

Integrated Management standards

Meeting of the Management Board 17-18/12/2013

Item	11
Action	For adoption
Status	Final - public

Action requested

The Management Board is invited to adopt the new Integrated Management Standards, replacing the Quality and Internal Control Standards and to instruct the Executive Director to implement them as of 01 January 2014.

Background

Regulatory background

The requirement for the establishment, implementation and maintenance of an effective and efficient management system is stipulated in the Framework Financial Regulation and ECHA's Financial Regulation¹: *"The Authorising Officer shall, in accordance with the minimum standards adopted by the Management Board or, where the constituent act allows it, by the Executive board on the basis of equivalent standards laid down by the Commission for its own departments and having due regard to the risks associated with the management environment and the nature of the action financed, put in place the organisational structure and the internal control systems suited to the performance of the duties of Authorising Officer. "*

The requirement for a Quality Management System is stipulated in ISO 9001:2008 and its existence is a prerequisite for ISO 9001 certification, which is a priority for ECHA's management in 2014.

The assessment of the efficiency and effectiveness of the quality and internal control system is performed based on the Standards and reflected in the Annual Activity Report of the Authorising Officer.

Rationale for the proposed change

In order to comply with the provisions of the Framework Financial Regulation², ECHA has developed its current Quality and Internal Control Standards adopted by the Management Board in 2008 built as a compilation adding the Commission's Internal Control Standards to the ISO 9001:2008 Standard for Quality Management systems.

That compilation has created some overlaps. In addition, these standards appeared high in number, not structured and for these reasons difficult to communicate, implement, and assess.

ECHA's management proposes simpler and better structured standards, called Integrated Management Standards in order to make it clear that it is a tool used to assess the whole management of the Agency. It keeps all the elements needed for ensuring

¹ Article 44 (2) of the Framework Financial Regulation and the Revised ECHA Financial Regulation [to be adopted at the same meeting of the Management Board]

² Article 30 (3) and 30 (4) of the Framework Financial Regulation

compliance with the Commission's Internal Control Standards and ISO 9001 requirements, but aims at avoiding overlaps and facilitate a structured assessment of the Agency's management. It adds to the previous standards the concepts of efficiency and cost-effectiveness of the management, which is important in the management of EU institutions.

Matters for consideration

- The new Integrated Management Standards represent a clarification of the existing ECHA's Quality and Internal Control Standards.
- The Internal control system's requirements under the Framework Financial Regulation and the Revised ECHA Financial Regulation, as well as the main ISO 9001:2008 requirements for a Quality management system are covered in the new Standards.
- After adoption of the new Integrated Management Standards, assessment criteria will be established as a baseline for the assessment of the functioning of the Agency against the set requirements for the standards.
- The assessment of the quality of the management of the Agency reflected in the Annual Activity Report of the Authorising Officer for the Year 2013 will be done based on the new Standards.

Attachments:

1. Draft Integrated Management standards
2. Current Quality and internal control standards (assessment as of 31/12/2012)
3. Commission's Internal Control Standards

Annex 1

Draft integrated management Standards

1. GOVERNANCE

1.1 Mission

The Agency's fundamental mission is clearly defined in an up-to-date and concise mission statement developed from the perspective of its stakeholders.

1.2 Ethical and organizational values

The Agency's management and staff members are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.

1.3 Management responsibility

The Agency's management is committed to setting up and implementing a comprehensive management system and standards. Delegation of powers is appropriate to the importance and number of decisions to be taken and the risks involved.

1.4 Human Resources Policy

The Agency has competent and efficient staff, provides conditions for staff development and work-life balance and an adequate working environment. The Agency's management has mechanisms to monitor and assess the performance of staff in an equal and transparent manner.

1.5 Stakeholders' management

The Agency's engagement of its stakeholders is based on the Agency's corporate identity and values and their involvement in the Agency's operations, enhanced through effective and targeted communication.

2. STRATEGY, PLANNING AND RISK MANAGEMENT

2.1. Objectives planning and resources allocation

The Agency's management defines the strategy and the annual and multiannual objectives, prioritises tasks and allocates resources accordingly.

2.2. Risk management

Risk management is integrated into the annual planning and reporting cycle and embedded in the decision-making process at all levels.

3. OPERATIONS AND OPERATIONAL STRUCTURE

3.1. Decision making

The Agency's operational structure supports effective decision-making by a clear definition of responsibilities and authority.

3.2. Process design and deployment

The Agency is managed through a process structure. The Agency has an coherent and effective framework integrating all processes and process controls used for the implementation and control of its activities in line with the provisions of its Regulations.

