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| logo_ec_17_colors_300dpi | EUROPEAN COMMISSIONINTERNAL AUDIT SERVICEDirector-General**The Internal Auditor** |

Audit on

in

Engagement Planning Memorandum

Fields in yellow need to be updated by the auditor. Fields in blue contain instructions that should be applied and subsequently deleted.

Date: 0 XXX 0000

**Version X.N** (With X=0 (draft versions from the audit team), X=1 (review by Head of Unit), X=2 (review by Director), X=3 (review by QA), X=4 (final version to be sent to the auditees) and N: sequential number)

# Purpose and justification of the engagement

The on is included in the IAS 20XX audit plan. This follows the audit risk assessment carried out in 20XX as part of the preparation of the IAS's strategic audit plan for 20XX – 20XX.

Update the above mentioned text, extracted from TM as appropriate. Introduce in this point a description of the inherent risks related to the audited process and of the purpose of the engagement, i.e. why it was retained for audit. Usually this is the importance of the process for the objectives of the entity combined with the relatively high risk. You can also mention if the timing of the assignment is linked to a specific event (new programme, new regulation, etc.).

# Description of the activity of the entity and of the audited process

## Entity and main objectives

X

Introduce in this paragraph the business objectives related to the audited process, the link with the general and specific objectives included in the strategic and annual plans of the entity as well as the relevant KPIs and targets.

## The audited process

Update the above mentioned text extracted from TM as appropriate. Describe in this paragraph the audited process and the key governance, risk management and internal control measures directly related to the audited process. Mention those "key controls" which address the main inherent risks described under point 4 and which will later be tested.

# Key figures and legal base

Update the above mentioned text extracted from TM as appropriate. As a minimum the reference documents should include the documents establishing the applicable legal framework of the audited entity and process (founding regulation of the audited entity and any specific derogations in Dir A, FR, Implementing rules and regulations, the legal base(s) for the audited budget implementation tasks, etc.).

Introduce in the paragraph on HR the actual or estimated number of FTE's involved in the audited process.

The paragraph on the key figures related to the audited process can either be presented separately or these figures can be shown under 2.1 or 2.2. The nature of the figures depends on the audited process. For instance for procurement it can be the number and value of procurement actions per type of procedure.

# Main risks related to the audited processes

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Update the above mentioned risks extracted from TM as appropriate. Describe in this paragraph the key inherent and the potential residual risks of the audited process and activities, taking into account the key internal controls described under 2.2. These risks should be mirrored in the RCM (for compliance audits) or in the questions of the Question Tree and PAM (for comprehensive, performance and IT audits).

**Previous and planned audits (by IAS, ECA, IAC (Dir A), etc.) related to the audited processes:**

X

Refer in this paragraph to relevant ECA Final reports (Annual or Special). The conclusions of other auditors can often be used to formulate risks. The contents of ECA SPFs can also be used to identify risks but they cannot be quoted in the scoping memo because they have not been published.

**Reservations in the 20XX Consolidated Annual Activity Report:**

X

'Consolidated' in the title is only applicable for audits in Dir A.

# Objectives and scope of the audit

## Objectives

The objective of the audit is X

This objective results in the following L1 question:

X

The L1 question and question tree should be included for comprehensive, performance and IT audits only. For financial/compliance audits, the RCM and for comprehensive, performance and IT audits the PAM should be generated from TM separately and added in annex to the EPM,

The “questions-tree” applicable to the audit is the following:

Update the above mentioned question tree extracted from TM as appropriate. Ensure consistency of the L2 and L3 questions with the audit objective, the different question levels and the identified risks.

## Potential findings and recommendations

X

Based on your preliminary survey work, describe in this paragraph the main expected (potential) findings and recommendations.

## Scope

The scope of the audit will cover the following areas, processes, activities: X

The audit will not cover X

The period on which the audit will focus is X

The audit contributes / does not contribute to the Overall Opinion. The auditable entity and processes in the audit universe of the DG/Service covered by this engagement are: X. The estimated coverage of the auditable entity provided by this audit is X.

The above paragraph is only applicable for Directorates B and C. Explain in this paragraph the coverage of the auditable entity provided by the audit. The coverage assumptions should be identical as for the Overall Opinion: planning/programming 20%, implementation 60% (control strategy 30%, implementation in strictu sensu 30%) and closure 20%.

## Scope limitations

To date, no scope limitation has been identified. Or, if applicable. Externally-imposed limitations on the scope:

The explanations provided in section 5.3 on what is not included in the audit scope do not represent scope limitations.

# Units and services to be audited

X

# Audit methodology

## Audit methodology

The audit will be performed according to the IAS Guidelines, the Mutual Expectations Paper and the International Professional Practices Framework (IPPF) promulgated by the Institute of Internal Auditors.

The auditors will review the documentation of the process obtained from the auditee and will conduct interviews with key relevant personnel. These desk reviews and interviews will form the basis for evaluation of the adequacy of the internal control systems to address the risks.

The evaluation of the adequacy of the internal control system will also include walk through- and substantive testing to verify the application in practice of internal controls.

The auditors have selected a **sample** of [controls/transactions/files/etc.] that will be tested to assess if the controls are operated as intended and mitigate the risks identified. They have taken the following approach to select this sample:

Update the above mentioned template text and the text extracted from TM on the systems review, transaction testing and sampling as appropriate. The description of the sampling approach should be precise, see note ARES(2016)2321410 for guidance.

Preliminary findings will be validated during a meeting at the end of the on-the-spot fieldwork. The next sentence is only applicable for Directorate A. At this early stage, the presentation will only focus on the validation of certain issues / facts identified by the audit team in the course of the on-the-spot fieldwork. As the IAS fieldwork continues after the on-the-spot fieldwork and as the IAS applies quality assurance procedures, further issues may arise and be included in the (advance) draft report.

## Audit programmes

X

This paragraph is optional. In most EPMs it will be sufficient to provide an outline of the audit approach under the audit methodology section, and make reference to the RCM/PAM and the preparation of detailed audit programmes and checklists for the specific tests.

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## Target planning

| **Phase** | **Timing** |
| --- | --- |
| Audit start |  |
| On-the-spot fieldwork | XX/XX/20XX Only applicable for Directorate A.  |
| End of preliminary survey |  |
| Findings Document/ADAR |  |
| Draft report |  |
| Auditee's comments to draft report |  |
| Final report |  |

Ensure consistency with the dates mentioned in the RADAR screen.

# Issues of interest to the auditee – added value of the audit (if applicable)

* X

This may be a good place to present the coordination with other assurance providers if it has taken place although this information can also be added to sections 1 or 5.

# Resources

A total of person-days are planned for this audit in and XX person-days in 20XX.

Ensure that the number of days correspond with the number of days approved in the annual or updated plan. Any difference should be mentioned and explained explicitly and any budget increase will be subject to senior management approval before finalisation of the EPM.

**Overall coordination:**

The audit supervisor is FIRSTNAME LASTNAME , the responsible auditor is FIRSTNAME LASTNAME and the team members are TL1 , , , , .

These auditors have the qualifications and previous experience relevant to the engagement given their [please pick what is applicable or add any other valid criteria]:

* knowledge of the policy area through experience gained in an operational function;
* previous participation in audits in the same policy area;
* knowledge of the DG/service gained from previous audits;
* knowledge of the audited topic gained from previous audits.

Therefore, the staff assigned to this engagement has the appropriate skills to undertake the work required.

# Potential difficulties (if applicable)

X