



DECISION OF THE GOVERNING BOARD OF THE ECSEL JOINT UNDERTAKING

Adopting the Internal Control Standards for effective management

THE GOVERNING BOARD OF THE ECSEL JOINT UNDERTAKING

Having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking,

Having regard to the Decision of the Governing Board adopting the financial rules applicable to the ECSEL Joint Undertaking (ECSEL-GB-2014-09),

Having regard to the Staff Regulations of Officials of the European Union and Conditions of employment of other servants of the European Union,

Whereas:

- (1) The Governing Board should adopt the minimum standards as regards the organisational structure and the internal management and control systems and procedures of the Joint Undertaking.
- (2) The equivalent standards laid down by the European Commission for its own departments have been taken into account (*).
- (3) The internal control standards should be implemented in a progressive way, taking into account the specificities and risks associated with the management environment.
- (4) The Executive Director should report on the implementation of the minimum standards to the Governing Board.
- (5) The Executive Director should present proposals on the internal functioning of the Joint Undertaking to the Governing Board for approval.

(*). Revision of the Internal Control Standards and Underlying Framework, SEC(2007)1341 of 16 October 2007.

HAS DECIDED AS FOLLOWS:

Article 1

1. The Internal Control Standards of the ECSEL Joint Undertaking as laid down in the Annex are adopted.
2. This decision shall take effect on the date of its adoption.

Done in Brussels, on 3 July 2014,

For the Governing Board

(signed)

Heinrich Daembkes
Chairperson of the Governing Board

**ANNEX –
FULL SET OF INTERNAL CONTROL STANDARDS FOR EFFECTIVE MANAGEMENT
(REQUIREMENTS)**

ICS 1. Mission: The JU's *raison d'être* is clearly defined in up-to-date and concise mission statements developed from the perspective of the Agency's customers.

REQUIREMENTS

- The JU has up-to-date mission statements which are linked across all hierarchical levels.
- These mission statements have been explained to staff and are readily accessible.

ICS 2. Ethical and Organisational Values: Management and staff are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.

REQUIREMENTS

- The JU has procedures in place - including updates and yearly reminders - to ensure that all staff members are aware of relevant ethical and organisational values, in particular ethical conduct, avoidance of conflicts of interest, fraud prevention and reporting of irregularities.

ICS 3. Staff Allocation and Mobility: The allocation and recruitment of staff is based on the JU's objectives and priorities. Management promote and plan staff mobility so as to strike the right balance between continuity and renewal.

REQUIREMENTS

- Whenever necessary - at least once a year – the management aligns the organisational structures and staff allocations with priorities and workload.
- Staff job descriptions are consistent with relevant mission statements.
- The JU has a policy to promote, implement and monitor mobility (e.g. publication of vacant posts, list of specialist posts) in order to ensure that the right person is in the right job at the right time and, where feasible, to create career opportunities.
- Necessary support is defined and delivered to new staff to facilitate their integration in the team.

ICS 4. Staff Evaluation and Development: Staff performance is evaluated against individual annual objectives, which fit with the JU's overall objectives. Adequate measures are taken to develop the skills necessary to achieve the objectives.

REQUIREMENTS

- In the context of staff evaluation and development, discussions are held individually with all staff to establish their annual objectives, which fit with the JU's objectives.
- Staff performance is evaluated according to standards set by the JU.
- A yearly strategic training framework is developed at JU level based on needs deriving from the policy of the JU together with recommendations and proposals from the Human Resources Sector. A global average of working days is devoted to learning and development activities.
- A Training Map is completed annually by each official and by each other agent to whom Art. 24a of the Staff Regulations applies by analogy, discussed with and approved by the line manager.
- Management ensure that every staff member attends at least the training courses of a compulsory nature as defined in the strategic frameworks.

ICS 5. Objectives and Performance Indicators: The JU's objectives are clearly defined and updated when necessary. These are formulated in a way that makes it possible to monitor their achievement. Key performance indicators are established to help management evaluate and report on progress made in relation to their objectives.

REQUIREMENTS

- The JU's Annual Management Plan (AMP) is developed in accordance with applicable guidance and on the basis of a dialogue between the Executive Director, middle managers and staff, in order to ensure it is understood and owned.
- The AMP clearly sets out how the planned activities at each management level will contribute to the achievement of objectives set, taking into account the allocated resources and the risk identified.
- To the extent possible, the AMP objectives are established in line with the SMART criteria, i.e. they are Specific, Measurable or verifiable, discussed and Accepted, Realistic and Timed.
- Whenever necessary, the objectives are updated to take account of significant changes in activities and priorities.
- Where appropriate, the JU establishes road-maps of ongoing multi-annual activities, setting out critical milestones for the actions that need to be taken before the budget appropriations can be implemented for the whole period of the activity.
- In the AMP, there is at least one performance indicator per objective, both at policy area and at operational activity level, to monitor and report on achievements. To the extent possible, the performance indicators are established according to the RACER criteria, i.e. they are Relevant, discussed and Accepted, Credible, Easy and Robust.
- Reporting structures are in place to alert management when indicators show that the achievement of the objectives is at risk.

