



2020-059

# Annual Report of the Head of Internal Audit Capability of eu-LISA (IAC) for the year 2019

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## EXECUTIVE SUMMARY

### Work done in 2019 (2018, 2017)

<b>89%</b> (91%, 90%) Implementation of the Audit Plan	<b>42%</b> (70%, 67%) Topics delivered on time
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### Answering Agency's needs (changes to the audit plan)

<b>Two</b> topics in: "Survey on the Programme Steering Committee effectiveness" "ECA performance audit on EU Agencies"	<b>No</b> topic out:
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### Constraints

<b>Location of the IAC</b> 14 hours roundtrip between IAC (in Tallinn) and business risks (in Strasbourg)
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### Outstanding issues at 31.12.2019 (2018, 2017)

<b>0</b> (0, 0) Critical	<b>10</b> (12, 3) Very Important
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### Quality Assurance and Improvement Programme

The results of the QA annual self-assessment confirms that IAC generally conforms with the Standards and the Ethics Code.

# 1. Introduction

Article 84 of the Financial Regulation of the Agency<sup>1</sup> requires the Internal Audit Capability of eu-LISA (IAC) to report to the Management Board and the Executive Director on its findings and recommendations. It also requires that internal audit actors cooperate efficiently.

At its meeting in November 2018, the Management Board adopted the Internal Audit Plan of the eu-LISA for the year 2019 (ref. 2018-168 Decisions, point B.6).

In 2019, IAC continued to be the contact point for the Internal Audit Service of the European Commission (IAS), and the European Court of Auditors (ECA). This role was important in order to ensure minimum of disruption to the Agency's normal activity and avoid duplication of efforts. As a contact point, IAC did not assume any management responsibility and had preserved his independence and objectivity.

This report provides a synopsis of the audit activities carried out in 2019 in the eu-LISA by the IAC, the coordination work with IAS and facilitation of ECA audits. Even though financial statements and accounts are not the focus of internal audit, the results of ECA activities are included in the report so that to give a complete overview of all various audit activities.

# 2. Internal Audit Charter and Standards

In June 2018, the Management Board adopted the revised Internal Audit Charter<sup>2</sup> of the Internal Audit Capability of eu-LISA (ref. 2018-112 decisions, point A.28.).

The purpose, authority and responsibility of the internal audit activity in eu-LISA are formally defined the IAC Charter. The revised IAC Charter is consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing).

The Head of IAC confirms that in 2019:

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<sup>1</sup> As from September 2019, Article 80 of the new Financial Rules of eu-LISA ref. 2019-198 REV1

<sup>2</sup> These standards applicable to IAC are the International Standards for the Professional Practice of Internal Auditing (Standards). Standard 1000 reads: "..... The chief audit executive (i.e. head of IAC) must periodically review the internal audit charter and present it to senior management and the board for approval."

- ✓ there was no interference in determining the scope of internal auditing and performing audit work and reporting,
- ✓ he preserved the organizational independence, in particular through the reporting lines to the Management Board and Executive Director and through direct and unrestricted access to eu-LISA management and the Management Board,
- ✓ there was no impairment to individual objectivity, such as conflict of interest or scope limitations.

In 2019, an assistant successfully integrated in the IAC and a framework contract for services to IAC was signed in October.

However, Head of IAC continued to experience inherent restriction to personnel, records, and properties due to his location.

### 3. Critical and Very Important Issues

When forming his annual declaration of assurance<sup>3</sup>, the Executive Director should consider the impact of the residual critical<sup>4</sup> and very important<sup>5</sup> risks that are not mitigated.

On 31 December 2019, there was no 'Critical' issue open.

In 2019, the Agency had 36 "Very important" audit recommendations in monitoring. Out of these, 10 audit recommendations were in progress and 16 were declared "Implemented" by management.

A number of 10 audit recommendations have remained open with revised target implementation dates, and have been carried over to the 2020 monitoring and follow up cycle. These issues can be grouped in three main pending actions:

- Finalisation of deployment of Sourcing Strategy and design of Contract Management process (2015)
- Finalisation of putting in place internal controls in Procurement (2017)
- Organisation of IT asset management process (2018)

For details, see Chapter 6 below and Appendix 1 enclosed.

