

CHARTER OF THE DIRECTORATE OF INTERNAL OVERSIGHT



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The Charter of the Directorate of Internal Oversight was approved by the Committee of Ministers on 15 June 2022 ([CM/Del/Dec\(2022\)1437/11.1b](#), [CM/Res\(2022\)13](#)).

I. Purpose and Mission

1. The purpose of the Directorate of Internal Oversight (DIO) is to provide independent and objective assurance, consulting and other services designed to add value and improve the Council of Europe's operations and help it accomplish its objectives. It contributes to evidence-based decision making and organisational learning, and aims to strengthen the Organisation's integrity, transparency and accountability framework. To this end, it provides independent and objective audit, evaluation, investigation and advisory services.
2. The DIO consists of Internal Audit, Evaluation and Investigation functions.
3. The mission of the Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight, and by bringing a systematic, disciplined approach to assessing and improving the effectiveness of risk management, internal control and governance processes.
4. The mission of the Evaluation function is to provide systematic and impartial assessments of activities, projects, programmes, strategies, policies, topics, themes, sectors, operational areas or institutional performance, to help the Council of Europe enhance its capacity, assess its performance and demonstrate its comparative advantage and value.
5. The mission of the Investigation function is to help the Council of Europe to ensure the proper use of its funds and resources, prevent and investigate fraud and corruption, and protect its reputation and interests, by carrying out *inter alia* preliminary assessments and investigations in line with the Organisation's legal framework.

II. Standards

6. The work of the DIO's internal audit, evaluation and investigation functions shall be conducted in accordance with internationally accepted standards and best practices and in compliance with Council of Europe regulations, policies, rules, and instructions.

A. Internal audit

7. The Internal Audit function adheres to the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.

B. Evaluation

8. The Evaluation function is governed by the Organisation's Evaluation Policy, which takes inspiration from the norms and standards for evaluation established by the United Nations Evaluation Group (UNEG) and the OECD DAC.

C. Investigation

9. The Investigation function is governed by adherence to the Organisation's legal framework and aims to follow common principles, guidelines and best practices for investigations, such as the ones enshrined in the Uniform Principles and Guidelines for Investigations and complementing guidelines adopted by the Conference of International Investigators and those set out in the case-law of the European Court of Human Rights, where applicable.

III. Authority

10. With the view to ensure fulfilment of DIO's mandate and ensure efficient and effective performance of its tasks, the Committee of Ministers shall:

- approve the DIO Charter;
- take note of the DIO's pluriannual strategy;
- approve the DIO's budget (staff and non-staff appropriations) as part of its decisions on the Council of Europe's programme and Budget proposed by the Secretary General ensuring that resources provided are adequate for the Directorate to fulfil its responsibilities under this Charter. The Secretary General consults the Oversight Advisory Committee (OAC) on the budgetary allocations proposed for DIO;
- take note of the DIO's work programme and annual report.

11. The Director of Internal Oversight shall have direct and unrestricted access to the OAC, including in private meetings without management present.

12. Staff of the DIO shall have direct and prompt access to all staff members under the authority of the Secretary General and may also request information from other persons involved in Council of Europe activities. Additionally, they shall have the right of timely and unrestricted access to relevant documents, information, assets and physical premises and to obtain such information and explanations as they consider necessary for the accomplishment of their tasks, including such held by third parties involved in Council of Europe activities (to the extent this is foreseen by any contract or other applicable legal instrument).

13. The Director of Internal Oversight ensures that information obtained in the course of audits, evaluations, investigations, and/or other activities carried out by the DIO, is strictly used for their intended purpose. DIO staff shall act in accordance with the Organisation's data protection rules.

IV. Independence and Objectivity

14. The Director of Internal Oversight enjoys operational independence in the conduct of his or her activities. He or she shall carry out any action or activity he or she considers necessary within the purview of the Directorate of Internal Oversight's mandate.

15. The Director of Internal Oversight reports and is accountable to the Secretary General without prejudice to operational independence in the performance of his/her duties.

16. The Director of Internal Oversight is appointed for a non-renewable period of six years in accordance with the related provisions of the Financial Regulations and Staff Regulations of the Council of Europe including the relevant implementing rules. He or she shall have the necessary competencies and professional experience to ensure the fulfilment of the Directorate's mandate.

17. The Director of Internal Oversight shall ensure that DIO remains free from all conditions that threaten the ability of its staff to carry out their responsibilities in an impartial manner, including matters of topic selection, scope, procedures, frequency, timing and report content.

18. The Director of Internal Oversight shall consider any requests for DIO services from the Secretary General that fall within its mandate but shall not be prohibited from carrying out any action within the purview of his or her mandate and/or be expected to take actions which might be impinging on the independence of the Internal Oversight function.

19. The Director of Internal Oversight shall inform the OAC of any restrictions, interference, limitations and related implications in determining the work programme, the scope of audits/evaluations/investigations and/or other activities, in performing work and/or communicating the results of this work.

20. The Director of Internal Oversight shall make an annual statement to the Committee of Ministers on whether or not the independence of the function has been maintained.

