



European Centre for the
Development of Vocational Training

- Internal Auditor -

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AUDIT CHARTER OF CEDEFOP'S INTERNAL AUDIT CAPABILITY [IAC]

1. PURPOSE

This charter establishes the mission, authority and responsibility conferred by Cedefop's Director on the Internal Audit Capability, i.e. the Internal Auditor according to the organogramme.

2. LEGAL BASIS

The IAC gives advice to the Director in order to control risks according to Art. 23 (2) of Cedefop's Decision on the Financial Rules and Art. 15 of Cedefop's Decision laying down detailed Rules. The IAC acts according to the same internationally accepted internal auditing standards like Cedefop's Internal Auditor as defined by Art. 66 (1) of Cedefop's Decision on the Financial Rules (i.e. the Commission's Internal Auditor).

3. MISSION AND OBJECTIVES OF THE IAC

3.1 Mission

The mission of the IAC is to:

- assist the Director in controlling risks and monitoring compliance;
- provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations and
- make solution oriented recommendations in order to improve the efficiency and effectiveness of operations and to help achieve Cedefop's objectives.

3.2 Objective

The objective of the IAC is to advice the Director whether Cedefop's risk management, control, and governance processes are adequate and functioning in a manner to ensure that:

- risks are appropriately identified and managed;
- significant financial, managerial, and operating information is accurate, reliable, and timely;
- assets are safeguarded;

- Cedefop's actions are in compliance with policies, Internal Control standards, procedures, and applicable laws and regulations, taking into account significant legislative or regulatory issues impacting Cedefop;
- quality and continuous improvement are fostered in the organisation's control process.

Opportunities for improving management control, cost-effectiveness, and the organisation's image identified during audits and consulting activities should be communicated to the Director.

4. SCOPE OF WORK

The IAC's work comprises all activities and internal control procedures of Cedefop. It consists of assurance and consultancy activities.

Assurance is an objective examination of evidence for the purpose of providing independent assessment of the potential risks as well as of the effectiveness of risk management, control and governance processes. 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 management and which are intended to add value and improve Cedefop's governance, risk management and control processes without the IAC assuming management responsibility.

The IAC's main activities should be covered by the audit plan unless requested ad hoc by the Director.

5. ACCOUNTABILITY

The IAC shall be accountable to the Director to:

- provide information periodically on the status and results of the annual audit plan and the sufficiency of resources;
- report significant issues related to the processes for controlling Cedefop's activities, including potential improvements to those processes and
- coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

6. INDEPENDENCE AND OBJECTIVITY

No authority may interfere in the conduct of the IAC's work.

To provide for the independence of the IAC, he/she reports to the Director in a manner outlined in the above section on Accountability.

The IAC will have on an exceptional basis and only if necessary, access via the Director to the Bureau and the Governing Board when he/she considers the Director to be accepting an unreasonably high level of risk. Prior to this, the IAC shall announce his concerns to the Director.

In order to ensure objectivity in its opinions the IAC must preserve his/her independence in relation to the activities and operations he/she reviews. If objectivity is impaired in fact or in appearance, the details of the impairment should be disclosed.

7. RESPONSIBILITY

On a risk based approach the IAC has responsibility to:

- develop a multi-annual audit strategy covering Cedefop's most critical activities and submit the strategy to the Director for approval and to the Bureau for acknowledgement;
- develop a flexible annual audit plan, submit it to the Director for review and approval and to the Bureau for acknowledgement;
- implement the annual audit plan, including, and as appropriate, any special tasks or projects requested by the Director or recommended by the Bureau;
- perform consulting services according to Director's assignments to assist management in meeting its objectives;
- issue reports summarizing results of assurance and consultancy activities to the Director periodically and to the Bureau at least bi-annually;
- provide advice and guidance to the Director and, eventually, Cedefop staff in order to improve compliance with Internal Control Standards;
- establish a quality assurance program by which he/she assures the operation of internal auditing activities;
- consider the scope of work of other auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organisation at a reasonable overall cost;
- maintain his/her Certification from an internationally Internal Audit/ Accounting body and
- be updated with sufficient knowledge, skills, experience and professional competence to meet the requirements of this charter.

Responsibility for internal control, including the prevention and detection of risk of fraud, and for the implementation of audit recommendations rests fully with management.

8. AUTHORITY

The IAC is authorized to:

- have unrestricted access to all functions, files, property, and staff as determined by the specific assignment, regarding the applicable rules for data protection and confidential information;
- in the framework of the annual audit plan allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives and
- obtain the necessary assistance of personnel in units of the organisation where they perform audits, as well as other specialized services from within or outside the organisation.

The IAC is not authorized to:

- perform any operational duties for the organisation or its affiliates;
- initiate or approve accounting transactions external to the internal auditing unit or
- direct the activities of any organisation employee not employed by the IAC, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the IAC.

The IAC may be contacted on any matter related to the internal control system by each employee.

9. INFORMATION FLOW

The IAC shall be a member of the Management Team and participate in its meetings. He/she may also participate in Areas' and specific purpose meetings if deemed necessary by the Director.

He/she should be informed about the development of new procedures, processes and forms.

10. RELATIONS WITH OTHER AUDIT SERVICES

In the course of its work, the IAC liaises with the following audit bodies:

- Internal Audit Service (IAS): the IAC should cooperate with the IAS as Cedefop's legally defined Internal Auditor and coordinate the risk assessment and work plan
- European Court of Auditors (ECA): the IAC shall be informed and participate on internal audit matters concerning Cedefop and
- European Anti-Fraud Office (OLAF): in assistance to the Director, apart from the Staff Regulations' obligations and Cedefop's decision on cooperation with OLAF from 25 May 1999, the IAC should closely cooperate with OLAF, if requested.

11. PROFESSIONAL AND ETHICAL STANDARDS OF AUDIT PRACTICE

In the course of his/her work, the IAC shall act in respect of:

- the principles of integrity, objectivity, confidentiality and competency in accordance with the Code of Ethics of the Institute of Internal Auditors (IIA);
- Cedefop's International Control Standards and the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA) and
- the Standards of the internationally recognised Internal Audit/ Accounting organization where he is obliged to maintain his/her Certification.

He/she shall take into account guidance provided by the Commission's Internal Audit Service.

12. REVIEW

The Audit Charter shall be reviewed 3 years after acknowledgement by the Bureau.