Internal Audit Process in EU Agencies and Bodies

Version 1-23/02/2012

AUDIT ENGAGEMENT

1. AUDIT ENGAGEMENT PHASES

2. FOLLOW UP OF AUDIT RECOMMENDATIONS

3. OVERVIEW

1. AUDIT ENGAGEMENT PHASES

1.A.	**ANNUAL PLANNING**

0	**Standards**
	The following IIA Standards (and their Practice Advisories) should be taken into account to plan the audit engagement:
	* 2200-Engagement Planning
	* 2201-Planning Considerations
	* 2230-Engagement Resource Allocation.
1	**Annual Audit Planning**
	Based on the strategic audit plans for all entities in the IAS.A portfolio, Director A prepares the Annual Audit Plan for EU Agencies and Bodies. Audit Managers and Planning and Monitoring Officer assist Director A in a better allocation of topics, time and human resources.
	The IAS Director General approves the Annual Audit Plan for the IAS.A portfolio, including audit topics, time budget and assignment of audit engagements to Audit Managers and Team Leaders.
	Deadline: IAS Director General decision is taken in December/January. It may be adjusted in June/September on request by Director A.
	Actors: Director General, Director A, Audit Managers and Planning and Monitoring Officer.
2	**Creation of Audit engagement in GRC**
	Planning and Monitoring Officer creates audit engagements in GRC and contacts IAS Mailroom and Document Management Officer to open the corresponding files in Ares.
	Deadline: By default, within a week after IAS Director General decision. May be done earlier for the audit topics which are confirmed before the Annual Audit Plan is finalised.
	Actors: Planning and Monitoring Officer and Document Management Officer.

1.B. PLANNING & PRELIMINARY SURVEY

0	**Standards**
	The following IIA Standards (and their Practice Advisories) should be taken into account to plan the audit engagement and perform the preliminary survey:
	* 2200-Engagement Planning
	* 2201-Planning Considerations
	* 2210-Engagement Objectives,
	* 2220-Engagement Scope,
	* 2230-Engagement Resource Allocation.
	* 2240-Engagement Work Program.
	The IIA Code of Ethics (Principles and Rules of Conduct) applies to individuals that perform internal audit engagement: Integrity, Objectivity, Confidentiality and Competency.
1	**Audit Engagement Scheduling**
	Based on timing acceptable to Entity and profile and availability of IAS staff, Planning and Monitoring Officer proposes timing, which is confirmed by the Audit Team and Audit Manager . Director A is involved in case of conflicting engagements between Audit Managers.
	Audit Team members are obliged to inform Audit Manager and Director A if they are, or may be perceived to be, in a conflict of interest in performing the engagement. The decision whether an Audit Team member may remain on the assignment is taken by Director A.
	Audit Manager is obliged to inform Director A and Director General if he/she is, or may be perceived to be, in a conflict of interest in managing the engagement. The decision whether Audit Manager may remain on the assignment is taken by Director General.
	Best practice:
	– Audit Team members confirm to Audit Manager that they do not have any conflict of interest to perform the engagement.
	– Team Leader assesses the specific engagement and may propose to Audit Manager a non-standard timing of individual engagement phases and milestones (e.g. longer fieldwork at Entity for the preparation of the debriefing meeting). The deadlines are defined appropriately.
	Deadline: By default, one month before starting the preliminary survey (= sending the announcement letter).
	Actors: Director A, Audit Manager, Team Leader, Auditors and Planning and Monitoring Officer.

2	**Audit Checklists Creation in GRC**
	Three Audit Checklists are created in the Audit Form using the Directorate A templates:
	A. Planning & Preliminary Survey,
	B. Fieldwork
	C. Reporting & Closing
	Deadline: By default, before sending the announcement letter.
	Actor: Team Leader
3	**Transmission of Announcement Letter (AL) = start of preliminary survey**
	The preparation of the announcement letter is initiated by Audit Manager during the Unit Planning Meeting, based on information prepared by Planning and Monitoring Officer. Secretariat prepares and launches an e-signatory for the announcement in Ares (AL+ Annexes)
	The announcement letter is prepared based on the template available in IAS Intranet and GRC standard Library (http://www.cc.cec/dgintranet/ias/methodology/agencies_audit_process.htm).
	The announcement letter includes the following annexes:
	• Annex 1 - Mutual Expectations Paper (version for audit in EU Agencies and Bodies) http://www.cc.cec/dgintranet/ias/docs/methodology/agencies/mep_2010_en.pdf
	• Annex 2 - Processing of Personal Data in the course of IAS Audits http://www.cc.cec/dgintranet/ias/docs/methodology/agencies/annex%202_personal_data.pdf
	• Annex 3 - Office Facilities http://www.cc.cec/dgintranet/ias/docs/methodology/agencies/annex_3_office_facilities.pdf
	The announcement letter is sent by the IAS Director General to:
	• Entity Executive Director,
	• Entity Board via its Chairperson,
	and copied to Entity IAC.
	IAS.A.QA mailbox, Director A, Audit Manager, Head of Unit and Team Leader are in copy of the transmission e-mail.
	GRC: The transmitted announcement letter, and reminder if any, (or Ares registration number) are attached to the Planning Checklist by Secretariat.
	Deadline: By default, at least one month before the start of the fieldwork.
	Actors: Secretariat.
	Ares visa chain: Team Leader / Audit Manager / (Head of Unit) / Director A / Assistant / Director General (for signature).

4	**Meeting Arrangements**
	The following meetings are set up and arranged:

- IAS Progress Meeting with IAS Director General and/or Director A;
- Preliminary interviews with key auditees;
- Opening meeting with Entity Executive Director;
- Meetings during fieldwork at Entity, including the kick-off meeting and debriefing meeting,
- Closing meeting with the Entity Executive Director.

The meetings in Entity are scheduled through the Entity contact person.

Deadline: As soon as possible. For meetings in Entity - once Entity reply has been received.

Actors: Team Leader, Audit Manager, Entity contact person, Secretariat

5	**Mission Arrangements**

If missions are needed, the respective mission orders have to be set up and arranged.

Travel and accommodation arrangements should be coordinated between all the persons on mission and be appropriate for the timing of the work at Entity.

Guidelines on the management and administration of missions in the IAS in force apply. http://www.cc.cec/dgintranet/ias/admin/missions_en.htm

Mission orders are approved by the respective Head of Unit, after consulting Audit Manager in charge of the engagement.

Deadline: By default, once Entity reply has been received.

Actors: Person on mission, Head of Unit, Audit Manager.

6	**Audit Team Briefing Meeting No. 1**

Objectives:

- Share information and experience (environment of the audit, results of prior audit work, permanent files...);
- Discuss the work to be performed during the desk review;
- Define the documents to be read by the Audit Team
- Brainstorm on audit objectives and scope.

Deadline: By default, in the first week of the preliminary survey.

Actors: Audit Manager, Team Leader and Auditors.

