

DECISION OF THE COLLEGE OF THE EUROPEAN PUBLIC PROSECUTOR'S OFFICE OF 14 DECEMBER 2022

ON THE INTERNAL AUDIT CAPABILITY (IAC) ACTIVITY PLAN 2022-2024

The College of the European Public Prosecutor's Office (EPPO),

Having regard to Council Regulation (EU) 1939/2017 of 12 October 2017¹, implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('EPPO'), hereinafter "the constituent act";

Having regard to Regulation (EU, Euratom) 2018/1046² of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, and in particular Article 70, hereinafter referred to as "Financial Regulation",

Having regard to Decision 002/2021 of the College of the European Public Prosecutor's Office on the Financial Rules applicable to the EPPO, hereinafter referred to as "EPPO's Financial Rules", and in particular Article 81 thereof,

Whereas:

In accordance with Article 81 (1) of the EPPO Financial Rules:

- (1) The College may establish, with due regard to cost effectiveness and added value, an internal audit capability that shall perform its duties in compliance with the relevant international standards.

[...] The annual audit plan of an internal audit capability shall be drawn up by the Head of internal audit capability taking into consideration, inter alia, the Administrative Director's assessment of risk in the EPPO. It shall be reviewed and approved by the College.

¹ OJ L 283, 31.10.2017, p. 1–71.

² OJ L 193, 30.7.2018, p. 1–222.

HAS DECIDED AS FOLLOWS:

Article 1

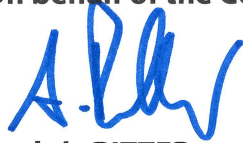
The Internal Audit Capability (IAC) of the European Public Prosecutor's Office ('EPPO') shall conduct the activities as described in its Activity Plan for 2022-2024 laid down in the Annex, which is an integral part of this decision.

Article 2

This decision shall take effect on the day following its adoption.

Done at Luxembourg on 14 December 2022.

On behalf of the College,



Andrés RITTER

Deputy European Chief Prosecutor



ANNEX: Internal Audit Capability Activity Plan for 2022-2024

This document describes the activity audit plan established by the Internal Audit Capability (IAC) for the period of 2022-2024.

1. Background

- 1.1. The IAC is responsible for providing independent, objective and risk-based assurance and consulting services to EPPO's European Chief Prosecutor, College and Management, in view of helping the Organization accomplish its objectives, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- 1.2. Pursuant to Article 81(1) of EPPO's Financial Rules, "[t]he annual audit plan of an internal audit capability shall be drawn up by the Head of internal audit capability taking into consideration, inter alia, the Administrative Director's assessment of risk in the EPPO. It shall be reviewed and approved by the College".
- 1.3. In accordance with the Standards promulgated by the Institute of Internal Auditors (IIA),¹ the Head of the IAC developed the following risk-based activity plan for 2022-2024, considering the organization's risk management framework, input from key management representatives, and mandatory IIA requirements.
- 1.4. The IAC activity plan covers three years, from 2022 to 2024. It will regularly be reviewed and adjusted, as necessary, in response to changes in the Organization's priorities, risks, operations, programs, systems, and controls.

2. Methodology

- 2.1. To identify the IAC's priorities for 2022-2024, the Head of the IAC adopted the following methodology:
 - a) Identification of the IAC's audit universe
- 2.2. The Head of the IAC identified the IAC's "audit universe", which is an inventory of all areas potentially subject to audit by the IAC in the EPPO. The audit universe explains all the organisational structure, systems, areas, processes and operations that could be evaluated in the internal audit process. It comprises all EPPO's organizational

¹ The Institute of Internal Auditors (IIA) provides internal audit professionals worldwide with authoritative guidance organized in the International Professional Practices Framework (IPPF). The IPPF includes mandatory standards and recommended guidance. Pursuant to IIA Standard 2010, "[t]he chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals". For more details: [Standards \(theiia.org\)](https://theiia.org).

Furthermore, according to IIA Standard 2020, "[t]he chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations".

structures, systems, processes and activities, at Headquarters (Luxembourg) and Country Offices levels, without prejudice of the confidentiality of case-related data.²

b) Analysis of EPPO's Risk Management Framework

- 2.3. The College adopted EPPO's risk management policy on 12 May 2021.³ Since then, the EPPO maintains a risk register where perceived risks that could affect the achievement of the Organization's objectives are periodically identified, analysed and monitored.
- 2.4. The IAC perused the risk register (last updated in February 2022) and reviewed the mitigation measures proposed by management for reducing the identified risks to acceptable levels. The IAC focussed on those risks perceived as "high" or "medium" (in terms of likelihood and impact), for which the IAC could bring added value in the identification and implementation of mitigating internal controls.