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<sup>3</sup> As from 1 January 2020, Article 48 of the new Financial Rules of eu-LISA ref. 2019-198 REV1.

<sup>4</sup> Critical risk: Fundamental weakness in the audited process that is detrimental at the Agency level.

<sup>5</sup> Very important risk: Fundamental weakness in the audited process that is detrimental to the whole process.

## 4. The Internal Audit Activity in 2019 at a glance

The table below gives a quick view over the implementation of the Internal Audit Plan for the year 2019:

#	Audit topics planned for 2019 (topic type)	Leading auditor	Report planned delivery month	Actual delivery month	Comments
1	Implementation of the organizational structure of the Agency (consulting)	IAC	Oct-19	Dec-19	DELIVERED. Report communicated to the MB&ED on 09.12.2019.
2	Facilitate the deployment of the revised Internal Control framework of eu-LISA (consulting)	IAC	Jun-19	Feb-20	DELIVERED. Report communicated to the MB&ED on 20.02.2020.
3	Entry Exit System (EES) project: Business and IT Alignment (assurance)	IAC	Dec-19	Late	Work is ongoing. Planning phase is complete, fieldwork in the first week of March 2020. Audit report will be communicated in April 2020.
4	Performance audit on Border Control – Information systems for Internal Security (coordination)	ECA	Apr-19	Nov-19	DELIVERED. Final Report published on 11.11.2019 on the ECA website. Communication to the MB&ED done on 12.11.2019.
5	IAS audit on Recruitment, management of SSPs, Ethics (coordination)	IAS	Dec-19	Late	Validation/reporting is ongoing. Audit report will be communicated in April 2020.
6	Legality and regularity of 2018 Accounts - final (coordination)	ECA	Jun-19	Jun-19	DELIVERED ON TIME. Preliminary Observations Report communicated on 03.06.2019. Final Report published on 10.10.2019 on the ECA website. Communication to the MB&ED done on 17.10.2019.
7	Legality & regularity 2019 Accounts - interim (coordination)	ECA	Dec-19	Nov-19	DELIVERED ON TIME. Fieldwork delivered at Agency's headquarters in November 2019.

#	Audit topics planned for 2019 (topic type)	Leading auditor	Report planned delivery month	Actual delivery month	Comments
8	Monitoring and reporting on the implementation of Agency's Anti-fraud Strategy (consulting)	IAC	Oct-19	Feb-20	DELIVERED. Report communicated to the MB&ED on 21.02.2020.
9	Monitoring and follow-up to audit recommendations (assurance & coordination)	IAC	Jan-20	Oct-20	DELIVERED ON TIME. First monitoring report analysed in ACFC of 23.05.2019. Second monitoring report in ACFC of 29.10.2019.
10	Delivering awareness sessions on ethics & integrity with HRU (coordination)	IAC	Dec-19	May-19	DELIVERED ON TIME. First awareness session on conflict of interest delivered on 30.04.2019. Second awareness session on whistleblowing and ethics delivered on 29.05.2019 (with OLAF).
NEW	EXTRA: Survey on the Programme Steering Committee effectiveness (consulting)	IAC	Mar-19	Mar-19	DELIVERED ON TIME. Survey report communicated to the ED in February 2019 and presented to the Management Committee on 18.03.2019.
NEW	EXTRA: ECA Performance Audit on EU Agencies (coordination)	ECA	Dec-19	Late	Draft report agreed with management in the forum of EUAN. Final Report expected in March 2020.

## 5. Details of implementation of the Annual Audit Plan for the year 2019

### 5.1 The Internal Audit Capability of the eu-LISA (IAC)

## Report on the IAC's contribution to the revision of the functional descriptions of the units and departments and operational model of the Agency<sup>6</sup> (Topic #1)

The objective was to support and advise the Human and Resources Unit in the implementation of a new organizational structure at eu-LISA.

In the scope of this advisory engagement was the Revision of the functional descriptions of the units and departments and operational model of the Agency (work stream #3).

IAC delivered the following results:

- a contribution to the functional descriptions of the sectors for Programme and Project Delivery Unit
- a contribution to the functional description of the Governance and Capabilities Unit
- a contribution to the definition of critical processes: Planning
- a contribution to the definition of critical processes: Contract management
- an advice to management on the draft new organizational structure

## Report on the IAC contribution to the deployment of the revised Internal Control Framework of eu-LISA (Topic#2)<sup>7</sup>

The objective was to facilitate the deployment of the revised Internal Control Framework at eu-LISA (ICF) in line with the requirements stated in the MB decision.

