

Mandate of the Audit, Compliance and Finance Committee (ACFC) of the Management Board of the eu-LISA

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This document establishes the purpose, composition and organisation, responsibilities and reporting arrangements of the Audit, Compliance and Finance Committee of the Management Board of the European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA).

Purpose

The Audit, Compliance and Finance Committee (ACFC) is a sub-group of the Management Board with a supporting and advising role to it. The ACFC is organized in two sections.

Audit and Compliance Section

The ACFC assists the Management Board in fulfilling its responsibilities for audit and compliance matters assigned in the eu-LISA establishing Regulation¹ and the Agency's Financial Rules², such as:

- Ensure adequate follow-up to the findings and recommendations stemming from the various internal or external audit reports and evaluations - Article 19 (1) (x) of the establishing Regulation;
- Organization, audit planning and reporting of the internal audit capability – Article 80 of the Agency's Financial Rules.

The ACFC shall assist the Management Board in providing structured and systematic oversight of the Agency's:

- Internal Control and Risk Management;
- Internal Audit and External Audit.

Finance Section

Recognising the complexity of financial and budgetary management topics, which is a limiting factor to full discussions during the Management Board meetings, the ACFC assists the Management Board in fulfilling its responsibilities for financial matters assigned in the establishing Regulation and the Financial Rules of the eu-LISA, such as:

- adopt financial rules of the Agency - Article 19 (1) (v) and Article 49;
- adopt, on the basis of a draft by the Executive Director, a draft statement of estimates of the revenue and expenditure of the Agency for the following financial year - Article 19 (1) (p);
- submit to the Commission by 31 January each year the draft annual work programme

¹ Regulation (EU) 2018/1726 of the European Parliament and of the Council of 14 November 2018 on the European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA), and amending Regulation (EC) No 1987/2006 and Council Decision 2007/533/JHA and repealing Regulation (EU) No 1077/2011

² 2019-198 Financial Rules of the eu-LISA adopted by the Management Board by written procedure ref. 2019-200 of 28/08/2019.

and an estimate of the balance of the outturn account for the year n-1;

- approve the budget - Article 45 (7) and its amendments – Article 45 (8);
- deliver an opinion on the annual accounts - Article 47(7).

In general terms, the ACFC reviews each of the items noted above and provides the Management Board with advice on the adequacy and effectiveness of the Agency's management practices in the areas above, being independent from them. This advice also may include suggestions and recommendations to strengthen the Agency's management practices.

Composition

The ACFC shall consist of a minimum three to a maximum five members, chosen among the members or alternate members of the Management Board.

The ACFC members should collectively possess sufficient knowledge of audit, finance, information technology, relevant regulations, risk, and control.

Members of Advisory Groups, or members of the management or staff of the eu-LISA, cannot be members of the ACFC.

The Management Board shall designate the Chair of the ACFC and approve the other members of the Committee by written decision, based on a short list of expressions of interest and availability.

Membership shall be granted *ad personam* and shall not be delegated (except for the Commission, which, having 2 Management Board members, can delegate between Board members). The Management Board replaces ACFC members who resign or no longer qualify as members at the next regular or extraordinary meeting of the Board.

The term of office for an ACFC member is four years. To ensure continuity within the Committee, members may be renewed for another term. The current members and the Chairperson of the ACFC shall continue to exercise their functions and the term of their office shall be extended to four years.

Organisation and Meetings Attendance

The quorum for the ACFC shall be a majority of the members.

Information requirements. The ACFC shall establish and communicate its information requirements. This shall include the nature, extent, and timing of such information requirements. Information shall be provided to the ACFC at least one week prior to the meeting.

Conflict(s) of interest. The Chair and the members of the ACFC shall be independent, i.e. behave and act free of conflicts of interests of any kind. It is the responsibility of an ACFC member to disclose a conflict of interest or the appearance of a conflict of interest to the ACFC. If there is any question as to whether ACFC member(s) should recuse themselves from a vote, the ACFC should vote to determine whether the member should recuse himself or herself.

Orientation and training. ACFC members shall receive formal orientation training on the purpose and mandate of the Committee's and on the Agency's objectives. A process of continuing education shall be established.

Meetings. The Chair shall establish the schedule of the meeting and their agendas in consultation with ACFC members, the Executive Director, and the Head of the Internal Audit

Capability of eu-LISA (IAC). In principle, the agenda of the meetings of the ACFC shall be drafted in consideration of the agenda of the next Management Board meeting. The ACFC shall meet at least once before each MB meeting or more frequently as the ACFC deems necessary. The Agency shall arrange videoconferencing facilities from its Brussels office whenever possible.