c) Interviews of key management representatives

- 2.5. The IAC consulted several management representatives, to obtain an understanding of the Organization's key challenges, priorities and risks. The list of persons interviewed includes the Head of Strategy and Executive Office, Advisors to the Office of the European Chief Prosecutor, the Head of Operations and College Support, the Head of Finance and Procurement a.i., the Head of Human Resources, the Head of IT, Security and Corporate Services, the Head of Legal Unit and the Data Protection Officer.
- 2.6. As part of the process for elaborating its activity plan for 2022-2024, the IAC also consulted the Administrative Director, in order to take into consideration his assessment of risks and discuss about IAC's priorities.
- 2.7. Whenever possible, the IAC's activity plan for 2022-2024 has been adjusted in response to the major risks, priorities and expectations expressed by the persons interviewed.

d) IPPF requirements

- 2.8. The requirements of the International Professional Practices Framework (IPPF)⁴ were also considered when establishing the activity plan for 2022-2024.

e) Consultations and coordination with the Internal Audit Service (IAS)

- 2.9. The IAC's activity plan was communicated and discussed with the Internal Audit Service (IAS) in order to (i) ensure coordination and complementarity, (ii) maximize the audit coverage, and (iii) avoid overlapping or duplication of activities.

² Pursuant to Article 81 (4) of EPPO's Financial Rules, the internal audits shall be undertaken in a way which safeguards the protection of case-related data.

³ College Decision 043/2021, *EPPO's Risk Management Policy* – 12 May 2021.

⁴ The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by the IIA.

- 2.10. As a reminder, the IAS submitted in May 2022 its risk-based Strategic Internal Audit Plan (SIAP),⁵ describing its priorities for 2022-2024. Like for the IAC activity plan for 2022-2024, the SIAP is based on the results of a detailed risk-assessment and interview meetings with selected EPPO managers and staff. The IAS identified the following three prospective internal audit assignments, to be conducted in 2022-2024:
1. **Limited review of building blocks of assurance:** The objective of this limited review will be to assess the adequacy of the systems, procedures and processes that are needed to effectively support the preparation of the Consolidated Annual Activity Report (CAAR) and the Administrative Director's Declaration of Assurance and the assessment of the CAAR by the College (expected on Q1-2023).
 2. **Human resources management:** The objective of this audit will be to assess whether the internal control system of the HR management is adequately designed and effectively supports the achievement of the EPPO's operational objectives, including the implementation of high ethical standards (expected on Q3-Q4 2023).
 3. **IT governance:** The objective of this audit will be to assess the adequacy and effectiveness of the IT and information security governance in the EPPO.
- 2.11. The IAC activity plan for 2022-2024 is aligned with the Strategic Internal Audit Plan (SIAP) 2022-2024 of the IAS.

3. Staff Resources

- 3.1. Pursuant to the IIA Standard 2030, the Head of the IAC must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
- 3.2. The IAC is currently composed of one certified Senior Internal Auditor (Head of the IAC).
- 3.3. In accordance with the IAC Charter, the Head of the IAC may decide to assign specialized internal or external resources to those audit engagements included in the activity plan for 2022-2022 for which the IAC does not have appropriate or sufficient resources and expertise.

4. IAC's Priorities for 2022-2024

- 4.1. Based on the above-mentioned risk-based approach, the IAC has identified the following objectives for 2022-2024:
 - 1) Establish and solidify the IAC's foundations;

⁵ Ref. Ares(2022)3560770 – 10 May 2022.

- 2) Complete the assignments included in the IAC's internal audit plan for 2022-2024; and
- 3) Provide other support and advice to the College, management and staff.

Objective 1: Establish and solidify the IAC's foundations

- 4.2. In order to promote a sound ethical environment, as well as robust internal controls at the EPPO, and to reinforce the role and the image of the IAC at the EPPO, the following activities shall be conducted:
- Draft the IAC Charter, which constitutes the framework within which the IAC will operate, and submit it to the College for review and approval. The IAC Charter will subsequently be reviewed as and when required;
 - Establish relevant internal audit policies, procedures and/or guidelines, based on IIA standards and best practices applied in other European entities, to guide the IAC on its day-to-day activities;
 - Implement state-of-the-art audit tools and techniques (e.g. process mapping and statistics software, audit management tool, etc.), to provide the highest quality standard audit work deliverables;
 - Participate in the establishment of a procedure for internal administrative investigations and disciplinary actions, in collaboration with the Legal Unit, in order to reinforce EPPO's internal justice system and allow the EPPO to efficiently and effectively detect, investigate and act upon allegations of misconduct involving persons subject to EPPO's staff regulations;
 - Participate in the review and implementation of the EPPO's anti-fraud strategy,⁶ in collaboration with the Internal Control Officer and the Legal Unit, to promote and maintain a culture of integrity and honesty at the EPPO, and to combat acts of fraud and corruption against the EPPO;
 - Design and deliver trainings on the Code of Good Administrative Behaviour (CGAB) and the Anti-Fraud Strategy (pending the appointment of the Internal Control Officer);
 - Enhance the visibility of the IAC, through the design of dedicated pages on EPPO's website and intranet, and the participation to the induction programme for newcomers (to explain the mandate and the role of the IAC to staff members and external parties);
 - Develop and maintain a consolidated register to monitor the implementation of audit and oversight recommendations, including those recommendations made by the IAC, IAS, ECA and Internal Control Officer;

