

## Matter for Decision: Sharing the ECHA Internal Audit Capability (IAC) with the European Global Navigation Satellite System Agency (GSA)

Meeting of the Management Board 16-17 December 2014, Rome

<b>Item</b>	14.2
<b>Action</b>	For endorsement
<b>Status</b>	Final - Public

### Proposal

The Management Board is invited to endorse the sharing of ECHA's Internal Audit Capability with the European Global Navigation Satellite System Agency (GSA).

It is proposed to allocate up to 30 days of service per calendar year by the ECHA IAC for the GSA Agency against compensation of costs.

### Background

On the basis of a proposal from the Executive Director, the ECHA Management Board has established in December 2008 an internal audit capability (IAC)<sup>1</sup>. The function of the IAC is to provide internal assurance and consultancy and coordinate the work with ECHA's Internal Auditor, the Commission's Internal Audit Service (IAS). The position is currently held by Ms Minna Stromberg.

The Financial Regulations of EU agencies / ECHA's Financial Regulation foresee that if the IAC of a single Union body is not cost-effective or is not able to meet international standards, the Union body may decide to share an internal audit capability with other Union bodies functioning in the same policy area. In such cases the Management Board shall agree on the practical modalities of the shared internal audit capability.

In July 2014, ECHA received a request from the European Global Navigation Satellite System Agency (GSA) to share the IAC. GSA is a decentralised European Union Agency located in Prague <http://www.gsa.europa.eu/>.

DG ENTR is the partner DG for GSA and ECHA's REACH and CLP operations. GSA has 96 establishment posts in 2014 and is foreseen to grow to 120 staff members by 2020. It is not considered cost efficient for GSA to establish an IAC of its own.

The establishment of an IAC is an option for each Agency, not compulsory.

- Per calendar year a total of up to 30 days of service is foreseen by the ECHA IAC for the GSA Agency. Services would be provided either in the premises of the GSA or remotely via web-based sharing applications. For the services provided to the GSA, the IAC shall report independently and exclusively to the Executive Director of the GSA.
- For the provision of the services, GSA shall pay an amount per man/day that corresponds to the proportion of salary and office costs incurred by ECHA for the IAC

<sup>1</sup> See minutes of the meeting of the Management Board of December 2008 and document MB/80/2008

including secretary support. In addition, all costs of transport, accommodation and daily allowances that may be incurred in relation to the services shall be borne by the GSA according to the conditions foreseen in the guide of missions applicable to GSA staff. ECHA will address a debit note every six months with the total amount to be paid by GSA for the services rendered during the period of the past six months, detailing the conditions of payment in relation to the services rendered and accompanied by a completed time sheet.

- The agreement between the Agencies is foreseen to enter into force on 1 January 2015 and be valid for a period of two years. Thereafter it shall be automatically renewed for one year at the end of each validity period until such time as one of the parties terminates it, giving at least six months' notice.

## Rationale

The proposal by the GSA-Agency is an opportunity for ECHA to gain efficiencies. Creating synergies between agencies is a request from the European Institutions. The proposal is supported by ECHA's partner DG in the European Commission.

## Alternative options considered

ECHA is free to accept the proposal or not. Both options and a reasonable proportion of IAC working time to be shared have been carefully considered. Refusing the proposal would maintain the full availability of the IAC for ECHA. It would, however, send a negative signal about creating synergies between agencies, whilst the Secretariat considers that it is, with a view of the state of organisational development of ECHA, now acceptable to share the staff members as proposed. In addition, there may be learning benefits for ECHA's IAC from being involved in the work with another agency. More explanations can be found below.

## Drawbacks

Per calendar year up to 30 days of service are foreseen by the ECHA IAC for the GSA Agency. This reduces the number of days available for audit work at ECHA. The Secretariat considers that the proposed reduction of internal availability is acceptable. With a view to the scale of ECHA's fast growing size and regulatory operations it was considered appropriate in 2008 to provide for this non-compulsory internal assurance and consultancy function. As a mature organisation in the process of acquiring ISO 9001 certification, it is now acceptable for ECHA to reduce its capacity and to support another EU agency. The ECHA IAC has in the meantime gained profound knowledge of ECHA's operations and organisation which allows more efficient and effective audit assignments. Gaining experience from audit work in another Agency will broaden the expertise of the IAC which may benefit also ECHA. The sharing of the IAC will also send a positive message to the EU institutions about synergies between EU Agencies.

For questions: [minna.stromberg@echa.europa.eu](mailto:minna.stromberg@echa.europa.eu) with copy to [mb-secretariat@echa.europa.eu](mailto:mb-secretariat@echa.europa.eu)