

**MISSION CHARTER OF THE  
INTERNAL AUDIT SERVICE OF THE EUROPEAN COMMISSION  
IN RELATION TO FUSION FOR ENERGY**

The Internal Audit Service (IAS) was established by Commission Decision on 11 April 2000<sup>1</sup>.

This mission charter sets out the mission, objectives, reporting and working arrangements essential to the proper fulfillment of the IAS' role to the bodies to which the Internal Auditor of the European Commission has to provide their statutory internal audit function according to Article 185 of the General Financial Regulation or under individual agreements, hereinafter referred to without discrimination as 'Agency' or 'Joint Undertaking' (JU).

**I. 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 JU. The IAS helps the JU accomplish its objectives by bringing a systematic, disciplined approach in order to evaluate and make recommendations for improving the effectiveness of governance, risk management and control processes<sup>2</sup>. Thereby it promotes a culture of efficient and effective management within the JU.

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 JU's governance, risk management and control processes without the internal auditor assuming management responsibility.

The **primary objective** of the IAS is to provide the JU 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.
- Significant financial, managerial and operating information is accurate, reliable and timely,

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<sup>1</sup> SEC(2000) 560

<sup>2</sup> including promoting appropriate ethics and values within the organization, ensuring effective organizational performance management and accountability, effectively communicating risk and control information to appropriate areas of the organization.

- The JU's policies, procedures and applicable laws and regulations are complied with,
- The JU's objectives are achieved effectively and efficiently,
- The development and maintenance of high-quality control processes are promoted throughout the JU.

## **2. ACCOUNTABILITY**

The IAS work in the JU is performed under the authority of the Governing Board in the meaning of Art. 72.3 of the Framework Financial Regulation<sup>3</sup> (thereafter "Board").

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

- Report significant issues related to the audited activities of the JU, 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 JU.

## **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. The Head of IAS shall confirm annually to the Governing Board the independence of the internal audit activity in his/her remit.

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.

## **4, RESPONSIBILITY**

The Head of the IAS has responsibility to:

- Develop and establish the IAS audit procedures.
- Develop a three-years audit plan and an internal 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 the Audit Committee if applicable) for approval.

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

- Coordinate work with the Internal Audit Capability (IAC), 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 JU management has accepted an unreasonably high level of risk.
- Report any suspected fraudulent activities within the JU to the Director, the Board, the Audit Committee and OLAF<sup>4</sup>, save in cases in which it is inappropriate.
- 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.

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

## 5. AUTHORITY

The Head of the IAS and his/her staff are authorized to:

- Have unrestricted access to all functions, information systems, records, property and personnel within the JU, as considered necessary for the fulfillment of their duties.
- Obtain the necessary assistance of JU 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 JU's internal control system.

The Head of the IAS and his/her staff is **not** authorized to:

- Perform any operational duties for the JU.
- Initiate or approve financial transactions.
- Direct the activities of JU staff except to the extent such staff members have been appropriately assigned to auditing teams or to otherwise assist the IAS.

## 6. STANDARDS OF AUDIT PRACTICE AND ETHICS

The IAS will adhere to the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing as drawn up by the Institute of Internal Auditors. Such professional standards will be applied in accordance with regulations applicable to the JU. In the event of discrepancies, requirements originating from EU Regulations and JU decisions shall take precedence.



Director General of IAS  
Internal Auditor of the  
European Commission

Done in Brussels,  
on 20 Jan 2012



Director of  
Fusion for Energy

Done in Barcelona,  
on 7 Dec 2011



For the Governing Board  
Chairman

Done in Barcelona.  
on 25<sup>th</sup> November 2011