⁶ The EPPO's latest Anti-Fraud Strategy was adopted by the College in April 2021 - College Decision 020/2021.

- Develop a quality assurance and improvement program (QAIP), designed to enable an evaluation of the IAC's performance and conformance with the IIA Standards. The QAIP will consist in satisfaction surveys to be systematically sent to auditees at the end of each audit engagement, and quality self-assessments to be conducted in 2023 and 2024;
 - Reinforce the capacity and capability of the IAC, if required; and
 - Represent the EPPO in international professional forums, such as the Audit Network of the European Commission (AuditNet) and the Heads of Internal Audit Services of International Organizations based in Europe (HOIA).
- 4.3. The following table summarizes the different activities foreseen in 2022-2024 for establishing and solidifying the IAC's foundations:

Table 1: Establishing and solidifying the IAC's foundations

Activity	2022	2023	2024
1. Draft the IAC Charter (and subsequent reviews)	x	(x)	(x)
2. Establish IAC policies, procedures and/or guidelines	x	x	x
3. Implement audit tools and techniques	x	x	X
4. Participate in the establishment of a procedure for internal administrative investigations and disciplinary actions		x	x
5. Participate in the review and implementation of the EPPO's anti-fraud strategy		x	
6. Design and deliver trainings on the CGAB and the Anti-Fraud Strategy	x		
7. Design dedicated pages on EPPO's website and intranet (and subsequent updates)		x	(x)
8. Develop and maintain a consolidated register to monitor the implementation of audit and oversight recommendations	x	x	x
9. Develop and implement a quality assurance and improvement program	x	x	x
10. Reinforce the capacity and capability of the IAC	x	x	x
11. Represent the EPPO in international professional forums	x	x	x

Objective 2: Complete the assignments included in the IAC's internal audit plan

4.4. The IAC followed the above-mentioned risk-based methodology to prioritize the audit assignments to be included in the internal audit plan for 2022-2024. The IAC established the following list of potential internal audit assignments to be conducted in 2022-2024:

1. **Preliminary review of Human resources processes:** The Human Resources (HR) Unit is undersized for an Organization such as the EPPO, and has until now been focussing mainly on recruitment. Several HR processes, such as the management of payroll and entitlements, are currently handled externally by the Paymaster Office (PMO) of the European Commission. With the short-term project of the EPPO to internalize all HR processes and reach a high level of autonomy, there is a major risk that the HR Unit may be insufficiently staffed and prepared to adequately cover all the HR dimensions and to ensure compliance with applicable European Union Public Administration Standards. The IAS is planning to conduct a detailed audit of HR management at the EPPO in late 2023. The objective of the IAC will be to provide support to the HR Unit in identifying potential gaps in its practices (gap analysis), and in preparing its processes, tools and practices for the upcoming IAS audit (with special focus on the controls performed on the accuracy of payroll and allowances records).
2. **Assurance on the proper implementation of European Delegated Prosecutors' (EDPs) entitlements and allowances at the EPPO:** Special focus will be given to the effectiveness of the reporting and salary recuperation mechanisms for EDPs working on an exceptional basis for national authorities. EDPs are subject to national human resources legislations, which may vary from one country to another. The EPPO has signed several Memorandums of Understanding with Member States authorizing some EDPs to work on an exceptional basis for their national authorities. However, there is no clearly established mechanism for reporting and controlling the salary deductions to be applied to EDPs working on an exceptional basis for national authorities. The objective of the audit will be to provide support to the Human Resources and Finance Units for establishing sound mechanisms to report and control the time worked by EDPs for their national authorities.
3. **EPPO's portfolio of insurances:** The EPPO has contracted several insurances aiming at minimizing potential losses arising from future risks and uncertainties related to its staff and premises. The objective of the audit will be to analyse the relevance of EPPO's portfolio of insurances, and ensure its compliance with the Luxembourgian legislation and good practices applied in other International and European Organizations.
4. **EPPO security:** The nature of the activities conducted by the EPPO requires the adoption of strict standards of security, to protect EPPO's building, premises and staff members against any sort of potential physical threat. The objective of the internal audit will be to assess if the security structure and procedures at the EPPO