ICS 6. Risk Management Process: A risk management process that is in line with applicable provisions and guidelines is integrated into the annual activity planning.

REQUIREMENTS

- A risk management exercise at JU level is conducted at least once a year and whenever management considers it necessary (typically in the event of major modifications to the JU's activities occurring during the year). Risk management is performed in line with applicable provisions and guidelines.
- Risk management action plans are realistic and take into account cost/benefit aspects in order to avoid disproportionate control measures. Processes are in place to ensure that actions are implemented according to plan and continue to be relevant.
- Risks considered "critical" from an overall JU perspective are indicated in the JU's Annual Management Plan and followed-up in the Annual Activity Report.

ICS 7. Operational Structure: The JU's operational structure supports effective decision-making by suitable delegation of powers. Risks associated with the JU's sensitive functions are managed through mitigating controls and ultimately staff mobility. Adequate IT governance structures are in place.

REQUIREMENTS

- Delegation of authority is clearly defined, assigned and communicated in writing, conforms to legislative requirements and is appropriate to the importance of decisions to be taken and risks involved.
- All delegated and sub-delegated authorising officers have received and acknowledged the Charters and specific delegation instruments.
- As regards financial transactions, delegation of powers (including both "passed for payment" and "certified correct") is defined, assigned and communicated in writing.
- The JU's sensitive functions are clearly defined, recorded and kept up to date. For each sensitive function:
 - A risk assessment is carried out and relevant mitigating controls are established;
 - Once a jobholder has been exercising the same sensitive function(s) for three years, risk is re-assessed, following which management decides to move the jobholder, or to transfer the sensitive function(s) or to implement additional mitigating controls which reduce the residual risk to a level it considers acceptable;
 - Mobility is as a general rule applies once a jobholder has been exercising the same sensitive functions for seven years,.
- The JU records derogations granted to allow staff to remain in sensitive functions beyond five years along with documentation of the risk analysis and the mitigating controls. It reports on these in the Annual Activity Report based on corresponding instructions.

ICS 8. Processes and Procedures: The JU's processes and procedures used for the implementation and control of its activities are effective and efficient, adequately documented and compliant with applicable provisions. They include arrangements to ensure segregation of duties and to track and give prior approval to control overrides or deviations from policies and procedures.

REQUIREMENTS

- The JU's main operational and financial processes and procedures and IT systems are adequately documented.
- The JU's processes and procedures ensure appropriate segregation of duties (including for non-financial activities).
- The JU's processes and procedures comply with applicable provisions, in particular the Financial Regulations and rules (e.g. ex-ante and ex-post verifications) and the JU's Rules of Procedure.
- A method is in place to ensure that all instances of overriding of controls or deviations from established processes and procedures are documented in exception reports, justified, duly approved before action is taken and logged centrally.

ICS 9. Management Supervision: Management supervision is performed to ensure that the implementation of activities is running efficiently and effectively while complying with applicable provisions.

REQUIREMENTS

- Management at all levels supervise the activities they are responsible for and keep track of main issues identified. Management supervision covers both legality and regularity aspects and operational performance
- The supervision of activities involving potentially critical risks is adequately documented¹.
- Management monitors the implementation of accepted ECA/IAC audit recommendations and related action plans.

ICS 10. Business Continuity: Adequate measures are in place to ensure continuity of service in case of "business-as-usual" interruption. Business Continuity Plans are in place to ensure that the JU is able to continue operating to the extent possible whatever the nature of a major disruption.

REQUIREMENTS

- Adequate measures - including handover files and deputising arrangements for relevant operational activities and financial transactions - are in place to ensure the continuity of all service during "business-as-usual" interruptions (such as sick leave, staff mobility, migration to new IT systems, incidents, etc.).

¹ Depending on the nature of the work performed, the documentation of supervision can, for example, be constituted of minutes of meetings, notes explaining key decisions, signature of authorising officer in IT systems, or documents explaining the scope, methods, results and conclusions of the supervisory activities.

- Business Continuity Plans (BCP) cover the crisis response and recovery arrangements with respect to major disruptions (such as pandemic diseases, terrorist attacks, natural disasters, etc.). They identify the functions, services and infrastructure which need to be restored within certain time-limits and the resources necessary for this purpose (key staff, buildings, IT, documents and other).
- Procedures are established for exercising, updating and validating the BCP. Reviews are at least annual, through the existing risk management process.
- Electronic and hardcopy versions of the BCP are stored in secure and easily accessible locations, which are known to relevant staff.
- Contingency and backup plans for information systems are established, maintained, documented and tested as determined by operational, business continuity and security needs.

ICS 11. Document Management: Appropriate processes and procedures are in place to ensure that the JU's document management is secure, efficient (in particular as regards retrieving appropriate information) and complies with applicable legislation.

