



European Schools

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**Annual Report of the Internal Audit Service of the  
European Commission for the year 2015**

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**BOARD OF GOVERNORS**

Meeting on 12, 13 and 14 April 2016 – Copenhagen

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### **Opinion of the Budgetary Committee**

The Budgetary Committee was informed about the results of the audits performed in 2015 in the European Schools.

The Board of Governors is invited to approve the Annual Report of the Internal Audit Service for the year 2015.



EUROPEAN COMMISSION  
INTERNAL AUDIT SERVICE

Audit in EU decentralised agencies and autonomous bodies

*IAS Operations\**

# Annual Internal Audit Report for 2015

Under Article 22(4) of the Financial Regulation applicable to the budget of the European Schools

## European Schools (ES)



29 February 2016

**This report is addressed to**

**Mr L. Damkjaer, Chair of the Board of Governors of the European Schools**

**With copy to**

**Mr K. Kivinen, Secretary-General of the European Schools**

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## 1. INTRODUCTION

Article 22(4) of the Financial Regulation applicable to the budget of the European Schools provides that *"An annual audit report shall be established by the end of February of the year following the financial year concerned, as specified in the implementing rules referred to in Article 105, and shall be addressed for the attention of the Board of Governors which shall communicate it to the Court of Auditors."*

The relevant implementing rules stipulate that *"The internal auditor shall submit to the Board of Governors the annual internal audit report provided for in Article 22(4) of the Financial Regulation, indicating the number and type of internal audits carried out, the principal recommendations made and the action taken on those recommendations."*

The function of the Internal Auditor of the ES is entrusted by a Service Level Agreement (SLA) signed between the Board of Governors of the European Schools (BOGES) and the Internal Audit Service (IAS) of the European Commission on 25/07/2007 and last renewed for a three-year period from 1/07/ 2014.

This report provides an overview of the audit activities conducted in 2015 in the European Schools (hereinafter referred to as "ES") by the IAS, and highlights the key recommendations and the action taken on those recommendations.

## 2. PROFESSIONAL ENVIRONMENT

### 2.1. Purpose, authority and responsibility<sup>1</sup>

The purpose, authority and responsibility of the internal audit activity in the ES are formally defined in the SLA signed between the BOGES and the IAS.

### 2.2. Professional Framework<sup>2</sup>

The IAS recognises the mandatory nature of the definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (the Standards) promulgated by the Institute of Internal Auditors, which together form the International Professional Practice Framework.

The internal audit activity in the ES performed by the IAS is in conformance with the International Professional Practice Framework, as certified by the 2011 external quality assessment.

### 2.3. Independence and objectivity<sup>3</sup>

The Internal Auditor confirms that in 2015:

- He preserved the full organisational independence necessary to effectively carry out the responsibilities of the internal audit activity, in particular through the dual reporting relationship to the BOGES and the Secretary-General of the ES and through the direct and unrestricted access he has to

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1 International Standard 1000 for the Professional Practice of Internal Auditing

2 International Standard 1010 for the Professional Practice of Internal Auditing

3 International Standards 1100 and 1110 for the Professional Practice of Internal Auditing

the Office of the Secretary-General (OSG) and the individual European Schools (type I);

- The internal audit work in the ES was free from interference in determining the scope of internal auditing, performing work and communicating results; and
- There was no impairment to individual objectivity, in particular through conflict of interest, scope limitations, restrictions on access to records, personnel and properties, or resource limitations.

#### **2.4. Audit plan and resource management<sup>4</sup>**

According to the SLA concluded between the BOGES and the IAS, the BOGES provides the necessary appropriations at the disposal of the IAS for one Contract Agent FGIV from 1/08/2007 until the end of the mandate.

In line with the Strategic Internal Audit Plan (SIAP) 2015-2017<sup>5</sup> concerning the ES, the IAS carried out the following engagements in 2015:

- Audit on Treasury and Revenues Management<sup>6</sup>;
- (Interim) Follow-up on outstanding recommendations from past IAS audits<sup>7</sup>.

In addition and as in previous years, the IAS participated in several meetings and provided advice on the update of the Financial Regulation applicable to the budget of the ES.

### **3. SUMMARY OF THE HIGH RISK AREAS IDENTIFIED IN THE RISK ASSESSMENT**

The role of the IAS is to provide reassurance that control systems are adequate to manage material risks. The work of the IAS in ES is based on the SIAP that originated from the in-depth risk assessment performed in 2014, and which covers the period 2015 - 2017.

