



## **DECISION OF THE GOVERNING BOARD OF THE ECSEL JOINT UNDERTAKING**

### **Establishing an Internal Audit Capability**

THE GOVERNING BOARD OF THE ECSEL JOINT UNDERTAKING,

Having regard to the Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking<sup>1</sup>, and in particular its Article 5, providing that the Governing Board shall adopt specific financial rules taking into account the specific operating needs of the ECSEL JU,

Whereas:

- (1) The Governing Board has adopted, with its Decision ECSEL-GB-2014-09, the Financial rules applicable to the ECSEL JU,
- (2) The Financial Rules of the ECSEL JU provide, in Article 28, that the Governing Board may establish an internal audit capability (IAC) and approve the relevant internal audit charter, with such a charter defining the mission, objectives, reporting and working arrangements required by the proper fulfillment of the IAC role within the ECSEL Joint Undertaking,
- (3) The Governing Board has adopted, with its Decision ECSEL-GB-2014-15, the Internal control standards applicable to the ECSEL JU,
- (4) The ECSEL JU has to issue a charter for the internal audit capability and to assign a statutory staff member, on a part-time basis, with regard to resources available.

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<sup>1</sup> OJ L 169/152 of 7.06.2014

Has adopted this decision:

*Article 1*

The charter of the internal audit capability, as attached in Annex 1, is hereby approved.

*Article 2*

Mr. Javier Herraiz Ongay, staff member of the ECSEL Joint Undertaking, is assigned to the function of internal audit capability and is invited to sign the charter mentioned in Article 1.

*Article 3*

This Decision shall enter into force on the date of its adoption.

Done at Brussels, on 3 July 2014,

For the Governing Board



Chairperson of the Governing Board

Annex: Charter

## **CHARTER OF THE INTERNAL AUDIT CAPABILITY OF THE ECSEL JOINT UNDERTAKING**

### **Introduction**

Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking states in Article 5 “Financial Rules”, that the ECSEL JU shall adopt specific financial rules taking into account the specific operating needs of the ECSEL JU; they have been adopted by the Governing Board decision ECSEL-GB-2014-09.

The Financial Rules of the ECSEL JU provide, in Article 28, that the Governing Board may establish an internal audit capability (IAC) and approve the relevant internal audit charter, with such a charter defining the mission, objectives, reporting and working arrangements required by the proper fulfillment of the IAC role within the ECSEL JU.

### **1. Mission and objective**

The mission of the IAC is to provide:

- a) Independent, objective assurance and
- b) Consulting services to improve the operations of the ECSEL JU.

Assurance will rely on activities defined in collaboration with the Internal Auditor (at this point in time, the Internal Audit Service of the European Commission) to assess and express an objective opinion on the effectiveness of risk management, control and governance process.

Consulting services are advisory activities on topics specified by the Executive Director, intended to add value and improve the risk management and the control processes.

The objective of the IAC is to provide the Executive Director with assurance as to the effectiveness and efficiency of risk management, control and governance process in the ECSEL JU 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
- The ECSEL JU policies and procedures, as well as the applicable laws and regulations are complied with
- The ECSEL JU objectives are achieved effectively and efficiently
- The development and maintenance of high-quality control processes are promoted throughout the ECSEL JU and commensurate with the size and scope of its activities.

## **2. Accountability**

The IAC is under the authority of the Executive Director and shall be accountable to the Executive Director to:

- Submit for approval an IAC annual work plan based on the Strategic Audit Plan established by the Internal Auditor and adopted by the Governing Board
- Report significant issues related to the control processes and potential improvements
- Express an opinion on the state of control within ECSEL JU
- Take good account of reports by the European Court of Auditors (ECA) and other internal and external providers of relevant assurance and consulting services to ensure adequate follow up on the audit points or observations and avoid duplication of efforts
- Report to the Executive Director at least annually on its activities in relation to the IAC annual work plan.

## **3. Independence and objectivity**

No authority may ask the IAC to make any alterations to the content of its reports.

The IAC shall address any issues which in fact or appearance might impair its ability to execute its activities or communicate the results in the annual report or in ad-hoc reports to the Executive Director.

In exceptional circumstances, when concluding on the basis of its formal assurance or consultancy work the IAC concludes that the Executive Director accepted an unreasonable level of risk, the IAC shall inform the Executive Director before expressing its concerns to the Governing Board.

## **4. Responsibility**

The IAC has a responsibility to the Executive Director to:

- Implement the IAC annual work plan and any special tasks or projects requested by the Executive Director,
- Promptly validate its findings and related risks and discuss its recommendations with the concerned employees of the ECSEL JU and reflect their position in the IAC annual report, particularly in case of disagreement,
- Effectively and timely communicate assurance and consultancy results to the Executive Director,
- Formally communicate in writing to the Executive Director the situations in which unreasonable high levels of risk have been accepted,
- Respect confidentiality with regard to information gathered in its activity,
- Disclose and explain any failing or inability to meet and comply with the requirements of its charter in the IAC annual report or in ad-hoc reports,
- Collaborate closely and coordinate its activities with the Internal Auditor,
- Send the IAC annual report before the end of each calendar year to the Executive Director, with a copy to the Internal Auditor.

## 5. Authority

The IAC is authorized to:

- Have access to all functions, information systems, records, property and personnel within the ECSEL JU as considered necessary for the fulfillment of the duties specified in the IAC annual work programme
- Obtain necessary assistance of the ECSEL JU staff
- Apply the techniques required to accomplish the objectives established in the IAC annual work programme
- Be informed at an early stage about any development that may substantially affect the internal control systems.

## 6. Standards of audit practice

The IAC will adhere to the International Standards for the professional practice of Internal Auditing as drawn up by the Institute of Internal Auditors, commensurate with the ECSEL JU size and scope of activities, and as long as they are in accordance with the ECSEL JU applicable regulations.



JAVIER HERRANZ ONGAY  
Internal Audit Capability



Executive Director

Date

08.07.2014

