Business Areas where audits are performed, as well as from other relevant services from within or outside the organization;
- Allocate resources, set frequencies, select subjects, determine scope of work and apply 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 affect Europol's landscape of internal controls;
- Attend internal meetings at Europol - in an observer capacity - as deemed necessary for the adequate performance of audit tasks.

The Head of the IAC shall have full and unrestricted access to the Chairperson of the MB and to the Board.

The Head of the IAC and its staff are not authorized to:

- Perform any operational duties for Europol;
- Initiate or approve financial transactions external to the internal auditing activity;
- Direct the activities of any Europol employee not permanently assigned to the IAC, except to the extent that such employees have been appropriately and temporarily assigned to assist the audit team.

**SECTION 9**  
**Professional standards**

The IAC shall adhere to the principles set forth in the mandatory guidance of the International Professional Practices Framework (IPPF) promulgated by the Institute of Internal Auditors<sup>2</sup>. The mandatory elements of the IPPF are:

- The core principles for the Professional Practice of Internal Auditing;
- The Definition of Internal Auditing;
- The Code of Ethics, and
- The International Standards for the Professional Practice of Internal Auditing.

In addition, the IAC shall adhere to EU and other regulations, policies and procedures applicable to Europol and its staff. In the event of discrepancies, requirements originating from EU or Europol regulations shall take precedence.

**SECTION 10**  
**Relations with other audit capabilities**

The IAC shall liaise with the IAS of the Commission.

The IAC shall participate in the Commission's network of internal auditors (AuditNet for EU Bodies).

**SECTION 11**  
**Charter periodic assessment**

The Head of the IAC shall periodically assess whether the purpose, authority and responsibilities of the IAC, as defined in this charter, continue to be adequate to enable the IAC accomplish its objectives.

The result of this periodic assessment shall be communicated to the MB and to the Executive Director. Any proposed modifications to this charter shall follow the approval process used for its establishment.

For the Management Board  
The Chairperson

Mr Priit Pärkna

---

<sup>2</sup> <https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Mandatory-Guidance.aspx> (as on 28.08.2017)