In the course of the 2014 risk assessment, the IAS identified certain processes of high inherent risk which were not yet ready for audit, as the controls were assessed as absent or insufficient. In response, the OSG issued an action plan aimed at addressing these weaknesses and the actions undertaken by the ES to address these must be reported to the IAS on a regular basis for those areas that have been previously audited, and on an annual basis for those areas that have not been audited. The IAS will follow up these actions at the latest during the next in-depth risk assessment.

In 2015, the IAS performed an annual review of the SIAP and underlying risk profile in order to assess whether the remaining audit topics are still relevant,

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<sup>4</sup> International Standards 2020 and 2030 for the Professional Practice of Internal Auditing

<sup>5</sup> Ares(2014)3948612 of 26/11/2014. The SIAP derives from a full auditors' Risk Assessment, which the IAS conducted in June/July 2014 and covered the ES's major processes, both operational (according to the ES' mission) and administrative (in support of operational tasks).

<sup>6</sup> Final Audit Report: Ares(2015)5451496 of 30/11/2015

<sup>7</sup> Ares(2016)642833 of 05/02/2016. The follow-up engagement, closed in 2016, examined the status of actions which ES considered as implemented on 31/12/2015 (cut-off date). Therefore, the results of this follow-up engagement are reported in the internal auditor's annual report for 2015 for the sake of coherence with the report on outstanding recommendations as of 31/12/2015.

whether new developments require new audit topics to be added to the plan and to prioritise the different topics before selecting the specific audit engagements for the coming year. In this context, on 30/11/2015 the IAS received the ES's comments on the status of the action plans, including a number of revised target dates concerning the high risk processes which were initially assessed as not ready for audit<sup>8</sup>.

The following table provides an overview of the high risk processes identified in the SIAP 2015-2017, with revised deadlines for the implementation of mitigating actions where applicable.

| Ref. MARCI | Sub-process                               | Original Deadline            | Revised Deadline             |
|------------|---|------------------------------|------------------------------|
| 2          | Risk management                           | Q4 2015                      | *                            |
| 3          | Budgeting                                 | Q2 2015                      | *                            |
| 4          | Monitoring of activities                  | Q2 2015                      | *                            |
| 5          | Reporting / Building Blocks of Assurance  | 2015                         | *                            |
| 6          | Procurement                               | 1 <sup>st</sup> half 2015    | 1 <sup>st</sup> half 2016    |
| 8          | Accounting                                | January 2015                 | 2016                         |
| 9          | Budget Execution                          | January 2015                 | Q1 2016                      |
| 11         | Asset management / Inventory              | 2 <sup>nd</sup> half of 2014 | 1 <sup>st</sup> half of 2016 |
| 12         | Recruitment                               | End of 2014                  | End of 2015 *                |
| 14         | Performance appraisal, Career development | 1 <sup>st</sup> half 2015    | 1 <sup>st</sup> half 2016    |
| 18         | Data protection                           | Not specified                | *                            |
| 23         | Business continuity                       | Q3 2016                      | -                            |
| 29         | IT Governance                             | Q2 2015                      | *                            |
| 30         | IT Project management                     | Q4 2015                      | Q4 2016                      |
| 31         | IT Security                               | Q4 2016                      | -                            |
| 32         | IT Services delivery                      | Q2 2016                      | -                            |
| 34         | Governance and decision making            | Q3 2015                      | **                           |
| 35         | Fraud prevention                          | Q4 2015                      | **                           |
| 36         | Data management                           | Q3 2015                      | 2016                         |

<sup>8</sup> ES reply to the IAS update request on the SIAP 2015-2017: Ares(2015)5461932 of 30/11/2015.

\* The ES consider that mitigating actions have been implemented. These sub-processes have now become auditable.

\*\* These sub-processes are still under analysis, and the ES has not yet proposed revised target dates.

The ES are still in the process of consolidating the action plans and the IAS did not validate the self-assessment. Therefore, the IAS did not modify the overall risk profile or the strategic audit plan.

#### **4. THE INTERNAL AUDIT ACTIVITY IN 2015**

##### **4.1. Audit on Treasury and Revenues Management**

###### **4.1.1. Objective and scope**

The overall objective of the audit was to assess the adequacy and effectiveness of the management and control systems set up by the ES for the revenues generated by the fees charged by the schools and the treasury management processes.

