



# Key performance indicators for internal audit activity

The Internal Audit Service of the European Commission

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# Overview

1. Introduction
2. Operational objectives of the European Commission's Internal Audit Service
3. Key performance indicators
4. Requirements / challenges

# 1. Introduction

## IIA IPPF

1300 – Quality assurance and improvement programme

1310 – Requirements of the quality assurance and improvement programme

1311 – Internal assessments must include ongoing monitoring of the performance of the internal audit activity

## European Commission

- Strategic planning and programming cycle
- Performance management framework

## 2. Operational objectives of the Internal Audit Service

1. To ensure that the work of the Internal Audit Service adds value to the Commission services and EU agencies and other autonomous bodies and contributes to the improvement of their operations (external dimension)
2. To ensure that the work of the Internal Audit Service adds value by being conducted in accordance with the Financial Regulation, its internal methodology and guidelines and international auditing standards (internal dimension)
3. To ensure efficiency and effectiveness in delivering the strategic audit plans through the annual audit plans

# 3. Key performance indicators

Objective 1 - To ensure that the work of the IAS adds value to its stakeholders

KPI 1.1 - Level of satisfaction of stakeholders  
(audit committee/management boards and senior management)

KPI 1.2 - Level of auditee satisfaction

KPI 1.3 - Timely delivery of IAS overall opinion on financial management in the Commission (effectiveness)

KPI 1.4 - Timely delivery of IAS conclusion on the state of internal control (contribution to Commission services' annual reports) (effectiveness)

# 3. Key performance indicators (cont.)

Objective 2 - To ensure that the work of the IAS is of high quality

KPI 2.1 - General conformance with the internal methodology and guidelines of the IAS and with international internal auditing standards as assessed through the internal quality assessment (effectiveness)

KPI 2.2 - General conformance with the internal methodology and guidelines of the IAS and with international internal auditing standards as assessed through the external quality assessment (effectiveness)

# 3. Key performance indicators (cont.)

Objective 3 - To ensure that the IAS is efficient and effective in delivering its audit plans

KPI 3.1 - Completion rate of the annual audit plan (effectiveness)

KPI 3.2 - Percentage of time spent on direct audit work and audit support work by auditors (effectiveness)

KPI 3.3 - Timeliness of the completion and the delivery of audit reports (time elapsed in working days between the findings validation meeting and the final report) (effectiveness)

KPI 3.4 - Difference between actual time and budgeted time for each audit engagement (effectiveness)

# 3. Key performance indicators (cont.)

Source of data:

- Annual stakeholder survey
- Auditee satisfaction survey after each engagement
- Regular internal monitoring
- Report of the internal quality assessment carried out by the quality assurance cell
- Report of the independent external quality assessor



# 4. Requirements / challenges

**S** - specific objectives

**M** - measurable

**A** - achievable

**R** - relevant

**T** - time-bound

(setting milestones and targets)

**R** - relevant

**A** - accepted

**C** - credible

**E** - easy to monitor

**R** - robust

key performance indicators

## 4. Requirements / challenges (cont.)

- ❑ Measure achievement or progress towards objectives against points of reference (baselines) (e.g. previous indicator results at a specific point in time)
- ❑ Track performance against set targets
- ❑ Set milestones for longer term targets
- ❑ Reliability of source data
- ❑ Stakeholder and client satisfaction surveys:
  - Relevance (questions, respondents)
  - Frequency and timing
  - Response rates
- ❑ Fit into your organisation's performance management framework

# Thank you

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