7	**Desk Review**
	The Audit Team reads/reviews the documents assigned to them in the Team Briefing Meeting.
	GRC:
	– The reviewed key documents are attached to the Entity Permanent File (in Ares and GRC) and the link to Permanent File is inserted in the Planning Checklist.
	– The reviewed documents that are relevant for the engagement only (e.g. procedure) are attached to the Planning Checklist (directly or in a separate Workpaper).
	– Key conclusions from the review are recorded in the Planning Checklist.
	– Audit Program(s) may be created in the Audit Form to start assessing and rating Audit Processes, Audit Risks and Audit Controls.
	– In case of an audit finding at this stage, an Audit Issue is opened from a Workpaper.
	Deadline: By default, in the first week of the preliminary survey.
	Actors: Team Leader and Auditors (if needed).
8	**Contacting Stakeholders**
	The representatives of the parent DG and the correspondent in charge in ECA (European Court of Auditors) are contacted.
	Team Leader assesses whether other stakeholders should be contacted (Entity Board, OLAF, Cabinet, etc.).
	Objectives:
	• Inform stakeholders on the new IAS audit assignment, and
	• Obtain information and expectations in relation with the objective and scope of the audit planned.
	GRC: Key information is recorded in the Planning Checklist.
	Any new relevant documents are attached:
	- to the Planning Checklist (directly or in a separate Workpaper), or
	- if appropriate - to the Entity Permanent File and referenced in the Planning Checklist (Ares registration number or link).
	Deadline: By default, in the first week of the preliminary survey.
	Actors: Team Leader and Auditors (if needed)

9	**Audit Team Briefing Meeting No. 2**
	An internal meeting is organised to discuss the way preliminary meetings should be conducted and refine potential objectives and scope of the audit engagement. Possible audit scope exclusions are discussed.
	In preparation for the future Entity preliminary interviews, Team Leader, if applicable based on GRC Audit Program(s), establishes:
	• A draft mapping of the processes and sub-processes to be covered during the preliminary interviews, and
	• A pre-assessment of the inherent risks (from prior risk assessment), the expected key controls to be implemented in mitigation of the risks identified and residual risks.
	Deadline: By default, in the first week of the preliminary survey.
	Actors: Audit Manager, Team Leader and Auditors.
10	**Preliminary Interviews with Key Auditee(s)**
	Objectives:
	• Gain a better understanding of the (sub)processes or activity to be audited;
	• Obtain the policy, procedure or a flowchart for the audited (sub)process or activity;
	• Elicit views on the strengths and areas for improvement;
	• Discuss the inherent risks and identify the controls in the (sub)process or activity under review;
	• Provide initial assessment of adequacy of their design,
	• Identify possible scope limitations.
	The preliminary interviews should identify key controls (not all controls) in order to allow focusing the audit fieldwork on validation of their adequacy and effectiveness, and stronger conclusions from the transaction testing thanks to the selection of broader samples.
	GRC:
	– Key results and conclusions of preliminary interviews are recorded in Planning Checklist.
	– Open an Audit Issue from a Workpaper in case of any audit finding (typically at this stage: non existence or clear inadequacy of control design).
	Deadline: By default, in the second week of the preliminary survey.
	Actors: Key auditee(s), Audit Manager and Team Leader.

11	**Opening Meeting with Executive Director** On basis of the preliminary interviews conducted with auditee(s), Audit Manager and Team Leader discuss the objectives and scope of the audit with the Entity Executive Director, including possible scope limitations. **Best Practice:** – Audit Manager and Team Leader underline that Executive Director is an audit client, not auditee, and ask for his/her expectations. They state clearly that objectives and scope are subjected to endorsement by the IAS Director General. – If new risk areas for future audits are identified during these preliminary interviews, they should also be presented and discussed. – Availability of Entity Executive Director for the future closing meeting is confirmed. **GRC:** Key results and conclusions of the opening meeting are recorded in Planning Checklist **Deadline:** By default, in the second week of the preliminary survey. **Actors:** Entity Executive Director, Audit Manager and Team Leader
12	**Audit Team Debriefing Meeting No. 3** Objectives: • Share information received during the preliminary interviews and the opening meeting; • Discuss inputs for the Risk and Control Matrix (RCM) and the Engagement Planning Memorandum (EPM); • Discuss GRC organisation; • Allocate tasks to Audit Team members. **Deadline:** By default, in the second week of the preliminary survey. **Actors:** Audit Manager, Team Leader and Auditors.

13	**Risk and Control Matrix (RCM)**
	The risk assessment for the process or activity is completed, including an assessment of the inherent risks and an evaluation of the mitigating controls implemented. The risk assessment performed is a major input for the RCM and basis of the definition of the audit objective and scope.

The objective of the RCM is to present the process or activity objectives, related risks and key controls of the process or activity under review and to outline the audit approach.

The RCM table is prepared based on the template available in IAS Intranet and GRC Standard Library or GRC Ad-hoc Report.

(http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm Annex 7).

The RCM is an internal IAS document and, by default, not for perusal and reference by the Auditee.

Best Practice: A flowchart of processes or diagram of activity audited is prepared.

GRC:

– A specific Workpaper is generated from the Planning Checklist for EPM and RCM.

– If the risks are not fully listed for the process or activity covered by the audit, the auditors should add the risks identified into the Audit Program section of the audit.

– The risk description and values should be filled in.

– RCM table is attached to the Fieldwork/Reporting Checklists and updated accordingly during fieldwork and reporting phases.

Deadline: By default, at the beginning of the third week of the preliminary survey.

Actors: Team Leader and Auditors |

14	**Engagement Planning Memorandum (EPM)**
	The EPM is prepared based on the template available in IAS Intranet and GRC Standard Library (http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm Annex 7).
	The EPM contains:
	• Audit objective and scope;
	• Main risk related to the audited (sub)process or activity obtained from the Risk and Control Matrix;
	• Audit methodology (general description of audit approach, i.e. techniques planned – desk review of documents, survey and its analysis, interviews, walk-through for assessing adequacy of control design, type and sample rate for testing for effectiveness of control, re-performance, analytical review, etc.),
	• Milestones and resources.
	Any divergence between the audit theme presented in the IAS Strategic Audit Plan and the process/activity proposed to be audited, as well as justification for any scope exclusions should be documented
	Once EPM is established and validated by the Audit Manager, it is transmitted, together with the RCM, to Quality Officer three days before the IAS Progress Meeting.
	GRC: A specific Workpaper is created from the Checklist for EPM and RCM.
	Best Practice: GRC functionality is used for sending the EPM and RCM to Quality Officer.
	Deadline: By default, in the third week of the preliminary survey and at least three working days before the progress meeting.
	Actors: Audit Manager and Team Leader
15	**EPM & RCM Review by Quality Officer**
	EPM and RCM are reviewed by the Quality Officer, applying the Quality Assurance Review Checklist for EPM and RCM (http://www.cc.cec/dgintranet/ias/docs/methodology/agencies/checklist_implementation_of_%20qa_2009.pdf-)
	The EPM and RCM with Quality Assurance comments are transmitted to Director A.
	Best Practice: GRC functionality is used for reviewing and sending the EPM and RCM to Director A.
	Deadline: One day. By default, in the third week of the preliminary survey and two days before the progress meeting.
	Actors: Quality Officer