In the scope of the engagement were the following:

- identify and validate the Internal Control Monitoring Criteria with eu-LISA business units, including performance indicators and the baselines,
- raise awareness on the principles, characteristics and practical implementation of the ICF across the Agency,
- provide advice to the governance set up over ICF,
- contribute to the preparation of ED Decision for the Adoption of Internal Control Monitoring Criteria and temporary appointment of the Manager in charge for Risk Management and Internal Control (MRMIC)

IAC delivered the following results:

- Internal Control Monitoring Criteria identified and validated with eu-LISA management including performance indicators and the baselines,
- Management awareness raised as to internal control principles and characteristics of the ICF,
- Support provided to the Executive Director on making the decision to appoint a Manager in charge for Risk Management and Internal Control (MRMIC) together with task definition and cooperation requirements,
- Support provided to the Executive Director on making the decision adopting the Internal Control Monitoring Criteria (including performance indicators and the baselines) - see Annex enclosed.

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<sup>6</sup> IAC Report, ref. Ares(2019)7399609 - 02/12/2019

<sup>7</sup> IAC Report, Ref. Ares(2020)1058524 - 19/02/2020

## Report on the implementation of the Action Plan to the Anti-fraud Strategy for the year 2019<sup>8</sup>

The revised Anti-fraud Strategy comprises three strategic objectives for the period 2019 - 2021:

1. Reinforce anti-fraud culture in the Agency
2. Set and maintain a high level of ethics in line with the activities of eu-LISA
3. Develop intelligence for prevention and detection purposes

IAC carried out the regular monitoring of the implementation of the action plan attached to the Strategy. The report summarises responses received from action owners following several meetings between IAC and action owners. IAC, based on the assertions of the action owners, performed an assurance procedure and gathered evidence in order to define the status of implementation.

The action plan had initially 12 actions, each of them aimed at mitigating one or several of the fraud risks identified. The Agency implemented six out of twelve of the actions planned, which gives an implementation rate of 50%. This result could be qualified as sufficient for the year 2019. However, intensified efforts are expected from the action owners in the upcoming years in order to achieve full implementation.

IAC identified the following recommendations to improve the effectiveness of the monitoring:

- Ensure that data needed for the calculation of performance indicators of the Strategy is available,
- In November 2019, during the annual corporate risk management exercise, the Agency identified two new potential fraud risks. The action plan should be updated with mitigating actions addressing these two risks (already done),
- Due to the complexity of the action plans marked as "In progress", revised deadlines for the implementation of these action plans are proposed.

## 5.2 The Internal Audit Service of the European Commission (IAS)

### Staff Recruitment, Management and Engagement of Structural Service Providers (SSPs) and Organisational Ethics

The objective of the audit is to assess the adequacy of the internal control systems put in place by eu-LISA for (1) staff selection and recruitment, (2) the management of structural service providers and (3) organisational ethics. In particular, the audit will assess:

- if the selection and recruitment process is compliant with the applicable legal base and meets the mandated timelines and procedures;
- if the sourcing strategy, competences gap analysis and the management of structural service providers is effective in meeting the Agency's needs and in achieving its objectives;

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<sup>8</sup> IAC Report, ref. Ares(2020)1109829 - 21/02/2020

- if the management of structural service providers (1) occurs in accordance with the principles of sound financial management, (2) is compliant with the applicable legal base and framework contract conditions, (3) does not result in external service providers undertaking tasks which should in accordance with provisions of CEOS be undertaken by staff members;
- if the Agency's ethical framework is complete, the ethical risks applicable for the Agency and is effectively integrated in the Agency's day-to-day activities.

The scope of the audit covers the following areas, processes and activities in 2018 and 2019:

- the selection and recruitment procedures and (IT) tools in place, including all recruitment-related policies and the completion of assessments such as the competency gap analysis that have an impact on recruitment decisions;
- operational contract management of SSPs (financial contract management is out of scope) including the planning process and the procedures governing the effective use of the SSPs (as indicated in the framework and specific contracts for hiring of SSPs). Such procedures may include the use of management tools such as timesheets that support the invoicing of SSP services and their effective monitoring by management. Procurement procedures relating to the hiring of SSPs are not within scope.
- the ethical framework, the policies and procedures in place and their application.