The audit scope concerning the treasury process covered the controls related to treasury management, including cash management, and took into account all sources of revenue for liquidity planning and reporting.

As far as revenue is concerned, the audit scope was limited to school fees, as these were considered, compared to the other sources of revenue of the ES, especially the institutional subsidies, to be less stable, more dependent on the schools' own controls and therefore of a higher risk profile.

Bearing in mind the specific risks identified during the 2015-2017 strategic risk assessment, and the results of the IAS preliminary survey, the audit scope did not cover the following aspects:

- Contributions from non-community organisations, i.e. revenues deriving from the European Patent Office;
- Contributions from the European Communities;
- Miscellaneous revenues;
- Accounting aspects of revenue collection (including budgetary accounting) and revenue measurement (except for revenues generated by the schools' fees).

This audit focussed on the systems and processes of the OSG and of two sampled schools – Brussels II and Karlsruhe and a questionnaire was sent to the other 12 remaining schools.

###### **4.1.2. Audit Opinion**

The IAS concluded that "the internal control system in place at the ES did not provide reasonable assurance<sup>9</sup> regarding the adequate and effective management and accounting treatment of revenue and treasury."

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<sup>9</sup> Even an effective internal control system, no matter how well designed and operated, has inherent limitations –including the possibility of the circumvention or overriding of controls – and therefore can provide only reasonable assurance to management regarding the achievement of the business objectives and not absolute assurance.



This opinion was based on the two critical and the two very important issues contained in the report. The critical issues are related to fundamental weaknesses in the application of the four-eyes principle (segregation of duties), and therefore missing controls on the vendors' database and on access rights in the online banking system. These weaknesses were considered as detrimental to the financial management of the ES as a whole. The very important issues relate to invoicing and the management of extra-budgetary accounts.

#### 4.1.3. Risks and Audit Recommendations

The audit resulted in two critical, three very important, and one important recommendations addressed to the OSG<sup>10</sup>.

##### a) Potential non-application of the four-eyes principle for the vendors' master data and payments and access rights in online banking systems:

"Due to the lack of segregation of duties (four-eyes principle) in managing the vendors' master data, fictitious entries may be created and illegal or fraudulent payments made in each of the 14 ESs and the OSG. Furthermore, errors or fraud may occur given that a single person can authorise bank transfers in the online banking system. This may go undetected. Finally, a lack of regular review and update of the access rights may result in unauthorised persons being able to perform banking operations."

To mitigate these risks, the IAS recommended, as a matter of urgency, to:

- "develop and implement a robust procedure which ensures application of the four-eyes principle. This should be done by implementing a workflow in SAP involving at least two persons for creating, modifying and deleting vendors' master file data and could be partially centralised to the OSG to clearly segregate duties. (**Recommendation No 1 – Critical**);
- "ensure that at least two persons are involved in every banking operation (**Recommendation No 2 – Critical**).
- "implement a procedure to regularly monitor the persons authorised to perform banking operations (**Recommendation No 3 – Very Important**)."

Additionally, in the context of Recommendation No 2, a critical issue was addressed specifically to the School of Karlsruhe (ESK) with the following recommendation: "The School should ensure, in cooperation with the banks and/or the service providing the "S Fiem" system, that the four-eyes principle is applied for all payments made in its on-line banking system, including when payments are created manually."

##### b) Invoicing and extra-budgetary accounts:

"Issuing invoices manually poses the risk of creating an inaccurate/incorrect invoice and insufficient control on the completeness of revenue. It also entails the risk of fraud. Due to lack of a common framework for managing extra-budgetary accounts, the ESs may have varying, insufficient or no controls over the extra-budgetary accounts."

To mitigate these risks, the IAS recommended that the OSG should implement the following recommendations as soon as possible:

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<sup>10</sup> In addition, specific recommendations were addressed to the two visited schools.

- proceed with finding a solution to the technical problem with the SAP module for invoicing and ensure that the users of this module are properly trained (**Recommendation No 4 – Very Important**).
- finalise and implement the procedure on the management of the extra-budgetary accounts (**Recommendation No 5 – Very Important**).