16	**EPM and RCM Review by Director A**
	Director A reviews EPM and RCM.
	A preparatory meeting may be held, mainly when negative Quality Assurance opinion was issued, where Director A and Quality Officer discuss the EPM & RCM with Audit Manager & Team Leader.
	Once EPM & RCM are validated by Director A or no comments are received from Quality Officer and Director A within the deadline, Audit Manager transmits EPM & RCM to IAS Director General via E-mail, one day before the progress meeting IAS.A.QA mailbox is in copy.
	Best Practice: GRC functionality is used for reviewing and sending back the EPM and RCM to Audit Manager.
	Deadline: One day. By default, in the third week of the preliminary survey and, at least, one day before the progress meeting.
	Actors: Director A, optional: Quality Officer, Audit Manager and Team Leader
17	**IAS Progress Meeting**
	The objectives, scope, scope exclusions and major risks to be covered by the Audit engagement are presented and discussed with the IAS Director General.
	The EPM and RCM are updated on the basis of Senior Management input.
	GRC:
	The final version of EPM and RCM (in Word) is attached to the EPM / RCM Workpaper by Team Leader.
	GRC functionality is used for sending the EPM / RCM Workpaper for approval. EPM / RCM Workpaper has the following approval chain: 1. Audit Manager and 2. Director A.
	Note:
	If, in the course of the audit, the RCM needs to be updated / completed, an additional EPM has to be issued, highlighting the sections added or modified as well as the justification for the update. Any update in the EPM during the fieldwork is subject to prior approval by the Audit Manager (via e-mail) after consulting Director A.
	Deadline: One day. By default, on Monday in the fourth week of the preliminary survey and not later than 5 working days before start of the fieldwork.
	Actors: Director General, Director A, Quality Officer, Audit Manager, Team Leader and Auditors.

18	**Transmission of EPM**
	Once IAS Director General comments are included, and EPM is approved in GRC, it is transmitted, via e-mail, by the Audit Manager to:
	• Entity Executive Director and Entity Board Chairman (audit clients);
	• Entity Audit Contact person (auditee), together with the list of the selected files (if any) to be prepared for the fieldwork in the Entity
	with copy to the Entity contact person, IAS.A.QA mailbox and Team Leader.
	The RCM is not sent with the EPM.
	GRC:
	− GRC functionality is used for sending the EPM and RCM for approval.
	− The EPM / RCM Workpaper has the following approval chain: 1. Audit Manager and 2. Director A.
	− The transmitted EPM is attached to the Planning Checklist by Team Leader.
	Deadline: By default, in the fourth week of the Preliminary survey and not later than 3 working days before the start of the fieldwork.
	Actors: Team Leader, Audit Manager, Director A.
19	**Preparation of Audit Programme(s) and Workpaper(s)**
	On the basis of the approved EPM and RCM, Audit Program(s) and Workpapers are prepared or updated in GRC.
	Sample of transactions to be tested is prepared.
	When needed, the sampling methodology applicable in audits of Commission Services is applied "mutatis mutandis" by IAS/A2, A3. (http://www.cc.cec/dgintranet/ias/docs/news/IAS%20news/D_1015_NoteSampling.pdf)
	GRC
	− Standard Audit Program(s) are available in GRC Standard Library and the IAS Intranet
	− When there is no standard Audit Program available, the Audit Team develops specific Audit Programme(s). In this case, the detailed steps of the AP &WP are cross referenced to the EPM and RCM to ensure an adequate audit trail.
	Deadline: Before starting the fieldwork in the Entity in the fourth week of the preliminary survey.
	Actors: Team Leader and Auditors.

1.C. FIELDWORK

0	**Standards**
	The following IIA Standards (and their Practice Advisories) should be taken into account to perform the fieldwork:
	* 2300-Performing the Engagement,
	* 2310-Identyfing Information,
	* 2320-Analysis and Evaluation,
	* 2330-Documenting information,
	* 2340-Engagement Supervision.
1	**Kick-Off Meeting at Entity**
	Objective:
	- Provide the Auditee with information on objectives and scope of the engagement;
	- Discuss any pending issues.
	GRC: Key results and conclusions of this meeting are recorded in Fieldwork Checklist.
	Deadline: By default, the first day of the fieldwork at the Entity. By default, in the fifth week of the engagement
	Actors: Team Leader and Auditors (optional) with Entity management team including contact person and Auditee.
2	**Fieldwork at Entity and at Headquarters**
	The Audit Team carries out the audit steps (desk reviews, interviews, tests, etc.) foreseen in the audit approach in RCM and Audit Program(s).
	The Audit Team ensures that sufficient evidence is gathered during the fieldwork phase to properly and completely substantiate any audit finding.
	Individual findings are validated throughout the fieldwork at the operational level by the Audit Team
	● Coaching and supervision
	During the fieldwork, Team Leader ensures a proper assignment of tasks to the team members as well as an ongoing supervision of the work performed by the Auditors.
	Team Leader is responsible for coaching staff, new or young in their job.
	● Communication between the Audit Team and Audit Manager during the fieldwork
	If in the course of the fieldwork the Audit Team identifies "critical" issues and/or an important number of "very important" issues, the Team Leader debriefs the Audit

Manager on these issues before the validation meeting with the auditee (Entity management).

- Audit work not planned

  If during the course of the fieldwork, additional issues not foreseen in the EPM need to be covered, the Team Leader will inform the manager and update the EPM and RCM accordingly.

- Suspicion of fraud

  See Step 3 below.

Additional Workpapers are created in the Audit checklist/Programme to cover any new issues.

GRC:

Complete the Audit Program(s) and Workpaper(s):

- Control Workpaper is created for each control to document/attach test performed:

  o System testing, and

  o Transaction testing

  The sample: A note explaining population, sampling method and quantitative and qualitative sample rates is attached,

- In the 'Rich text' field of each WP, the following information is enclosed:

  o Reference to the test & control: Establish the link with the RCM.

  o Work performed and results;

  o Conclusion.

- An Audit Issue is opened from a Workpaper in case of an audit finding.

  Sufficient evidence is gathered in the Workpaper to properly and completely substantiate the Audit Issue.

Deadline: By default:

* Entity fieldwork: Five working days (Team Leader and Auditors),

* Headquarters fieldwork: 15 working days (5 for Team Leader and Auditors, plus another 10 for Team Leader).

Actors: Team Leader and Auditors.