REQUIREMENTS

- Document management systems and related procedures comply with relevant compulsory security measures, provisions on document management and rules on protection of personal data.
- In particular, every document that fulfils the conditions laid down in the implementing rules² needs to be registered, filed in at least one official file (each file being attached to a heading of the Filing Plan), and preserved by appropriate use of the JU's registration and filing systems.

ICS 12. Information and Communication: Internal communication enables management and staff to fulfil their responsibilities effectively and efficiently, including in the domain of internal control. Where appropriate, the JU has an external communication strategy to ensure that its external communication is effective, coherent and in line with the JU's key political messages. IT systems used and/or managed by the JU (where the JU is the system owner) are adequately protected against threats to their confidentiality and integrity.

REQUIREMENTS

- Internal and external communications comply with relevant copyright provisions.
- Management scoreboards (or equivalent tools) are developed for the JU's main activities and thereafter, if appropriate, at the level of Units. These include concise management information necessary to oversee the entity's activities and evolution, for example: performance indicators, financial information, legality and regularity error rates, project deadlines, significant audit findings, HR indicators³ and Equal Opportunity targets, or other relevant management information.

² Any document in whatever medium (paper, fax, e-mail, electronic) received or formally drawn up by the JU:
 - if it is likely to require action, follow-up or a reply from the JU or one of more of its departments or involves the responsibility of the JU or one or more of its departments;
 - and if it contains important information which is not short-lived.

³ Possible HR indicators: staff turnover, workforce evolution, number of training days per person, forecasting of departures

- Arrangements are in place to ensure that management and staff are appropriately informed of decisions, projects or initiatives – including those in other EU Bodies or JUs – that concern their work assignments and environment.
- All personnel are encouraged to communicate potential internal control weaknesses, if judged significant or systemic, to the appropriate management level. Contact person(s) is/are assigned to facilitate and coordinate such reporting.
- Where appropriate, the JU has a documented strategy for external communication, including clearly defined target audiences, messages and action plans.
- The standard Information Systems Security Policy of the European Commission is applied by the JU. The JU has adopted and implements an IT Security Plan based on an inventory of the security requirements and a risk analysis of the IT systems under their responsibility, and applies at least the relevant control measures of the corporate IS Security Policy.
- The IT systems support adequate data management, including database administration and data quality assurance. Data management systems and related procedures comply with relevant Information Systems Policy, compulsory security measures and rules on protection of personal data.

ICS 13. Accounting and Financial Reporting: Adequate procedures and controls are in place to ensure that accounting data and related information used for preparing the organisation's annual accounts and financial reports are accurate, complete and timely.

REQUIREMENTS

- The Authorising Officer has responsibility for ensuring the reliability and completeness of the accounting information under his/her control necessary to the Accounting Officer for the production of accounts which give a true image of the assets and of budgetary implementation.
- The JU's accounting procedures and controls are adequately documented.
- Financial and management information produced by the JU, including financial information provided in the Annual Activity Report, is in conformity with applicable accounting rules and the Accountant's instructions.

ICS 14. Evaluation of Activities: Evaluations of expenditure programmes, legislation and other non-spending activities are performed to assess the results, impacts and needs that these activities aim to achieve and satisfy.

REQUIREMENT

- Evaluations are performed in accordance with the guiding principles of the Public administration's evaluation standards. Corresponding evaluation baseline requirements are applied for retrospective evaluations (interim, final and ex-post) while prospective evaluations (ex-ante and impact assessments) follow the relevant specific guidelines.

ICS 15. Assessment of Internal Control Systems: Management assess the effectiveness of the JU's key internal control systems, including the processes carried out by implementing bodies, at least once a year.

REQUIREMENTS

- Management assess the effectiveness of the JU's key internal control systems, including the processes carried out by Heads of Unit and project managers at least annually. Such self-assessments can, for example, be based on staff surveys or interviews combined with management reviews of supervisory reports, results of evaluation and ex-ante/ex-post verifications, audit recommendations and other sources that provide relevant information about the JU's internal control effectiveness.
- On an annual basis – as part of the Annual Activity Report – the Internal Control Coordinator (Head of Unit Administration) signs a statement, to the best of his/her knowledge, on the accuracy and exhaustiveness of the information on management and internal control systems provided in the Annual Activity Report.

ICS 16. Internal Audit Capability: The JU has an Internal Audit Capability (IAC), which provides independent, objective assurance and consulting services designed to add value and improve the operations of the JU.

REQUIREMENTS

- The role and responsibilities of the JU's Internal Audit Capability (IAC) are formally defined in an audit charter.
- The functions and tasks of the IAC can be exercised by statutory staff of the JU or, in case of limited human resources made available, by sharing statutory positions available in other EU bodies like Jus, or externalised to private service providers
- The annual audit work plan is risk-based, forms part of a multi-annual strategic plan approved by the Executive Director.
- The Executive Director ensures that the IAC is independent of the activities they audit.
- The Executive Director ensures that the IAC has sufficient and adequate resources to perform the audit work plan.