21. Staff in the DIO shall:

- abide by the standards for their respective lines of work;¹
- be objective, impartial and fair in the performance of their duties and disclose to the Director any impairment of independence, impartiality or objectivity, in fact or appearance;
- exhibit professional objectivity in gathering, assessing, and communicating information about the subject, activity or process being examined;
- take necessary precautions to avoid the risk of being unduly influenced, by their own interests or by others, in forming judgments;
- make annual confidentiality, conflict of interest, and other necessary declarations.

22. DIO staff shall have no operational or managerial responsibility or authority over any of the entities or activities audited, evaluated and/or investigated. Accordingly, DIO staff shall not have responsibility for the design or implementation of internal controls, development of strategies, policies or procedures, design of programmes, installation of systems, preparation of records or engagement in any other activity that may impair their judgment.

23. Where the Director of Internal Oversight considers it appropriate to accept an invitation for himself or other (a) DIO staff member(s) to participate in meetings of transversal management or other working groups, the staff member (s) concerned shall not act in those groups in a decision-making capacity.

V. Scope of DIO activities

24. The scope of DIO activities covers all activities of the Council of Europe.

25. The scope of competence of DIO shall include the proper execution by co-contractors of contracts, including subsidies, grant agreements or any form of financial aid. To this end, all such contracts and arrangements should specify that recipients are accountable to the Council of Europe and may be subject to evaluations, audits and investigations.

A. Internal audit

26. The scope of internal audit activities encompasses, but is not limited to, providing independent reasonable assurance and assessments to the Secretary General, the Committee of Ministers, senior management, and external parties on the adequacy and effectiveness of governance, risk management, and internal control processes of the Council of Europe.

27. The work programme of the Internal Audit function is risk-based, focuses on efficiency, effectiveness and governance and is made up of different types of engagements:

- assurance engagements are audits which consist of an objective examination of evidence for the purpose of providing independent assessment of performance, governance, risk

¹ See Part II - Standards

management, and control processes of the Organisation, the nature and scope of which are determined by the Internal Audit function;

- consulting engagements are advisory and related client service activities, the nature and scope of which are agreed with management, intended to add value and improve the Organisation's governance, risk management and control processes without the Internal Audit function assuming management responsibilities.

B. Evaluation

28. The scope of evaluation activities is set out in the Organisation's Evaluation Policy as supplemented by the Evaluation Guidelines. DIO-managed evaluations assess the following areas:

- projects and programmes of the Programme and Budget (including thematic and cross-cutting evaluations, regional or country programme evaluations and irrespective of their funding source);
- organisational evaluation (which refers to the functioning of the Council of Europe, including institutional arrangements, Council of Europe external offices and Partial Agreements).

29. DIO also has specific responsibilities (as set out in the Evaluation Policy) in respect of providing a quality assurance framework and support to decentralised evaluations.

C. Investigation

30. The activities of the investigation function encompass inter alia objective and independent examinations of allegations of fraud and/or corruption related to Council of Europe's staff, funds, and resources, in line with the Organisation's legal framework.

31. The Director of Internal Oversight shall decide on whether or not to open a preliminary assessment or an investigation and define its scope.

32. The investigation function may also carry out prevention and awareness-raising activities across any entity, programme, geographical location and activity involving Council of Europe's staff and resources.

D. Interaction and co-ordination with oversight bodies, assurance providers and other bodies

33. The Director of Internal Oversight shall co-ordinate DIO's activities, where possible, and rely upon the work of other internal and external assurance and consulting service providers as needed.

34. This includes co-ordination of the work of the Internal Audit function with that of the Organisation's External Auditor as well as with other assurance providers and bodies such as (but not limited to) the Ethics Officer, Internal Control functions, other audit providers (extra-budgetary resources) and transversal governance structures/working groups of the Organisation.

VI. Reporting and other activities

A. Internal audit

35. At the end of each audit engagement, the Internal Audit function produces a draft report for discussion with and comments by management and a final report, which includes an audit/engagement opinion and an agreed action plan. The opinion is based on the results of the various audit procedures performed within the scope of the engagement. Opportunities for improving the effectiveness and

efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management to ensure that results are given due consideration. The action plan contains recommendations to address any shortcomings or deficiencies identified, or areas which could potentially be improved. The priority level assigned to recommendations considers the level of potential risk the recommendations aim to address.

36. Audit reports are confidential and provided to the Secretary General, the audited area(s), the OAC and the External Auditor. The annual report of the DIO presented to the Committee of Ministers shall include details (for each audit engagement) of the overall audit opinion, main findings and recommendations to address risks and opportunities identified, highlight strengths and good practices for learning purposes and set out key actions taken or envisaged to address recommendations.

37. In its annual report, the DIO includes an overall audit opinion and indicates whether enough work has been performed in the year under review and previous years to allow reasonable assurance to be given as to the adequacy and effectiveness of governance, risk management and control.