3	**Procedure in case of detected fraud (if needed)**
	Substantiated suspicion of fraud is communicated by Team Leader to Audit Manager and Director A under secrecy via non-Auditee communication means, Director A, consulting Audit Manager, will decide if OLAF should be contacted. In this case, OLAF correspondent in IAS and Director General are informed. OLAF correspondent in IAS contacts OLAF under the IAS-OLAF Memorandum of Understanding in force.
	Actors: Team Leader, Audit Manager, Director A, OLAF correspondent in IAS, Director General.
4	**Debriefing Meeting at Entity**
	At the end of fieldwork at Entity, Team Leader presents the interim audit findings and validates that they are based on facts and that they are accurate.
	Best practice:
	• List the documents that were requested but not delivered. Request that if they exist they should be sent to Team Leader within a clear deadline.
	• State clearly that interpretation of findings is subjected to review by the quality assurance and audit management in IAS.
	• Underline that the fieldwork will continue and it is not the right moment to take commitments as to the rating of recommendations and opinion.
	• Discuss which mitigation measures are practical in auditee's view.
	Deadline: By default, in the fifth week of engagement, the last day of the fieldwork at the Entity; may however be held in the sixth week to allow additional time for preparation.
	Actors: Team Leader, Auditors (optional), Entity's auditees, Executive Director (optional).
5	**Validation of Audit Findings**
	A. Individual findings are validated throughout the fieldwork at the operational level by the Audit Team.
	B. Interim findings are validated in the debriefing meeting at Entity.
	C. If needed, further validation of audit findings with auditee (responsible for audited process/activity) is carried out by means of e-mails, phone calls or meetings before the preparation of the Advanced Draft Audit Report (ADAR)
	GRC: Results of validation and corresponding evidence are added to appropriate WPs.
	Deadline: By default, by the end of the eighth week of the engagement (end of fieldwork in Entity and headquarters)
	Actors: Auditee, Team Leader and Auditors, Audit Manager if needed (taking into account importance of findings and auditee's reaction)

6	**Audit Team Mid-fieldwork Debriefing Meeting** Objectives: • Reviewing the results of the fieldwork in relation to the EPM, RCM and Audit Program(s), in particular the issues discussed during the validation of findings with the auditee; • Analyse which Audit findings should lead to an Audit Issue in the Audit Report; • Discuss "Risks" and "Recommendations" to be included in the ADAR. **Best practice:** RCM will be updated by the Team Leader (findings, residual risks and proposed recommendations). **GRC:** GRC Workpapers are completed. **Deadline:** By default, within three working days after the end of fieldwork at Entity. **Actors:** Audit Manager, Team Leader and Auditors.
7	**ADAR to be sent to Audit Manager (=end of the audit fieldwork)** Based on audit findings, Team Leader prepares the ADAR. Each Auditor is involved in the drafting of this report according to his responsibilities during the fieldwork. Team Leader is responsible for: • Checking the overall consistency of the report • Preparing its Executive Summary, • Ensuring that ADAR is aligned with GRC Workpaper(s) and Audit Issue(s). The ADAR template is available in GRC Standard Library and IAS Intranet (http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm) Team Leader sends ADAR to Audit Manager (IAS.A.QA mailbox in copy). **GRC:** A specific Workpaper is generated from the Reporting Checklist for ADAR. **Best practice:** – Team Leader sends to Audit Manager the link to the ADAR Workpaper. – The RCM is updated with audit findings and attached to the Reporting Checklist. – Each audit finding included in ADAR has a hyperlink to the GRC Audit Issue and Workpaper containing the evidence. – GRC functionality may be used for preparing the report based on Audit Issues. **Deadline:** By default, in the fourth week of fieldwork and no later than 15 working days after the end of the Entity fieldwork. **Actors:** Team Leader, Auditors.

1.D. REPORTING

0	**Standards**
	The following IIA Standards (and their Practice Advisories) should be taken into account to perform the reporting phase:
	* 2400-Communicating results;
	* 2410-Criteria for Communicating;
	* 2420-Quality of Communications;
	* 2421-Errors and Omissions;
	* 2440-Disseminating Results.
1	**Review of Advance Draft Audit Report (ADAR) by Audit Manager**
	Audit Manager review includes, at least:
	• Quality of the ADAR (accurate, objective, clear, concise, constructive, complete and timely);
	• Audit trail in GRC: EPM and RCM vs. Audit Program(s) vs. W/P(s) vs. Audit Issue(s) vs. ADAR (Word document);
	• Review in track changes of the ADAR – working document.
	Additional meeting(s) with the Team Leader/Audit Team may be organised, if necessary, to discuss the conclusions of the review.
	Audit Manager sends the reviewed version of ADAR to Quality Officer (IAS.A.QA mailbox in copy).
	Best Practice:
	– The review is documented in 'Track Changes' and 'Comments' functionalities in Word.
	– ADAR is reviewed directly in GRC so that consequent versions are recorded.
	– Audit Manager sends to Quality Officer the link to the ADAR Workpaper.
	Deadline: By default, five working days, in the ninth week of the engagement
	Actor: Audit Manager, Team Leader (optional), Auditors (optional).

2	**ADAR Review by Quality Officer**
	Quality Assurance review is performed on both GRC and ADAR.

The Quality Assurance Review Checklist for ADAR (http://www.cc.cec/dgintranet/ias/docs/methodology/agencies/checklist_implementation_of_%20qa_2009.pdf) is applied to assess:

- Adequacy of the audit trail;

- Evidence supporting observations;

- Accuracy, clarity and completeness of the ADAR.

Obvious errors are communicated to the Audit Manager/ Team Leader responsible for the audit and are corrected immediately.

Quality Officer issues an opinion/note summarising the areas for improvement (if needed) in:

- GRC file, and

- ADAR (presented in track changes in a new version named: "Entity - ADAR - QA + date")

During the review, the Quality Officer will liaise, if necessary, with Team Leader and Audit Manager to solve as many issues as possible and limit the information provided to Director A to the remaining substantial issues.

Director A may decide to review ADAR in parallel with QA or delegate this peer-review to another competent auditor.

Quality Officer sends the reviewed version of ADAR to Director A with the Quality Assurance Note (IAS.A.QA mailbox in copy).

Best Practice:

– The review is documented in 'Track Changes' and 'Comments' functionalities in Word.

– ADAR is reviewed directly in GRC so that consequent versions are recorded.

Deadline: By default, two working days. No later than seven working days after the end of the fieldwork.

Actors: Quality Officer, Team Leader, Audit Manager.

3	**ADAR Review by Director A and Quality Review Meeting**

ADAR is reviewed by Director A.

Quality Review Meeting may be organised with the Director A, Audit Manager, Team Leader and Quality Officer to:

- Decide if Quality Assurance' comments in the note and inserted in ADAR are applied,

- Discuss outstanding issues.

Director A may request proofreading by Administrative Assistant to Director A.

Director A has final responsibility for ADAR. He/she consults the IAS Director General in case of critical findings, negative opinion, substantial disagreement on the report content between Audit Manager and Director A, and in any other case Director A deems necessary.

In case Director A is absent, the approval for ADAR is given by the most senior audit manager in IAS.A or, to avoid self-review, by IAS Director General.