Preliminary interviews took place at Agency's headquarters in 26-28.06.2019. Fieldwork visit took place at Agency's headquarters in 16.09-20.09.2019. The second part of fieldwork visit took place at Agency's operations site in 24-26.09.2019.

The draft report is expected in February 2020 and the final report is expected in March or April 2020.

## 5.3 The European Court of Auditors (ECA)

### Report on the annual accounts of eu-LISA for the financial year 2018<sup>9</sup>

In 2019, the European Court of Auditors (the Court) finalised the usual audit on the Annual Accounts of the eu-LISA for the financial year 2018. The Court audited:

- a. the annual accounts of the Agency, which comprise the financial statements<sup>10</sup> and the reports on the implementation of the budget<sup>11</sup> for the financial year ended 31 December 2018, and
- b. the legality and regularity of the transactions underlying those accounts.

In the Court's opinion, the annual accounts of the Agency **present fairly, in all material respects**, the financial position of the Agency at 31 December 2018, the results of its operations, its cash flows,

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<sup>9</sup> ECA Annual Report on EU Agencies for the financial year 2018, paragraph 3.26. European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA), page 217.

<sup>10</sup> These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

<sup>11</sup> These comprise the budgetary outturn account and the annex to the budgetary outturn account.

and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

In the Court's opinion, the revenues and payments underlying the annual accounts for the year ended 31 December 2018 **are legal and regular in all material respects**.

The Court made six comments that do not call the above opinions into question, of which a summary is presented below:

*- Observations on legality and regularity of transactions*

- In one recruitment procedure, the selection committee deviated from the published vacancy notice,
- The Agency should not award contracts for prices exceeding tenderers' offers,
- The Agency extended the duration of a direct contract for the provision of security and reception services beyond its four-year duration to six years. Payments executed in 2018 beyond the 4-year initial period (1 million euros) are irregular. The Agency should make sure it complies with public procurement rules.
- Two audited payments made for the provision of "corrective maintenance in working order of the Schengen Information System" (MWS) were irregular (207 000 euros + 552 000 euros). The Agency should make sure it complies with public procurement rules.
- The formula stipulated in the tender specifications for the MWS contract to identify the best quality offer was different from the one communicated to bidders. The Agency should strengthen procurement-related internal controls

*- Observations on Budgetary Management*

- The Agency, together with the Commission, should improve alignment of budgetary planning with the timing of the related legal acts.

## 6. Status of various audit recommendations

IAC regularly monitors and follows-up the state of play of action plans that eu-LISA has put in place following various audit recommendations. In the scope of monitoring there are all open audit recommendations issued by the following auditors:

- Internal Audit Services of the European Commission (IAS)
- Internal Audit Capability of eu-LISA (IAC)
- European Court of Auditors (ECA)

The implementation rate of audit recommendations for the year 2019<sup>12</sup> is **62%** (i.e. 21 recs implemented / 34 recs due).

To confirm closure (see header 'Closed' in the summary table below), the IAC<sup>13</sup> carried out the annual follow-up to those action plans declared as 'Implemented' (i.e. auditor's assessment of evidence provided and collected). ECA also followed up its observations issued in previous audits<sup>14</sup>.

For a quick view, the status of audit recommendations on 31 December 2019 is summarised hereunder:

IAS, IAC and ECA* recs by rating	Total open for 2019	of which stated by management as being***			Closed 2019	Total open at the end of 2019
		In progress	Implemented	Past due		
Col.0	Col.1	Col.2	Col.3	Col.4	Col.5	Col.6 = col.1 - col.5
Critical <sup>15</sup>	0	0	0	0	0	0
Very Important <sup>16</sup>	36	10	16	10	13	23
Important <sup>17</sup>	12	4	5	3	2	10
<b>Total</b>	<b>48</b>	<b>14</b>	<b>21</b>	<b>13</b>	<b>15</b>	<b>33</b>

\* for monitoring purpose, recommendations issued by ECA are rated as "Very important"

\*\*Reading key for the headers in the table above:

**In progress** – Implementation proceeds according to the plan. Deadline not due or new action plan / deadline agreed with the auditor.