B. Evaluation

38. In line with the Evaluation Policy, in particular as regards the independence, credibility and utility of the evaluation function and the transparency of evaluation results, the DIO:

- submits evaluation reports to the Secretary General for preparation of a management response, including an action plan;
- transmits published evaluation reports and related action plans to the Chair of the Ministers' Deputies and presents corresponding findings, conclusions and recommendations to the relevant governance bodies;
- reports annually on the status of recommendations (acceptance and implementation);
- regularly reports on evaluation findings to the Private Office of the Secretary General and the Deputy Secretary General, the Senior Management Group, the OAC, other relevant stakeholders and through its annual report to the Secretary General and to the Committee of Ministers;
- publishes evaluation reports (both DIO managed and decentralised) and management responses, in accordance with the provisions detailed in the Evaluation Policy under 'Publication' and widely disseminates evaluation results and lessons learned to relevant stakeholders through organising events and other means of communication.

C. Investigation

39. The investigation function shall report on the results of its investigation work and make recommendations for action, as necessary, including inter alia for disciplinary, financial or administrative follow up or transfer of information to national judicial or other authorities competent to further investigate the matter. It shall also report to senior management on detected risks, internal control weaknesses, and/or other deficiencies and issue recommendations to address them.

40. Investigation reports are confidential and addressed to the Secretary General. Other reports issued by the Investigation function, including reports issued after preliminary assessments or fraud-risk assessments, are confidential and can be addressed to the Secretary General or another service, as necessary.

D. DIO

41. The Director of Internal Oversight shall report at least annually to the Secretary General, the OAC and the Committee of Ministers regarding:

- the DIO's purpose, authority and responsibility;
- the DIO's work programme and performance relative to its work programme;
- the progress and achievements in the implementation of the DIO strategy;
- the results of DIO engagements or other activities;
- the follow-up to DIO recommendations;
- the Internal Audit function's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues;
- significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of the Secretary General, the Committee of Ministers or the OAC;
- any response to major risks by management that is considered insufficient;
- resource requirements and any impact of resource constraints.

42. The Director of Internal Oversight shall also report regularly to the OAC in line with the terms of reference of the OAC.

VII. Responsibility

43. The Director of Internal Oversight has responsibility to:

- submit at least biennially a work programme to the OAC for consideration and to the Secretary General for review and endorsement and of which the Committee of Ministers will be invited to take note. The work programme should include:
 - a risk-based internal audit work programme;
 - an evaluation work programme in line with the provisions of the Evaluation Policy;
 - an indication of the activities to be carried out by the Investigation function;
- the DIO work programmes may be reviewed and/or adjusted as necessary, in response to changes in the Council of Europe's business, risks, operations, programmes, systems, controls or other relevant factors. Major changes to the work programme during the course of its implementation should be communicated to the OAC, endorsed by the Secretary General and communicated to the Committee of Ministers;
- submit in its annual report an overall audit opinion on the adequacy and effectiveness of governance, risk management and control;
- communicate to the Secretary General, the Committee of Ministers and the OAC the impact of any resource limitations on the work programme and/or the Director of Internal Oversight's ability to be able to provide an annual internal audit opinion;
- follow up on engagement findings and obtain information from management on the implementation of recommendations, and report periodically to the Secretary General, the OAC and the Committee of Ministers on the status of implementation of audit, evaluation and investigation recommendations;
- escalate to the Secretary General any high-risk audit/investigation or high-impact evaluation recommendations not followed up on in a timely and/or satisfactory manner by management concerned;

- ensure that the principles of integrity, objectivity, independence, confidentiality and competency are applied and upheld within DIO, and due regard paid to human rights and gender equality;
- ensure adequate knowledge management and that collective and individual staff competencies are maintained within DIO;
- ensure that trends, emerging issues and changes to risk exposures that could impact the Council of Europe are considered and communicated to the Secretary General and the Committee of Ministers, as appropriate;
- ensure adherence to the Council of Europe's relevant policies and procedures unless such policies and procedures conflict with the DIO Charter. Any such conflicts will be resolved or otherwise communicated to the Secretary General and the OAC.

VIII. Quality Assurance and Improvement Programme

44. The DIO shall maintain a quality assurance and improvement programme including periodic external quality assessments that covers all areas and aspects of its work. The programme shall include an assessment of the DIO's conformance with relevant policies and applicable standards, assess the efficiency and effectiveness of the DIO, and identify opportunities for improvement.

45. The Director of Internal Oversight shall communicate on the results of internal and external quality assurance and improvement programmes and peer assessments to the Secretary General, the OAC and the Committee of Ministers.

46. The Internal Audit function shall indicate that it "Conforms with the International Standards for the Professional Practice of Internal Auditing" only if this is supported by the results of a quality assurance and improvement programme.

IX. Review of the Charter

47. The DIO Charter shall be reviewed periodically (no less than every five years) to ensure that it remains relevant and suited to the needs of the Organisation. As part of the review process, the Director of Internal Oversight shall discuss the Charter with the Secretary General, senior management and the OAC. Amendments to the Charter following such a review are to be approved by the Committee of Ministers.