Experts. During the meetings, members of the ACFC may be accompanied by subject matters experts. The Commission members of the ACFC may be replaced by Commission staff with the technical expertise required to deal with specific subjects. Such experts do not have decision-making powers in formal deliberations of ACFC with exception of COM staff when replacing COM members.

Secretariat services. The Agency shall provide the secretariat to the ACFC. Notwithstanding his/her position as a staff member of eu-LISA, the secretary of the ACFC is bound by the rules of independence and confidentiality by analogy to those applicable to the ACFC members.

Summary of meetings. Summary of meetings shall be prepared by the secretary of the ACFC. The secretariat shall distribute copies of the summary of ACFC meetings to the members of the Management Board and the management of the eu-LISA.

Required attendance. Except in case of potential conflict of interest with the work of ACFC, the Executive Director may attend all the ACFC meetings when invited by the Chair of the ACFC. Except in case of potential conflict of interest with the work of ACFC, the Head of the Internal Audit Capability of eu-LISA (IAC) is required to attend all the ACFC meetings that have audit and compliance topics on the agenda. The Head of IAC shall not take part in meetings or agenda items aimed at assessing the quality of the internal audit work or other matters directly related to performance of his/her duties.

The ACFC may invite members of the management or staff of the eu-LISA, after consulting the Executive Director, or external experts to attend meetings where it considers this is necessary.

The Internal Audit Service of the European Commission (IAS) or the European Court of Auditors (ECA) may be invited to attend the meetings of the ACFC each time the Executive Director or the Chair considers their participation as necessary or useful.

The eu-LISA's Accounting Officer, the Head of Resources and Administration Department, and the Head of Finance and Procurement Unit are required to attend all the ACFC meetings that have finance related topics on the agenda.

The ACFC shall work on a basis of simple majority. Minority opinions, if any, shall be duly recorded in the meeting summary.

Remuneration of ACFC members. No remuneration is foreseen for the ACFC's members, reimbursement of costs shall be governed by article 10 of the Rules of Procedure of eu-LISA (2019-010 REV 1).

Responsibilities

Audit and Compliance Section

It is the responsibility of the ACFC to provide the Management Board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the Agency:

- Implementation of the Agency's code(s) of conduct and ethics. To obtain reasonable assurance with respect to the Agency's values and ethics practices, the Committee shall:

- Provide oversight of the mechanisms established by the Agency's management to establish and maintain high ethical standards for all of its managers and staff,

- Agency's legal and regulatory compliance:

- Review and provide advice on the practices established by the Agency to monitor compliance in the implementation of its mandate,

- Risk management. To obtain reasonable assurance with respect to the Agency's risk management arrangements, the ACFC shall:

- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Executive Director or the Management Board,
- Provide oversight to ensure that the entity has appropriate antifraud programs and controls in place,
- Provide oversight on the implementation of internal control frameworks applicable to the Agency.

- Internal audit. To obtain reasonable assurance with respect to the internal audit activity, the ACFC shall:

- Review and provide opinion on proposed risk-based internal strategic or annual audit plans,
- Provide opinion to the Management Board of audit reports issued by the European Court of Auditors, the Internal Audit Service of the European Commission (IAS), and the Internal Audit Capability of eu-LISA (IAC),
- Review and track management's action plans to address internal audit recommendations,
- Obtain assurance from the Head of IAC about the consistency of the audit activity with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards),
- Review the results of the Quality Assurance and Improvement Program of the IAC.

Finance Section

It is the responsibility of the ACFC to:

- Provide the best advice and support to the Management Board in the implementation of its responsibilities on financial matters as per the Agency's establishing Regulation,
- Discuss documents and reports drafted by eu-LISA for submission to the Management Board related to financial matters,
- Provide the Management Board with opinions on such documents with a view to allowing the Management Board to fulfil its tasks in an efficient and effective fashion.

The work of the ACFC is of an advisory nature, as a result it is not expected to replace or infringe upon the functions and powers of the Executive Director as provided by the establishing Regulation of eu-LISA.

The ACFC shall not have any management executive powers.

The authority of the ACFC shall be exercised through the Management Board.

Reporting

- The summary of the meetings shall be transmitted to the Management Board as part of the preparatory documents issued before the Board meetings.
- The output of the ACFC shall be reported by the ACFC Chair to the plenary meetings of the Management Board.
- The ACFC shall make an annual report to the Management Board summarising the Committee's activities and recommendations.
- The ACFC may, at any time, report to the Management Board on any other matter within its mandate it deems of sufficient importance.