#### 4.1.4. On-going Developments

The IAS acknowledged the on-going efforts and developments, which were observed during the engagement and which may ultimately have a positive impact on the treasury and revenues management. The SAP accounting system was introduced on 1/01/2015 and key SAP users meetings take place on a regular basis. In addition, to ensure the proper functioning of SAP the OSG hired a SAP expert and plans to recruit an additional expert in the near future. The OSG has also taken the initiative to draft Guidelines on segregation of duties in financial circuits.

The IAS highlighted the issue regarding the vendors' master data and the issues regarding the invoicing module to the OSG by way of a management letter in early July 2015. In his reply of 29 July, the Secretary-General informed the IAS that an automatic workflow will be implemented in SAP "*in the near future*" and that the technical problems with the invoicing module have already been resolved.

The auditee has accepted all the recommendations made.

#### 4.1.5. Action Plan

On 19/01/2016, the OSG provided the IAS with a proposed action plan in response to the recommendations arising from the audit<sup>11</sup>. In its reply of 02/02/2016<sup>12</sup>, the IAS commented that the action plan satisfactorily addressed the recommendations and risks identified in the final report but however, it also stated that some of the actions still needed to be worked on.

To ensure that the recommendations have been satisfactorily implemented, the IAS is planning to follow-up the critical issues by appropriately timed desk reviews and an on-the-spot engagement in connexion with a new audit on "SAP controls on accounting and budget execution" due to start in 2016.

## 4.2. Follow-up on the implementation status of the outstanding recommendations from past IAS audits

### 4.2.1. Objective and scope

In the last quarter of 2015, the IAS started a follow-up engagement on outstanding recommendations from past IAS audits in the ES (2008/2011). These recommendations had been consolidated and reformulated in the previous "IAS Follow-up on the audits of Human Resources Management and Financial Management", which was conducted in 2014<sup>13</sup>. Following on from this

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11 Proposed action plan: Ares(2016)275244 of 19/01/2016 .

12 IAS Reply to the proposed action plan: Ares(2016)584853 of 02/02/2016.

13 "Note on Audit Conclusions": Ares(2014)923752 of 25/03/2014.

consolidation exercise, the OSG had issued an Updated Action Plan<sup>14</sup> covering the 29 outstanding recommendations at that time (11 Very important and 18 Important).

The objective of this new follow-up engagement concluded in 2016 was to assess the progress made with the accepted recommendations that the ES considered as implemented since the last Follow-up. Therefore, the audit work focused on the 7 recommendations submitted to the IAS as "Ready for Review" as per 31/12/2015 (3 Very Important and 4 Important).

The engagement did not result in a re-assessment of the adequacy of controls as a whole, but focused exclusively on the specific recommendations made.

Recommendations stemming from the last IAS audit on Treasury and Revenues Management, to which the ES proposed an Action Plan on 18/01/2016, were out of the scope of this engagement.

#### 4.2.2. Conclusions of the Follow-up

Based on the results of this Follow-up audit, the IAS concluded that, as of 31/12/2015:

- 5 recommendations have been adequately and effectively implemented;
- the other 2 recommendations have not been fully implemented (one Very important and one Important), although the progress made on one of them enabled it to be downgraded from Very Important to Important.

#### *Situation of outstanding recommendations as at 31/12/2015*

Before performing the Follow-up engagement, the IAS had already assessed and closed 1 recommendation (Important). Taking into account the conclusions of this work and the **revised** target dates provided by the ES, as at 31/12/2015 there were 23 recommendations not ready for review, of which 8 are Very Important and 15 are Important. The overview of the age analysis of these outstanding recommendations as at 31/12/2015, based on their **original** target dates in accordance with the previous Follow-up, is as follows:

| Criticality    | Not overdue | Overdue  |           |          | Total     |
|----------------|-------------|----------|-----------|----------|-----------|
|                |             | 1-6 M    | 6-12 M    | 12-24 M  |           |
| Important      | 2           | 3        | 7         | 3        | <b>15</b> |
| Very Important | -           | -        | 5         | 3        | <b>8</b>  |
| <b>Total</b>   | <b>2</b>    | <b>3</b> | <b>12</b> | <b>6</b> | <b>23</b> |

The eight Very Important outstanding recommendations are described in section 5.2 below.

14 Ref. Ares(2014)1500028 of 12/05/2014.

## 5. CRITICAL AND VERY IMPORTANT OPEN RECOMMENDATIONS

### 5.1. Critical Recommendations

On 31/12/2015, the following two **critical** recommendations were open, stemming from the most recent audit report.