3.3. Security and Business continuity

Adequate and preventive measures are in place to ensure protection and security of the Agency's information and continuity of service in case of major disruptions that might threaten the Agency's operations.

3.4. Information management

The management and staff obtain sufficient and timely information needed for the performance of their responsibilities and for effective decision making. The Agency has an adequate information management system.

4. EVALUATION AND IMPROVEMENT

4.1. Monitoring and measurement

Accurate, timely, complete and relevant data are available to ensure effective and efficient monitoring of the use of the Agency's resources, activities, processes and products.

4.2. Analysis and evaluation

Evaluations of strategies, activities and projects are performed to assess the benefits, results, impacts and needs that these activities aim to achieve and satisfy. The effectiveness, adequacy and suitability of the management system are reviewed.

4.3. Internal Audit

The Agency has an Internal Audit Capability (IAC), the role of which is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the Agency. The Agency has other qualified staff members who support audits performed in the area of data protection, security, quality and other specialised areas.

Annex 2

Current Quality and Internal Control Standards

(version adopted by the MB in 2008)

1. Mission

The Agency's fundamental missions shall be clearly defined in up-to-date and concise mission statements developed from the perspective of its stakeholders.

2. Ethical and organisational values

Through evidence of the management's commitment and adequate communication, the Agency's management and staff shall be aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.

3. Commitment to quality

The Agency's management shall provide evidence of their commitment to define, develop and implement the management system and the organisational structure, including the duties and responsibilities in the Agency. The Agency shall set out a quality policy and specific Agency-wide policies where necessary. Doing this the management shall ensure that the stakeholders' requirements are properly identified.

4. Resources management

The Agency shall determine the needs for, and sources of, financial resources and other resources. The Agency shall purchase effectively, efficiently and economically.

5. Staff competence

The allocation and recruitment of staff shall be based on the Agency's objectives and priorities. The Agency shall ensure on a permanent basis that staff members are competent to perform the tasks assigned. Where possible management shall promote and plan staff mobility as to strike the right balance between continuity and renewal.

6. Staff development

The Agency shall communicate to all staff on an up-to-date and written basis on their role and tasks assignments. Staff performance shall be evaluated on a regular basis against individual objectives, which fit with the Agency's overall objectives.

Adequate measures shall be taken to develop the skills necessary to achieve the objectives. The Agency shall determine, provide and maintain the infrastructure and work environment needed to achieve its objectives.

7. Objectives and performance indicators

The Agency's objectives, including quality objectives, shall be clearly defined and updated when necessary. These shall be documented, in particular, in annual and multi-annual work programmes. The objectives shall be formulated in a way that makes it possible to monitor their achievement. Key performance indicators shall be established to help management evaluate and report on progress made in relation to their objectives.

8. Risk management

The Agency shall perform on a regular basis a risk analysis at the process level. A high-level risk management process that is in line with applicable provisions and guidelines shall be integrated into the annual activity planning.

9. Responsibility and delegation

The Agency's operational structure shall support effective decision-making by a clear definition of responsibilities and authority. Delegation of powers shall be appropriate to the importance of decisions to be taken and the risks involved, including those linked to sensitive functions. Adequate IT governance structures shall be in place.

10. Management representative

The Executive Director shall appoint a member of the management responsible for ensuring that the process needed for implementing the management system is in place, reporting on it and promoting the communication and improvement of management standards in the Agency.

11. Quality manual

The Agency shall identify and adequately document its main processes and procedures used to implement and control its activities. The Agency shall ensure that the relevant processes and procedures are effective and efficient and comply with the legal and other applicable requirements. It shall ensure traceability and justification of the work performed. The Agency shall identify, control and keep current in a Quality manual all documents related to its management system, policies and processes and make them available to staff as appropriate.

12. Supervision, procedures and control of conformity

Management supervision shall ensure that the implementation of activities is running efficiently and effectively while complying with applicable provisions, and that processes are systematically and consistently performed. Procedures shall include arrangements to ensure segregation of duties and to track and give prior approval to control overrides or deviations from policies and procedures. The Agency shall for each non-conformity or potential non-conformity take the appropriate preventive and/or corrective action.

13. Business continuity

Adequate measures shall be in place to ensure continuity of service in case of business-as-usual interruption. Business Continuity Plans shall be in place to ensure that the Agency is able to continue operating to the extent possible whatever the nature of a major disruption.

14. Document control

The Agency shall implement an adequate management information system.

Appropriate processes and procedures shall be in place to ensure that the Agency's document management is secure, efficient (in particular as regards retrieving appropriate information) and complies with applicable legislation. The Agency shall implement a common system to manage the life cycle of its documents.