**Implemented** – This is an assertion by the recommendation owner. The issue is ready for the Auditor's follow-up with a view to closure.

**Past due** – Recommendation was not implemented by the agreed deadline.

**Closed** – the Auditor closed formally the issue.

Merged – recommendation merged by the Auditor with a similar one.

Details on "critical" (none) and "very important" issues are in Appendix 1 enclosed.

<sup>12</sup> Report on the status of implementation of audit recommendations as at 31 December 2019

<sup>13</sup> Follow-up results for the year 2019 – IAC Memo, ref. Ares(2020) 1230716 - 27/02/2019

<sup>14</sup> ECA Annual Report on EU Agencies for the financial year 2018, paragraph 3.26. European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA), Annex - page 221

<sup>15</sup> Critical: Fundamental weakness in the audited process that is detrimental at the entity level.

<sup>16</sup> Very important: Fundamental weakness in the audited process that is detrimental to the whole process.

<sup>17</sup> Important: Significant weakness in the whole audited process or fundamental weakness to a significant part of the audit process.

## 7. Quality Assurance and Improvement Program (QAIP)

In December 2017, the IAC has completed the procedures in accordance with its QAIP roadmap. The result was that an independent external evaluator confirmed that IAC's activity generally takes place in accordance with the Standards and the Ethics Code<sup>18</sup>. IAC has developed an action plan meant to close the three identified gaps to conformance. Furthermore and in order to continually optimize its work, IAC identified nine opportunities for improvement (OFI). In 2018, IAC had implemented all the actions and five OFIs. The follow up of the remaining four opportunities for improvement (OFI) is ongoing..

However, the 2019 result of 42% of the performance indicator *Topics delivered on time* suggests that IAC needs to improve the time lag between draft report and the final communication to the Executive Director and the Management Board. To this end, IAC will introduce in 2020 a reporting template and a standard communication workflow via Ares (i.e. Agency's document management system). These improvements are expected to ensure timely delivery of IAC engagement results to its stakeholders starting with the year 2020 for at least 80% of its engagements.

In 2019, IAC run its first Satisfaction Survey.

- Objective of the survey is to collect satisfaction ratings and predict future needs.
- The service surveyed was the coordination with external audit and other internal audit service providers for the year 2019.
- IAC addressed it to 12 Auditors from the Internal Audit Service of the European Commission (IAS) from the European Court of Auditors (ECA) and 38 staff members of eu-LISA related to audit activities mainly ED, HoS, HoU, HoD and special functions.
- The survey run from 6 December to 23 December 2019.
- We ensured anonymity for the respondents
- **83%** is the participation rate of external stakeholders (10/12)
- **26%** is the participation rate of internal stakeholders (10/38)
- Survey's overall statement: **How satisfied were you with IAC's facilitation of audits?**
- Satisfaction Rate (externally): 82.5%

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<sup>18</sup> Report for a Self-assessment with Independent Validation – ref. Ares(2017)6230544 – 19/12/2017

- Satisfaction Rate (internally): 77.5%

The message:

- IAC commits to continue providing the highest possible quality of services in order to add value and improve eu-LISA's operations
- Enhance planning and awareness to minimise further the disruption of eu-LISA activities with a view to confirm audit as routine management practice
- Increase its activities to the extent possible and interact with more units / functions
- Focus more on control processes and risk management engagements

In 2019, the Head of IAC continued to represent eu-LISA and actively participated in the Auditnet<sup>19</sup> meetings in June and November 2019, which are usually organised in Brussels.

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<sup>19</sup> Since 2008, the Auditnet for EU Bodies has been functioning under the chairmanship of the Internal Audit Service of the European Commission (IAS). It is a network consisting of heads of Internal Audit Capabilities of the EU Bodies in which they exist, (IACs), and representatives of the IAS. The main aim of the Auditnet network is to:

- Inform IACs and representatives of the EU Bodies on IAS audit matters relevant for EU Bodies,
- Discuss, exchange experience and learn from best practices on audit approach and methodology among IAS and IACs,
- Communicate, offer cooperation and coordination between IAS and IACs on risk assessments and audit planning,
- Identify, disseminate and learn from best practices and guidance in the area of governance, internal control and risk management processes.