#### *Audit 2015 "Treasury and Revenues Management"*

- Recommendation N° 1: "Ensure application of the four-eyes principle for the vendors' master data" (considered by ES as "Ready for review")*

The critical risk is described above (section 4.1.3. a).  
The OSG considers that the remedial action had already been implemented before issuing the action plan. The IAS takes good note of the action taken; it will need to follow up its effective implementation via an on-the-spot audit, possibly combined with the next audit engagement.
- Recommendation N° 2: "Ensure that at least two persons are responsible for every banking operation" (target date – 30/06/2016)*

The critical risk is described above (section 4.1.3. a).  
The OSG plans mitigating actions to be completed by the end of the second quarter of 2016.  
The OSG, on behalf of the ESK, notified the IAS that the implementation of mitigating actions related to the critical issue addressed to this school was on-going. The IAS will follow-up their effective implementation in 2016.

### 5.2. Significantly delayed<sup>15</sup> Very Important Recommendations

On 31/12/2015, eight **Very Important** Recommendations (detailed below), were still open and overdue by at least **six months**. The basis for computing the delay is the **original** target date as set by the ES in 2014 following the IAS consolidation and first follow-up engagement.

In respect of those "Very important" recommendations that were overdue and "Not ready for review", the table below presents the *comparison between the original and revised target dates* from the action plans, and the delay incurred in their implementation (as at 31/12/2015).

| Recommendations  | Action Plan – Original |                                  | Action Plan - Revised Target / Submitted Date |
|--|------------------------|----------------------------------|---|
|  | Target Date            | Delay in implementation (months) |   |
| 9. HRM - Standard structure of staff files   | 30/06/2014             | 18                               | 31/01/2016                                    |
| 10. FM - Shift from the ex-ante controls from the Financial Controller to individual Schools and strengthening of central ex-post controls | 31/12/2014             | 12                               | 15/04/2016                                    |
| 11. FM - Financial circuits  | 31/12/2014             | 12                               | 30/06/2016                                    |
| 12. FM - Ex-ante controls  | 30/01/2015             | 11                               | 31/03/2016                                    |
| 13. FM - Ex-post controls  | 30/06/2014             | 18                               | 31/03/2016                                    |

<sup>15</sup> Defined as overdue by at least six months.

|  |            |    |            |
|--|------------|----|------------|
| 19. FM - Link with the online banking system | 31/12/2014 | 12 | 30/06/2016 |
| 28. HRM - Coherent evaluation procedures     | 30/06/2014 | 18 | 30/04/2016 |
| 32. HRM - Planning teaching capacity         | 31/12/2014 | 12 | 31/12/2016 |

When these eight Very Important recommendations were reformulated as a result of the IAS Follow-up concluded in 2014, a larger number of original recommendations were merged and then grouped along the two sets of associated risks – Financial Management and Human Resources Management.

### ***Outstanding Very Important Recommendations on "Financial Management"***

As far as Financial Management is concerned, the main continuing risk is a possible misuse of ES funds. The group of outstanding actions is mostly linked to the implementation of the new financial management and accounting application SAP aimed at mitigating related residual risks. Some of those actions<sup>16</sup> will be tested during the forthcoming audit on "SAP controls over Accounting and Budget execution" scheduled in 2016.

- *Recommendation No 10: Financial management – Shift from the ex-ante controls from the Financial Controller to individual Schools and strengthening of central ex-post controls* (revised target date: 15/04/2016)
  1. The OSG should consider proposing to the BOGES changes in the Financial Regulation, which would enable a shift from ex-ante controls from the Financial Controller to individual Schools.
  2. The Financial Controller should strengthen its role in the following tasks:
    - ex-post controls of School transactions;
    - control / supervision of Schools;
    - advisory.
- *Recommendation No 11: Financial management – Financial circuits* (revised target date: 30/06/2016)

In the light of Recommendation No 10, develop and implement a procedure describing the financial circuits. The document should mention:

1. The roles and responsibilities of the financial actors;
  2. The definition of transaction types and cases when they should be applied (especially provisional commitment vs. individual commitment);
  3. Workflows for all types of transactions (commitments, payments, receipts, etc.): steps and controls;
  4. The requirement for all verifiers to acknowledge the receipt of a code of professional conduct.
- *Recommendation No 12: Financial management – Ex-ante controls* (revised target date: 31/03/2016)

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<sup>16</sup> E.g. financial circuits, ex-ante and ex-post verification, user access management.