The final version of the ADAR is issued by Director A with following name: "Entity - ADAR - final version + date."

Director A sends the reviewed version of ADAR to Audit Manager.

After introducing changes requested by Director A, Audit Manager approves the Workpaper and sends to Director A for approval.

Director A informs Audit Manager (IAS.A.QA mailbox in copy) once the approval is given.

Best Practice:

- Quality Officer sends to Director A the link to the ADAR Workpaper.

- The review is documented in 'Track Changes' and 'Comments' functionalities in Word.

- ADAR is reviewed directly in GRC so that consequent versions are recorded.

GRC:

The final version of ADAR (in Word) is attached to the ADAR Workpaper.

GRC functionality is used for sending the ADAR Workpaper for approval.
ADAR Workpaper has the following approval chain: 1. Audit Manager and 2. Director A.

Deadline: By default, two working days, extendible to five working days.

Actors: Director A, Quality Officer, Administrative Assistant to Director A (optional), Audit Manager and Team Leader.

4	**Transmission of Advance Draft Audit Report (ADAR)**
	Once ADAR is validated in GRC, Audit Manager sends the approved ADAR via e-mail to:
	• Entity auditee(s),
	• Entity Executive Director
	• Entity contact person.
	IAS.A.QA mailbox and Team Leader are in copy.
	GRC: The transmitted ADAR is attached to the Reporting Checklist.
	Deadline: By default, one working day. No later than 10 working days after the end of the fieldwork.
	Actors: Audit Manager.
5	**Closing Meeting with Entity's Executive Director**
	Objective:
	• Present and discuss ADAR with the Entity Executive Director;
	• Get an overall validation of findings and recommendations at auditee and client level;
	• Agree on the next steps and their timing.
	Generally, the IAS will be represented by Audit Manager and Team Leader. Director A and/or IAS Director General may participate at the meeting on Audit Manager's request or on their decision.
	After the meeting, Audit Manager decides if and how ADAR will be amended on the basis of additional information/evidence provided by Entity during the meeting.
	GRC: Key results and decisions taken during the meeting are recorded in Reporting Checklist.
	Deadline: By default, five working days after the ADAR transmission. No later than 15 working days after the end of the fieldwork.
	Unavailability of Executive Director for the closing meeting stops the audit process clock.
	Actors: Entity Executive Director, Audit Manager and Team Leader; Director General IAS/Director IAS.A (optional).

6	**Draft Audit Report (DAR) sent to Audit Manager by Team Leader**
	After the closing meeting, Team Leader prepares DAR by including the agreed modifications to ADAR and ensuring an adequate audit trail.
	Audit Manager may informally send the updated version of the ADAR to the Entity Executive Director (for validation).
	DAR template is available in GRC Standard Library and IAS Intranet: http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm
	GRC: A specific Workpaper is generated from the Checklist for DAR.
	Best Practice:
	– Team Leader sends to Audit Manager the link to the DAR Workpaper.
	– The review is documented in 'Track Changes' and 'Comments' functionalities in Word.
	– ADAR is reviewed directly in GRC so that consequent versions are recorded.
	– If DAR differs significantly from ADAR, a table comparing DAR vs. ADAR is created and attached to the DAR Workpaper.
	Deadline: By default, two working days after the closing meeting. No later than 17 working days after the end of the fieldwork.
	Actors: Team Leader, Auditors (optional).
	IAS.A.QA mailbox is in copy
7	**DAR Audit Manager Review**
	The Audit Manager review includes at least changes to DAR and in GRC documentation and sends DAR to Director A.
	Best Practice:
	– Audit Manager sends to Director A the link to the ADAR Workpaper.
	– The review is documented in 'Track Changes' and 'Comments' functionalities in Word.
	– ADAR is reviewed directly in GRC so that consequent versions are recorded.
	Deadline: By default, one working day. No later than three working days after the closing meeting and 18 working days after the end of the fieldwork.
	Actor: Audit Manager.
	IAS.A.QA mailbox is in copy
8	**DAR Director A Review**
	Director A reviews the DAR and may organise a meeting with the Audit Team and Quality Officer to discuss outstanding issues.

Director A may delegate DAR review to Quality Officer.

Director A consults Director General via e-mail.

If Director A is absent, Audit Manager in charge signs the DAR Workpaper after consultation of IAS Director General.

The DAR final version is issued with following name "Entity - DAR - final version + date".

After introducing changes requested by Director A, Audit Manager approves the Workpaper and sends to Director A for approval.

Director A informs Audit Manager (Secretariat and IAS.A.QA mailbox in copy) once the approval is given.

GRC:

The final version of DAR (in Word) is attached to the DAR Workpaper.

GRC functionality is used for sending the DAR Workpaper for approval.
DAR Workpaper has the following approval chain:
1. Audit Manager and 2. Director A.

Deadline: By default, one working day. No later than four working days after the closing and 19 days after the end of the fieldwork.

Actors: Director A, Director General (optional), Quality Officer, Audit Manager and Team Leader if needed.

9	**Transmission of Draft Audit Report (DAR)**

Secretariat prepares and launches an e-signatory (cover note + DAR in pdf) in Ares.

The template for DAR cover note is available on IAS Intranet:
http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm

DAR is sent by Director A to Entity Executive Director, with copy to:

- Entity Auditee

- Entity contact person

The IAS Director General, IAS.A.QA mailbox, Audit Manager, Head of Unit and Team Leader are in copy of the e-mail.

GRC: The transmitted DAR (or Ares registration number) is attached to the Reporting Checklist by Secretariat.

Deadline: By default, one working day. No later than five working days after the closing meeting and 20 days after the end of the fieldwork.

Actors: Secretariat.

Ares visa chain: Team Leader / Audit Manager / (Head of Unit) / Director A (for signature). If Director A is absent, the most senior Audit Manager signs off the DAR.

10	**Entity Comments**
	Entity comments to DAR are transmitted by Secretariat to Team Leader, Audit Manager and IAS.A.QA mailbox. They are assigned to Team Leader as "CDF" in Ares.
	The comments are analysed by Team Leader together with Audit Manager. Team Leader prepares a version with IAS remarks (any hand-written comments on documents are to be scanned and added to the file).
	If an official reply to the Entity comments is needed, the IAS reply will be prepared by the Team Leader and it has to include a deadline for transmission of additional information. This additional deadline will be agreed with the Audit Manager.
	The same procedure applies to all notes of the Entity.
	GRC: The Entity comments to DAR (and/or Ares registration number) are attached to the Reporting Checklist by Secretariat.
	Deadline: Comments are expected at the latest 10 working days after the DAR was sent and 30 after the end of the fieldwork.
	A delay caused by Entity stops the audit process clock.
	Actors: Entity, Team Leader, Audit Manager and Secretariat.
11	**Final Audit Report (FAR) Preparation**
	Team Leader prepares FAR in coordination with Audit Manager on basis of the comments from the Entity.
	IIA Standard 2600 (Resolution of Senior Management's Acceptance of Risks) should be taken into account by default in case of non-accepted audit findings by requesting in the cover letter the possibility to present the findings and IAS assessment of residual risk to the Board.
	The comments from the Auditee are – if necessary – attached to the FAR.
	FAR template is available in GRC Standard Library and IAS Intranet: (http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm)
	The FAR final version is issued with following name: "Entity - FAR - final version + date".
	Audit Manager sends to Director A for approval. Director A gives approval and sends Workpaper to Director General for approval.
	GRC:
	- A specific Workpaper is created from the Checklist for FAR.
	- The final version of DAR (in Word) is attached to the FAR Workpaper.
	- A comment is made in the Workpaper whether any changes have been introduced to DAR.
	- In case of substantial comments by Entity, Audit Manager's position on these

comments is recorded in a separate note attached to the FAR Workpaper.