# Appendix 1 - Highlights of “critical” and “very important” issues (chronologically by ID)

\*Acronyms explained:

- RAO = Responsible Authorising Officer (by delegation)
- ED = Executive Director
- CSD = Corporate Services Department
- FPU = Finance and Procurement Unit
- HRU = Human Resources Unit
- SCU = Security Unit
- CSU = Corporate Services Unit
- GCU = Governance and Capabilities Unit
- ESU = Executive Support and Stakeholder Relations Unit
- EPMO = Enterprise Project Management Office
- OPD = Operations Department
- PSU = Planning and Standards Unit
- IMU = Infrastructure Management Unit
- SOU = Systems Operations Unit
- PPU = Programme and Project Delivery Unit
- TTU = Test and Transition Unit

No.	[ID#] / Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
1	[ID#201410308] / ECA / 2014 / Report on the annual accounts of the Agency for the financial year 2013  Contribution of associated countries - [Very important]	RAO	Implemented	According to ECA, the issue is 'Ongoing', not under the Agency's control.
2	[ID#2015100924] / IAC / 2015 / Audit Report on Contract Management  1.2.1 Definition and organization of Contract management - [Very important]	Head of CSD  Head of OPD	Past due	Status update is pending.

No.	[ID#] / Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
3	<p>[ID#2016103036] / ECA / 2016 / Audit Report on the annual accounts of the eu-LISA for the financial year 2015</p> <p>12. Legality and regularity of transactions: a framework contract (training services) fails to specify that the procurement services should be in compliance with the procurement provisions in the Agency's financial rules - [Very important]</p>	RAO	<b>CLOSED</b>	ECA dropped the observation.
4	<p>[ID#2016103039] / ECA / 2016 / Audit Report on the annual accounts of the eu-LISA for the financial year 2015</p> <p>15. Budgetary management: Schengen Associated Countries do not yet contribute to activities (salaries and other administrative expenditure) under titles I and II of the Agency's budget - [Very important]</p>	RAO	<b>CLOSED</b>	ECA merged the observation with number 1 above [ID#201410308].
5	<p>[ID#2016103040] / ECA / 2016 / Audit Report on the annual accounts of the eu-LISA for the financial year 2015</p> <p>16. Other comments: The Agency engaged in contractual agreements or negotiations with a single contractor without precisely defining the services requested - [Very important]</p>	RAO	<b>CLOSED</b>	ECA's follow up result is "N/A".
6	<p>[ID#2016112841]/IAC/2016/Audit on Reconstruction Project in Strasbourg</p> <p>1.2.1. Project and Contract Management - [Very important]</p>	CSD	<b>CLOSED</b>	IAC reviewed the status and found sufficient evidence to confirm that the recommendation is fully implemented and therefore closed.

No.	[ID#] /Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
7	<p>[ID#2016121945]/IAS/2016/Audit Report on Staff Planning &amp; Allocation, Performance Appraisal &amp; promotion, and Training</p> <p>2. HR management and planning / Reinstate the post of HR manager and coordinate and <b>refocus key HR projects</b> - [Very important]</p>	HRU	<b>In progress</b>	<p>Allegro-based e-recruitment tool is in production since December 2018. eu-LISA is implementing for the other HRM processes SYSPER<sub>2</sub> (The European Commission's Human Resource Management System). Production phase is opened for eu-LISA, final adjustments are in progress and next modules (TIM) under preparation to launch SYSPER<sub>2</sub> for eu-LISA staff in 2020.</p>
8	<p>[ID#2017101651]/ECA/2017/Report on the annual accounts of the eu-LISA for the financial year 2016</p> <p>18. Internal controls: action plan in place to the IAS audit on Operations - [Very important]</p>	RAO	<b>CLOSED</b>	ECA dropped the observation.
9	<p>[ID#2017101653]/ECA/2017/Report on the annual accounts of the eu-LISA for the financial year 2016</p> <p>20. Sound financial management: construction contract paid in full although less than half of the works had been completed - [Very important]</p>	RAO	<b>CLOSED</b>	ECA dropped the observation.
10	<p>[ID#2017121957]/IAS/2017/Report on the controls over the procurement process</p> <p>1. Procurement procedures: definition and formalisation of controls - [Very important]</p>	FPU CSD	<b>Past due</b>	<p>Recruitment of the second Legal Officer (CAFIV) has been finalised and staff on board as of September 2019. Additional tasks related to legal area are distributed. <b>New deadline requested 31/03/2020.</b></p>
11	<p>[ID#2017121958]/IAS/2017/Report on the controls over the procurement process</p> <p>2. 2. Estimation of contract value, financial offer and related controls - [Very important]</p>	PDU FPU IMU	<b>Past due</b>	Status update is pending.