In the light of Recommendation No 10, develop and implement a procedure for ex-ante controls and ensure that it contains:

1. A check-list for ex-ante controls, which would prevent from insufficient verification;
2. A methodology on identification of risks, sampling, frequency of ex-ante controls.

- *Recommendation No 13: Financial Management – Ex-post controls* (revised target date: 31/03/2016)

ES should develop and implement procedures (both for OSG and individual Schools) for ex-post controls and ensure that it contains:

1. A check-list for ex-post controls, which would prevent from insufficient verification;
2. A methodology on identification of risks, sampling, frequency of ex-post controls.

- *Recommendation No 19: Financial management – Link with the online banking system* (revised target date: 30/06/2016)

Technical feasibility of linking the accounting software and the local online banking system should be considered. As an alternative solution, the payments could be executed in the online banking system so that the second signatory is fully independent of the first one. This may take the form as follows:

- First signature: the Accounting Officer, who enters all necessary data and has modification rights;
- Second signature: the Authorising Officer, who checks and confirms that: (a) the transaction has been passed for payment, and (b) the details in the payment order are appropriate.

The Authorising Officer should have no modification rights.

### ***Outstanding Very Important Recommendations on "Human Resources Management"***

In the field of Human Resource Management, the main risk outstanding is related to possible non-compliance with legal provisions, which could ultimately trigger appeals from staff.

- *Recommendation No 9: Human Resource Management – Standard structure of staff files* (revised target date: 31/01/2016)

OSG should consider issuing a standard table of content for all categories of staff files in compliance with the legal requirements, and ensuring its uniform application across all Schools. The table of content for all staff files should include a section on disciplinary issues. OSG should consider issuing a template for job description for AAS staff and make sure it is applied across all Schools. The job description should refer to job profile, tasks, job requirements (qualification, diplomas, knowledge of foreign languages, IT literacy, etc.), level of sensitivity (if any) and back-up arrangements. The Schools' Directors should make sure that all staff files have a standard contents and structure (meeting the OSG format once it is issued). The Schools' Directors should make sure a description of their pedagogical (e.g. timetable) and non-pedagogical (e.g. coordination) functions is issued for

seconded and replacement teachers and is attached to their contract/appointment letter.

- *Recommendation No 28: Human Resource Management – Coherent evaluation procedures* (revised target date: 30/04/2016)

The Office should develop and ensure implementation of coherent evaluation/appraisal procedures for all categories of staff (AAS, PTT, ST) to be used by the Schools. The procedures should include documentation requirements, timeframe, evaluation criteria and rating/scale, appeal procedure, as well as areas for improvement. The procedures should cover also the assessment of probationary staff. The procedures could get inspiration from Commission's appraisal system. They should be made available to all Schools and posted on the Learning Gateway.

- *Recommendation No 32: Human Resource management – Planning teaching capacity* (revised target date: 31/12/2016)

The Office (with Schools' support) should develop and insure the implementation of a generic provision on planning the teaching capacity. The different steps of the planning and decision-making processes for the estimation of the teaching capacity should be documented. The procedure should disclose the actors involved in the processes, as well as the operational steps in setting up and updating the planning, providing an overview of the different milestones and deadlines. Such procedure will help Schools fulfil the requirements of ICS 11 and provide them with a robust and stable working tool, limiting manual entries and improving overall consistency.

## 6. NEXT STEPS

The IAS underlines the necessity of taking firm and urgent actions aimed at addressing the outstanding recommendations. The risks which have been identified by the IAS and reproduced in the report above currently remain unmitigated.

Based on the revised target dates provided in January 2016, all actions in response to these open recommendations should be in place before the end of 2016. The same applies to the critical recommendations stemming from the 2015 Audit on Treasury and Revenues Management. The IAS will closely follow-up the progress achieved through appropriate means (desk reviews, on the spot follow-up, new audit on SAP controls on accounting and budget execution).

The IAS requests that you inform them about how the ES are managing these outstanding risks until the recommendations are implemented. If the ES decide to assume the risks instead, please notify the IAS as soon as possible. We will then close the recommendation underlining that, in our view, the risks stay unmitigated. If the ES consider that the original action plans need to be revised, you should equally inform us as soon as possible and introduce realistic revised target dates for implementation in Issue Track. These issues will be closely monitored by the IAS.