- GRC functionality is used for sending FAR Workpaper for approval.
  FAR Workpaper has the following approval chain:
  1. Director A and 2. Director General.

Deadline: By default, seven working days. No later than 37 working days after the end of the fieldwork.

Actors: Team Leader, Audit Manager, Director A and Director General.

12	**Transmission of Final Audit Report (FAR)**

Transmission of Final Audit Report (FAR)

Secretariat monitors FAR Workpaper in GRC and upon approval by Director General, it launches an e-signatory in Ares (Cover note, FAR in pdf, template for Entity Action Plan).

FAR Cover Note/Dispatching template is available on IAS Intranet:
http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm

The FAR is transmitted by the IAS Director General to:

- Entity Executive Director,

- Entity Board via its Chairperson,

with a copy to:

- Entity Auditee,

- Entity Contact person,

- Entity IAC,

- ECA.

Director A, IAS.A.QA mailbox, Audit Manager, Head of Unit and Team Leader are in copy

FAR is not sent to the parent DG. The Commission's member of the Board should receive FAR through the Entity Board Chairperson. However, Audit manager may send him/her an advance copy on their request;

GRC: The transmitted FAR (or Ares registration number) is attached to the Reporting Checklist by Secretariat.

Deadline: To be decided by Audit Manager. By default, three working days. No later than 40 working days after the end of the fieldwork.

Actors: Secretariat.

Ares visa chain: Team Leader / Audit Manager / (Head of Unit) / Director A / Assistant / Director General (for signature).

1.E. CLOSING

0	**Standards:** The following IIA Standards (and their Practice Advisories) should be taken into account to perform the closing phase: * 2500-Monitoring Progress, and * 2600-Resolution of Senior Management's Acceptance of Risks.
1	**Receipt of the Entity Action Plan** Team Leader is responsible for monitoring delivery of Action Plan by the Entity; sending a reminder(s) if needed. The Action Plan is transmitted by Secretariat to Team Leader and to IAS.A.QA mailbox in copy. It is assigned to Team Leader as CDF in Ares. The same procedure applies for any supplementary action plan.. **GRC:** The Action Plan received from Entity (or Ares registration number) is attached to the Reporting Checklist **Deadline:** Expected no later than 20 working days after IAS transmission of the FAR A delay caused by the Entity stops the audit process clock. **Actors:** Entity, Team Leader, Secretariat.
2	**IAS Reply to the Entity Action Plan** The Team Leader makes an assessment of the Action Plan, he in particular checks the adequacy and feasibility of: • Management actions to mitigate the risks identified during the audit, • Timing and milestones for implementation, • Assignment of individual actions (ownership). For implementation deadlines exceeding one year, the Entity is expected to provide implementation milestones. The Team Leader will prepare a formal reply. The template is available on IAS Intranet: http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm Response options: • "No comments"- If we fully agree on the content of the Action Plan. In this case, the Auditee Feedback Survey is enclosed, • "Comments"- In case of disagreements. In this case a table with comments by IAS is enclosed. The note will highlight disagreements, their reason and provide a new deadline for

		an updated action plan.
		In case of unsatisfactory action plan, the IAS position is presented to the Entity Board for the final resolution.

The e-signatory for the reply (RAP plus IAS comments table if applicable) is prepared and launched in Ares by Secretariat.

The reply is transmitted by Director A to Entity Executive Director, with copy to:

- Entity Auditee,
- Entity contact person.

IAS.A.QA mailbox, Audit Manager and Team Leader are in copy.

GRC: The transmitted reply (or Ares registration number) is attached to the Reporting Checklist by Secretariat.

Deadline: By default, no later than 10 working days after receipt of the Action Plan.

Actors: Secretariat.

Ares visa chain: Team Leader / Audit Manager / (Head of Unit) / Director A (for signature).

If the re-submitted Action Plan is still unsatisfactory, the reply has to be signed by the IAS Director General. |
| 3 | | **Updating Audit Issues in GRC**

Team Leader ensures that Audit Issues and Recommendations in GRC are aligned with the FAR Observations/Issues and Recommendations, in terms of content and priority, in particular:

- Issue Disposition field: Audit Report,
- Risk rating,
- Expected completion date,
- Indication of a "Recommendation coordinator"

Audit Issues have the following approval chain:
1. Team Leader and 2. Audit Manager.

Deadline: To be decided by Audit Manager. By default, after IAS reply and before the closing of the audit engagement.

Actors: Auditors and Team Leader. |

4	**Management Letter (if applicable)**
	If needed, Team Leader prepares the Management Letter in coordination with the Audit Manager.
	The templates for the Management Letter and its Cover Note are available on IAS Intranet: http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm
	The e-signatory (Cover Note with AL) is prepared and launched by Secretariat.
	The distribution list for the Management Letter is decided on the case-by-case basis.
	IAS.A.QA mailbox, Audit Manager, Head of Unit and Team Leader are in copy
	GRC:
	− Audit Issue disposition is "Management reporting".
	− The transmitted Management Letter (or Ares registration number) is attached to the Reporting Checklist by Secretariat.
	Deadline: To be decided by Director A. By default, before the closing of the audit engagement.
	Actors: The default visa chain includes: Team Leader / Audit Manager / (Head of Unit) / Director A / Director General Assistant / Director General (for signature).
5	**Audit Feedback Survey**
	The invitation to complete the Auditee Feedback Survey is sent by e-mail by QA to Entity Executive Director and selected staff, proposed by Team Leader and Audit Manager. Quality Officer decides on the final distribution list
	Base: Template available on IAS Intranet.
	http://www.cc.cec/dgintranet/ias/methodology/traditional_agencies_audit_process.htm
	IPM system is used to support and collect the replies.
	This step does not apply to follow up engagements.
	GRC: The transmitted e-mail is attached to the Reporting Checklist by QA.
	Deadline: By default, no later than 10 working days after transmission of the Final Audit Report.
	Actors: Team Leader, Audit Manager, Quality Officer
6	**Receipt of Auditee Feedback Survey**
	The Administrative Coordination Officer ensures:
	• Monitoring the replies to the survey and sending a reminder where needed,
	• Preparing a summary of the survey results obtained from the IPM.