No.	[ID#] /Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
12	[ID#2018090562]/IAC/2018/Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2. 1 IT Asset Management governance - [Very important]	CSD OPD	<b>Past due</b>	Delay, with work in progress. FPU and Accountant as well as all 5 groups of assets managers (corporate it, facility, data centre managers for SXB and St Johan, security) work on overall assets management policy and other related documents covering all stages of lifecycle of asset management (purchase, entry into inventory list, distribution to end-users, write-off and disposal). <b>New deadline requested 30.06.2020</b>
13	[ID#2018090563]/IAC/2018/Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2.2 Reception of assets and warehousing - [Very important]	FPU (OIAs)	<b>Past due</b>	Status update is pending.
14	[ID#2018090564]/IAC/2018/Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2.3 Staff responsibilities related to IT Asset Management - [Very important]	CSD OPD FPU IMU PDU CSU SEC	<b>Past due</b>	Status update is pending.
15	[ID#2018090565]/IAC/2018/Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2.4 Capacity to operate ABAC Assets - [Very important]	CSD OPD	<b>Past due</b>	Delay, with work in progress, due to constraints of resources. <b>New deadline requested 30.06.2020</b>
16	[ID#2018090566]/IAC/2018/Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2.5 Information flow and compliance with decommissioning procedure - [Very important]	CSD OPD	<b>Past due</b>	Delay, with work in progress, due to constraints of resources. It is requested to extend deadline by mid 2020. <b>New deadline requested June 2020</b>
17	[ID#2018090567]/IAC/2018/Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2.6 Configuration management and Software Register (Operations Department) - [Very important]	IMU	<b>Past due</b>	Review of Configuration Management process to be done by June 2020 with selection of tool in Q4 2020. <b>New deadline requested 31.12.2020</b>

No.	[ID#] /Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
18	[ID#2018090568]/IAC/2018/Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2.7 "Asset under construction" function in ABAC Assets - [Very important]	FPU AccO	<b>CLOSED</b>	Recommendation to be revised, as DG DIGIT has not come back with a technical solution. Out of Agency's control. IAC will nevertheless revisit it by end of 2020.
19	[ID#2018090569]/IAC/2018/ Control Self-Assessment Report on IT Asset Management of eu-LISA 1.2.7 Handling of goods from delivery point to warehouse - [Very important]	CSD	<b>Past due</b>	Delay, with work in progress, due to constraints of resources. <b>New deadline requested 30.06.2020.</b>
20	[ID#2018100971]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.8 Sound Financial Management and Performance: difficulties in attracting sufficient competition for several middle-value procurement procedures - [Very important]	RAO	<b>CLOSED</b>	ECA's follow up result is "N/A".
21	[ID#2018100972]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.9. Sound Financial Management and Performance: cost-benefit analysis to support a discussion on the future development strategy for the systems needed - [Very important]	RAO	<b>Implemented</b>	The study on 'Elaboration of a future architectural framework for interoperable IT systems at eu-LISA: impact assessment and migration and integration plan' was started in September 2018 and was completed in June 2019. A public report on the study has been published on eu-LISA website
22	[ID#2018100973]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.10. Sound Financial Management and Performance: Litigation case ongoing related to the construction project in Strasbourg - [Very important]	RAO	<b>CLOSED</b>	ECA's follow up result is "Completed".
23	[ID#2018100974]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.11. Sound Financial Management and Performance: The Agency publishes vacancy notices on its own website and in social media, but not on the website of the European Personnel Selection Office (EPSO) - [Very important]	RAO	<b>Implemented</b>	Agency publishes the vacancy notices in EPSO website as of March 2019. ECA's follow up result is "Ongoing".