15. Information and communication

The Agency shall implement an internal communication policy which enables management and staff to fulfil their responsibilities effectively and efficiently, including in the domain of Internal Control. Where appropriate, the Agency shall develop and implement policies to communicate with its stakeholders in an effective and coherent manner. IT systems used and/or managed by the Agency (where the Agency is the system owner) shall be adequately protected against threats to their confidentiality and integrity. In particular, the Agency shall identify, protect and preserve third parties' property.

16. Financial reporting

Adequate procedures and controls shall be in place to ensure that all data and related information used for preparing the Agency's annual accounts and activity reports are accurate, complete and timely.

17. Management of stakeholders satisfaction

The management shall ensure that the stakeholders' satisfaction is monitored. The management shall provide evidence of its commitment to continually improve the effectiveness and efficiency of the management system.

18. Evaluation of activities

The management shall review on a regular basis the results of all types of audits and assessments that cover the Agency's activities, define appropriate action plans, and monitor the implementation of these plans. Evaluations of spending and non-spending activities shall be performed to assess the results, impacts and needs that these activities aim to achieve and satisfy.

19. Management review

Management shall assess the effectiveness of the Agency's key elements of the quality and Internal Control systems, including the processes potentially outsourced, at least once a year. As a result, the Agency shall develop, improve and continuously monitor its standards.

20. Internal audit

The Agency shall have an Internal Audit Capability (IAC), the role of which is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the Agency.

Annex 3

Internal Control Standards of the European Commission

THE REVISED INTERNAL CONTROL STANDARDS FOR EFFECTIVE MANAGEMENT

Note: [...] the term "DG" refers either to a directorate-general, a service, an office or an executive agency.

Mission and Values

1. Mission: The DG's *raison d'être* is clearly defined in up-to-date and concise mission statements developed from the perspective of the DG's customers.

2. Ethical and Organisational Values: Management and staff are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.

Human Resources

3. Staff Allocation and Mobility: The allocation and recruitment of staff is based on the DG's objectives and priorities. Management promote and plan staff mobility so as to strike the right balance between continuity and renewal.

4. Staff Evaluation and Development: Staff performance is evaluated against individual annual objectives, which fit with the DG's overall objectives. Adequate measures are taken to develop the skills necessary to achieve the objectives.

Planning and Risk Management Processes

5. Objectives and Performance Indicators: The DG's objectives are clearly defined and updated when necessary. These are formulated in a way that makes it possible to monitor their achievement.

Key performance indicators are established to help management evaluate and report on progress made in relation to their objectives.

6. Risk Management Process: A risk management process that is in line with applicable provisions and guidelines is integrated into the annual activity planning.

Operations and Control Activities

7. Operational Structure: The DG's operational structure supports effective decision-making by suitable delegation of powers. Risks associated with the DG's sensitive functions are managed through mitigating controls and ultimately staff mobility. Adequate IT governance structures are in place.

8. Processes and Procedures: The DG's processes and procedures used for the implementation and control of its activities are effective and efficient, adequately documented and compliant with applicable provisions. They include arrangements to ensure segregation of duties and to track and give prior approval to control overrides or deviations from policies and procedures.

9. Management Supervision: Management supervision is performed to ensure that the implementation of activities is running efficiently and effectively while complying with applicable provisions.

10. Business Continuity: Adequate measures are in place to ensure continuity of service in case of "business-as-usual" interruption. Business Continuity Plans are in place to ensure that the Commission is able to continue operating to the extent possible whatever the nature of a major disruption.

11. Document Management: Appropriate processes and procedures are in place to ensure that the DG's document management is secure, efficient (in particular as regards retrieving appropriate information) and complies with applicable legislation.

Information and Financial Reporting

12. Information and Communication: Internal communication enables management and staff to fulfil their responsibilities effectively and efficiently, including in the domain of internal control.

Where appropriate, the DG has an external communication strategy to ensure that its external communication is effective, coherent and in line with the Commission's key political messages. IT systems used and/or managed by the DG (where the DG is the system owner) are adequately protected against threats to their confidentiality and integrity.

13. Accounting and Financial Reporting: Adequate procedures and controls are in place to ensure that accounting data and related information used for preparing the organisation's annual accounts and financial reports are accurate, complete and timely.

Evaluation and Audit

14. Evaluation of Activities: Evaluations of expenditure programmes, legislation and other non-spending activities are performed to assess the results, impacts and needs that these activities aim to achieve and satisfy.

15. Assessment of Internal Control Systems: Management assess the effectiveness of the DG's key internal control systems, including the processes carried out by implementing bodies, at least once a year.

16. Internal Audit Capability: The DG has an Internal Audit Capability (IAC), which provides independent, objective assurance and consulting services designed to add value and improve the operations of the DG.