		Replies are forwarded to Audit Manager and Team Leader. IAS.A.QA mailbox is in copy.
		This step does not apply to follow up engagements.
		GRC: An overview of replies is attached to the Reporting Checklist by the Administrative Coordination Officer.
		Deadline: To be received from Entity 10 working days after sending the invitation. Quality Officer decides on the last deadline.
		Actors: Administrative Coordination Officer, Quality Officer
7		**Post-engagement Review Meeting (PEM)**
		Audit Manager and Audit Team hold the PEM to analyse:
		• Course of the Audit (added value, work organisation, Auditee feedback),
		• Room for improvements in future engagements,
		• Possible cross-cutting issues for other Entities,
		• Results of the Auditee Feedback Survey.
		During the meeting, the Audit Manager will prepare a post engagement review memo (template will be available on IAS Intranet), and transmit to Director A, IAS.A.QA mailbox in copy.
		This step does not apply to follow up engagements.
		The achievements gained during PEM are consolidated twice a year on unit level.
		Cross cutting issues will be discussed in Audit Process Meeting and/or Methodology Meeting to identify potential improvements of the approach and share best practices.
		GRC: Main conclusions of the meeting are recorded in the Reporting Checklist by Team Leader.
		Deadline: To be decided by Audit Manager. By default, 10 working days after closing date for replies to the survey.
		Actors: Audit Team, Quality Officer, Audit Manager

8	**Reporting to Entity Board (if applicable)**
	The IAS communicates directly to the Entity Board in following cases:

- On request of the Board, presenting its audit opinion, based on the results of the audit engagement.

- Management accepts the risk of not taking corrective action on audit findings (IIA Standard 2600).

Audit Manager prepares the appropriate documents in coordination with Director A (e.g. presentation for the meeting or a specific letter).

GRC:

- Information and documents reported to Entity Board are recorded in the Reporting Checklist.

- Key decisions by Entity Board are noted.

Deadline: To be decided by IAS Director General. By default, before the closing of the audit engagement.

Actors: Audit Manager, Director A and IAS Director General.

9	**Closing Audit Program(s) and Workpapers in GRC** **Paper File:** A hardcopy of the signed final report is filed (e.g. the Unit Secretary). In case a paper file exists (exceptionally), Team Leader and A2/A3 Secretariat check whether the binder: • Has a standard e-domec label; • Contains a table of content; • Contains EU-restricted documents; In this case, the EU-restricted documents and their electronic support (e.g. CD-rom.) are filed according to the appropriate guidelines. • Contains all paper-documents referenced and cross-referenced with the appropriate working papers in GRC; • Makes part of the inventory of files kept by Secretariat. **GRC:** • Check references and cross-references of the current audit file; • Send for review and approval all unapproved Workpapers, Audit Programs and Checklists; • Provide updated information to the Entity Permanent File. All Audit Team Members complete their GRC time reports and sent to their Audit Manager for approval (state of affairs can be checked using the ad hoc report "Unapproved time reports"). **Deadline:** No later than 10 working days after the Post engagement review meeting **Actors:** Team Leader, Auditors and Secretariat
10	**Closing Audit Engagement in GRC** Team Leader makes first approval and sends the Audit Form to Audit Manager for approval. This second level approval closes the Audit in GRC. After the audit file is closed in GRC, the Team Leader informs IAS Mailroom and DMO to close the corresponding Ares file. IAS.A.QA mailbox is in copy. **Actors:** Team Leader, Audit Manager, Data Management Officer, IAS Mailroom.

2. FOLLOW UP OF AUDIT RECOMMENDATIONS

Standards: The following IIA Standards (and their Practice Advisories) should be taken into account to perform the follow up:

* 2500-Monitoring Progress,

* 2600-resolution of Senior Management's Acceptance of Risks.

2.A.   FOLLOW-UP POLICY

1. Recommendations are followed up by:

    - desk review,

    - follow-up engagement.

2. A time budget for the follow-up of recommendation is foreseen in the Annual Audit Plan. The assignment of time budget for a desk review and follow-up engagements is decided by Head of Unit.

    All recommendations are followed up by a desk review, using their implementation status in Issue Track and any evidence provided by the Entity. This operation is in general conducted and closed within one year from the date of the Final Audit Report (FAR).

    The desk review of recommendations is performed throughout the year, following the Entity's reporting in Issue Track (Ready for review status).

    An annual exercise is scheduled in January – February, as preparation for the Annual Report of Internal Auditor.

3. The desk review leads to a selection of recommendations that require on-the-spot work at Entity for corroboration of their implementation by interviews and testing.

    Substantive testing is needed for all "Critical" and selected "Very Important" recommendations, unless a desk review is considered sufficient by Audit Manager (e.g. non systematic character).

    The Entity's track record on management follow-up reporting in Issue Track should be taken into account. In case of concerns (e.g. former experience of biased management assessments made in Issue Track) the substantive testing is intensified.

4. The follow-up engagement at Entity is scheduled at the time of fieldwork for Risk Assessment or audit engagement or separately.

    A separate follow-up engagement should only be conducted when a large number of recommendations (in particular "Critical" and "Very Important") require on the spot validation of their implementation.

5. The reporting focuses on implementation of "Critical" and "Very Important" recommendations. The implementation of "Important" and "Desirable" is covered by exception.

2.B. FOLLOW-UP MILESTONES

1	**Monitoring Implementation of Recommendations** Each Entity is attributed to a "IAS Correspondent". This correspondent monitors the due dates for implementation of recommendations or milestones, as provided in the Entity Action Plan.
2	**Desk Review of Implementation** IAS Correspondent for Entity, or IT team leader, reviews the recommendations sent by Entity as 'Ready for review'. The Closing of recommendations is documented in Issue Track.
3	**Follow-up Matrix** A follow-up matrix is prepared, listing all recommendations that are reported by Entity as implemented and that require follow-up at Entity, together with a proposed audit approach.
4	**Follow-up Matrix Review by Director A** The follow-up matrix is reviewed by Director A, who approves the follow-up engagement. Director A may delegate the review to Quality Officer.
5	**IAS Progress Meeting** For follow up audits, the progress meeting is with Director A, and may be omitted if the follow-up matrix does not need discussion.
6	**Creation of Engagement and Checklists in GRC** An audit engagements is created in GRC, Specific checklists are used in the follow-up engagements (until available, those for audit engagement are used).
7	**Follow-up Engagement Scheduling** Timing is decided based on other visits to entity (audit, risk assessment) and profile and availability of IAS resources.
8	**Transmission of Announcement Letter** Where appropriate, the announcement letter may be merged with the announcement letter for audit engagement or risk assessment.
9	**Audit Team Briefing Meeting** Evaluation of desk review is shared and the work to be performed discussed.