No.	[ID#] /Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
24	[ID#2018100975]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.12.Sound Financial Management and Performance: By the end of 2017 the Agency had introduced e-invoicing and e-tendering for certain procedures, but not e-submission - [Very important]	FPU	In progress	Waiting SLA signature with DIGIT.
25	[ID#2018100976]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.13. Sound Financial Management and Performance: Consultancy services mainly in relation with IT projects - [Very important]	RAO	CLOSED	ECA dropped the observation.
26	[ID#2018100977]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.14.Sound Financial Management and Performance: For the development and implementation of IT projects the agency applies an outsourcing model where some 90 % of the related work is carried out by contractors - [Very important]	RAO	In progress	ECA's follow up result is "Ongoing".
27	[ID#2018100978]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.15. Sound Financial Management and Performance: Small number of staff in key operational units - [Very important]	RAO	CLOSED	ECA's follow up result is "Completed".
28	[ID#2018100979]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.16. Sound Financial Management and Performance: In case of evolutive maintenance the price cannot be calculated on the basis of the price quotes attached to the FWC, which creates a risk of overpayment - [Very important]	RAO	In progress	ECA's follow up result is "Ongoing".
29	[ID#2018100980]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017 3.26.17. Budgetary management: Use the global commitments - [Very important]	RAO	CLOSED	ECA's follow up result is "N/A".

No.	[ID#] / Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
30	<p>[ID#2018100981]/ECA/2018/Report on the annual accounts of the eu-LISA for the financial year 2017</p> <p>3.26.18. Information on IAS reports: IAS issued a report on "Audit on the controls over the procurement process in eu-LISA". The Agency has prepared an action plan to address any potential areas for improvement - [Very important]</p>	RAO	<b>CLOSED</b>	ECA dropped the observation.
31	<p>[ID#2019101582]/ECA/2019/Report on the annual accounts of the eu-LISA for the financial year 2018</p> <p>3.26.8 In one recruitment procedure, the selection committee deviated from the published vacancy notice. - [Very important]</p>	HRU	<b>In progress</b>	New observation (deadline for implementation is 31/05/2020).
32	<p>[ID#2019101583]/ECA/2019/Report on the annual accounts of the eu-LISA for the financial year 2018</p> <p>3.26.9 The Agency should not award contracts for prices exceeding tenderers' offers. - [Very important]</p>	FPU	<b>In progress</b>	New observation (deadline for implementation is 31/05/2020).
33	<p>[ID#2019101584]/ECA/2019/Report on the annual accounts of the eu-LISA for the financial year 2018</p> <p>3.26.10 The Agency extended the duration of a direct contract for the provision of security and reception services beyond its four-year duration to six years. Payments executed in 2018 beyond the 4-year initial period (1 million euros) are irregular. The Agency should make sure it complies with public procurement rules. - [Very important]</p>	SCU	<b>In progress</b>	New observation (deadline for implementation is 31/05/2020).
34	<p>[ID#2019101585]/ECA/2019/Report on the annual accounts of the eu-LISA for the financial year 2018</p> <p>3.26.11 Two audited payments made for the provision of "corrective maintenance in working order of the Schengen Information System" (MWS) were irregular (207 000 euros + 552 000 euros). The Agency should make sure it complies with public procurement rules.- [Very important]</p>	FPU	<b>In progress</b>	New observation (deadline for implementation is 31/05/2020).

No.	[ID#] /Auditor / Year / Audit title – Issue highlight [level]	Owner	Status	Management comments
35	<p>[ID#2019101586]/ECA/2019/Report on the annual accounts of the eu-LISA for the financial year 2018</p> <p>3.26.12 The formula stipulated in the tender specifications for the MWS contract to identify the best quality offer was different from the one communicated to bidders. The Agency should strengthen procurement-related internal controls. - [Very important]</p>	FPU	In progress	New observation (deadline for implementation is 31/05/2020).
36	<p>[ID#2019101587]/ECA/2019/Report on the annual accounts of the eu-LISA for the financial year 2018</p> <p>3.26.13 The Agency, together with the Commission, should improve alignment of budgetary planning with the timing of the related legal acts. - [Very important]</p>	FPU	In progress	New observation (deadline for implementation is 31/05/2020).