10	**Engagement Planning Memorandum (EPM)**
	The short EPM contains: - Follow-up engagement objectives and scope; - Milestones and resources.
11	**Kick-Off Meeting at Entity** Provides the Auditee with information on objectives and scope of the engagement
12	**Fieldwork at Entity and at Headquarters** The Audit Team carries out the audit steps foreseen in the Follow up Matrix.
13	**Debriefing Meeting and Validation of Findings at Entity** Team Leader presents and validates the interim audit findings.
14	**Audit Team Mid-fieldwork Debriefing Meeting** The results of the fieldwork are reviewed and analysed.
15	**Draft Audit Report (DAR) sent to Audit Manager** Based on audit findings, Team Leader prepares the DAR, with input from Auditors.
16	**Review of Draft Audit Report (DAR) by Audit Manager** Audit Manager reviews whether the evidence is sufficient and relevant for closing the recommendations.
17	**DAR Review by Director A and Review Meeting** A Review Meeting may be organised with the Director A, Audit Manager, Team Leader and Quality Officer to decide if recommendations may be closed.
18	**Transmission of Draft Audit Report (DAR)** Director A sends the DAR via Ares to Entity.
19	**Entity Comments** The comments are analysed by Team Leader together with Audit Manager. Team Leader prepares a version with IAS remarks.
20	**Final Audit Report (FAR) Preparation** Team Leader prepares the FAR in coordination with Audit Manager on basis of the comments received from the Entity. Note on recommendations closed in desk review is attached.

21	**Transmission of Final Audit Report (FAR)** FAR is sent to Entity via Ares by Director A, or - in case of new recommendations – by the IAS Director General.
22	**Receipt of the Entity Action Plan** Team Leader is responsible for monitoring delivery of Action Plan for the recommendation that remain open, and sending a reminder if needed.
23	**IAS Reply to the Entity Action Plan** The Team Leader makes an assessment of the Action Plan, and Director A sends the reply to Entity.
24	**Updating Audit Issues in GRC** Team Leader ensures that the Audit Recommendations in GRC are aligned with the Entity Action Plan.
25	**Updating Risk Assessment** The information on the pending/overdue recommendations is updated in the Risk Assessment engagement in GRC.
26	**Closing Engagement in GRC** The Engagement is closed when all recommendations from the original audit are closed (either as implemented or transferred to Risk Assessment as pending risks).

3. AUDIT ENGAGEMENT - OVERVIEW

3.A. AUDIT ACTORS

IAS

IAS Director General	DG
IAS Director A	DIR A
Audit Manager	AM
Team Leader	TL[1]
Auditor - Team Member	A
Quality Assurance Officer / Quality Officer	QA
Scheduling Officer	SO
Administrative Coordination Officer	ACO
A2/A3 Secretariat	Secretariat
IAS Document Management Officer	DMO
Assistant to DG	
OLAF correspondent in IAS	

ENTITY = EU AGENCY OR BODY

Executive Director (Audit Client)	ED
Management/Administrative Board (Audit Client)	Board
Management / Process owners	Auditee
Contact person	
Internal Audit Capability (Audit Partner)	IAC

OTHER STAKEHOLDERS

Parent DG	
OLAF	
European Court of Auditors	ECA

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[1] Audit Lead (AL) in GRC tool

3.B. MILESTONES

Annual Audit Plan		
Scheduling (Milestones and Resources allocation)		
Announcement Letter	AL	
Desk review		
Preliminary Interviews		at Entity
Opening Meeting		at Entity
Risk and Control Matrix	RCM	
Engagement Planning Memorandum	EPM	
IAS Progress Meeting		
Kick-off Meeting		at Entity
Fieldwork on spot/ testing		at Entity
Debriefing Meeting		at Entity
Audit Findings Validation (if needed)		at Entity
IAS Quality review meeting(s)		
Advance Draft Audit Report	ADAR	
Closing Meeting		at Entity
Draft Audit Report	DAR	
Entity Comments		
Final Audit Report	FAR	
Entity Action Plan	EAP	
IAS Reply to Entity Action Plan	RAP	
Auditee Feedback Survey	AFS	
IAS Post-engagement Meeting	PEM	
Closing Audit Engagement		in GRC

3.C. AUDIT STANDARDS

IIA Standards	The International Standards for Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors (Altamonte Springs, USA)

3.D. IT TOOLS

AMS-GRC	For audit engagement management
GRC-ISSUE TRACK	For follow-up of audit recommendations by auditee
IPM	For auditee feedback survey and annual stakeholder satisfaction survey
Ares	For document management
MIPS	For mission orders and statement of expenses

3.E. GRC MILESTONES[2]

1-Audit Start[3]	Announcement Letter sent to the Entity
2-Preliminary Survey/EPM	Engagement Planning Memorandum (EPM) sent to the Entity
3-End of Fieldwork	Advance Draft Audit Report (ADAR) sent to the Audit Manager by the Team Leader
4-Draft Report	Draft Audit Report (DAR) sent to the Entity
5-Auditee's Comments to Draft Report	Comments received from the Entity
6-Final Report	Final Audit Report (FAR) sent to the Entity
7-Auditee's Action Plan	Action Plan received from the Entity
8-Audit Close[3]	GRC Audit page is final approved and Audit Recommendations are transferred to Issue Track

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[2] Each milestone may take 3 values: Planned Date, Revised Date (optional) and Actual Date
[3] Mandatory fields by GRC tool, as Total Budgeted Hours, when an Audit engagement is created

3.F. GRC DOCUMENTS

Audit Program(s)	AP
Audit Workpapers	WPs
Audit Issues	

3.G. SUPERVISION AND APPROVAL OF GRC WORKPAPERS

Workpaper	is reviewed and approved by	
prepared by Auditors	1. Team Leader 2.Audit Manager	
prepared by Team Leader	1. Team Leader 2.Audit Manager	
EPM	1.Audit Manager 2.Director A	
ADAR	1.Audit Manager 2.Director A	not applicable to follow up
DAR	1.Audit Manager 2.Director A	
FAR	1.Director A 2.Director General	
	1.Audit Manager 2.Director A	follow-up with no new recommendations

3.H. COMMUNICATIONS

Audit Phases / Document	A- Planning & Preliminary survey		C-Reporting			D-Closing	
	Announcement letter	EPM	ADAR	DAR	FAR	Auditee Feedback Survey	Reply to Entity Action Plan
Week[4]	0	4	10	12	16	17	22
Sender	DG	AM	AM	DIR A	DG	QA	DIR A
Via	Ares	E-mail	E-mail	Ares	Ares	E-mail + IPM	Ares
External recipients	ED Board	ED Board	ED Auditees Contact person	ED	ED Board	ED Auditees Contact person	ED
External recipients in copy	IAC	Contact person		Auditees Contact person	Auditees Contact person IAC ECA		Auditees Contact person
IAS recipients in copy	QA AM/TL HoU	QA TL	QA TL	QA DG AM/TL HoU	Director A QA AM/TL HoU	QA	QA AM/ TL HoU

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[4] In the standard workflow

* at Entity