

Audit procedure by the Court of Auditors of the existence, operation and capacity of an internal control system in the bodies under its audit jurisdiction.

Article 1

General definitions

1. There is no system of internal control in an organisation, even when it operates an office.

An internal auditor, if the entity has not recorded in detail the production processes or operations with financial consequences, and if, for the more specific actions which make up the individual procedures, they have not been identified by means of a separate report by the financial officers or following a thorough assessment of specific analysts, the specific risks and no controls have been provided for to address these risks (intrinsic control).

2. The internal control system aims to eliminate or minimise the financial burden by using appropriate controls, selected after assessing the severity of the risk, the probability of its occurrence and the sacrifice involved in mobilising the means to counter it.

3. Fiscal risks shall include in particular: 1. The risk of arbitrary material removal or destruction of the entity's property (e.g. misappropriation). 2. The risk of discharging its public claims against third parties (e.g. non-collection of tax). 3. The risk of the entity incurring public obligations (e.g. loans). 4. The risk that the operator may not lawfully grant rights to third parties (e.g. unlawful direct award). 5. The risk of improper disbursement by the public body or disposal of property (e.g. payment without receipt), and 6. The risk that the public money body will dispose of without guarantees to achieve the best result (e.g. wasteful management).

4. The Court of Auditors checks the effectiveness of the internal control systems as a whole without distinguishing between the components of the association, i.e. the internal audit and the actions of the Internal Auditor or the Internal Audit Committee. However, it may plan experts to evaluate the effectiveness of the action of these two bodies.

5. Where there is no internal audit system within the meaning of paragraph 1, bodies shall be deemed, for the purposes of this Decision, to operate an informal internal audit which is subject, in accordance with the provisions of the following Articles, to a thorough examination by the Court of Auditors of its effectiveness in protecting public money and public property.

Article 2

Audit of internal control systems

in accordance with the Annual Audit Program

1. Each annual audit program of the Court of Auditors must include a list of specific subjects to check the effectiveness of the internal control system of bodies under the jurisdiction of the Court of Justice. The audit items are selected so that all categories of financial risks are covered by the audit each year, allocated to all the services of Commissioners controlling bodies, and leaving as many of the audited bodies as possible.

2. The audit may relate not only to the current year but also to previous years and shall be carried out, as set out in the relevant audit manual, by selecting the most appropriate audit approach per risk or activity.

3. In order to carry out the audit, the Commissioner shall first ask for the charter of the audited entity to write the production processes or carry out operations with financial consequences, to identify the risks in each procedure and to provide for safeguards to address the risks. If there is no such recommendation, the Commissioner shall immediately send the body which is the head of the body a document known as a 'recommendation', which refers to paragraph 8 of Decision 2014/2020. If there is a map, the Commissioner shall search for the specific procedure under his control, assess the completeness of the recording of the audited process, the correctness and completeness of the risks identified and the adequacy and relevance of the relevant controls.

4. In any case, in accordance with the provisions of Article 1 (5), the Commissioner shall verify, as set out in the audit planning memorandum, that the legality, regularity and sound financial management have been complied with by examining transactions until he has established the understanding required by the audit manual of the relevant practice of the body with regard to the subject matter being audited.

5. The findings of each Commissioner's department shall be subject to ex ante quality control by the competent Director-General, in accordance with the provisions of Article 38 (2) and (3) of the Internal Operation Rules of the Administration and Audit Services of the Court of Auditors.

6. The Audit Department shall resolve, at the request of the audited body or the competent Commissioner, any issue raised during the audit if it considers that it is of general importance or that it concerns all or a large part of the audit submitted for the audit.

Article 3

Exemption from ex-post audit of bodies that minimised financial risk

1. For the purposes of Article 54a (3) of the Code of Laws on the Court of Auditors, the audited body may request, with reasons, that it be subject to constant monitoring of the integrity of the internal control system by the competent Commissioner in order to minimise the overall financial risk.
2. The audit shall cover operations or operations in the financial year of implementation of the budget and shall not extend to previous financial years.
3. For inclusion, an act of the Audit Department shall be issued following an assessment of the audit capabilities of the Commissioner's Service who will conduct the audit. This practice defines the specific areas of activities and transactions that will be subject to the audit and may require checks to be carried out before the relevant legal commitment, clearing or payment actions are carried out.
4. After the end of the financial year, the Commissioner shall draw up a detailed report showing whether the financial risk in the audited entity has been minimised.
5. The report shall be examined by the Audit Department, which gives the approval provided for in Article 54a (3) of the Code of Laws on the Court of Auditors.

Article 4

Involvement in internal control

1. If a body which has recorded production processes or carrying out operations with financial consequences has carried out a risk assessment and has put in place controls to deal with them, the internal audit procedure is implicated by doubts as to whether an act or action is lawful or regular, that body may, through its authority, request the competent Commissioner of the Court of Auditors to give an opinion on the matter in respect of which the involvement persists. Such a question may arise where new rules are applied to the interpretation of which are subject to a number of serious interpretations, where there is contradictory or inconsistent case-law of the courts, or where there is a difficulty in classifying the facts with a view to vagueness of the legal entity to be applied to it (for example, cases of direct award on account of unforeseeable and minor parents).
2. The Commissioner dealing with a request, such as the one described in paragraph 1, shall examine the admissibility of the request, assessing whether a satisfactory system of internal control has actually been put in place in the body submitting it and whether there are indeed

reasons justifying the referral of the question. In conclusion, if the substantive answer is straightforward or if there is no question of wider significance, the Commissioner shall give his own opinion, failing which he shall refer the request to the Audit Chamber, which shall deliver a final opinion.

3. If a disagreement arises on the matters referred to in paragraph 2, the Audit Department shall decide.

4. The actions of the audited body in accordance with the opinion issued in accordance with paragraph 2 shall be monitored by the competent Commissioner.

Article 5

Operator inertia for installation within the internal control system

1. The Commissioners of the Court of Auditors shall be informed every three months by the bodies under their audit competence of the progress of an internal control system within them which meets the requirements of the definition given in Article 1 (1) hereof.

2. The competent General Coordinators shall draw up a summary table of progress every three months, which they shall forward to the Audit Department.

3. If, in the first three months of application hereof, the Commissioner does not see any progress from which he can conclude that full installation and operation of the system is imminent within a reasonable time, he shall address a "recommendation" to the body concerned, with an indication of any comments on the actions to be taken. If, during the second quarter, the Commissioner finds that no progress has been made or that it is insufficient, the responsible Coordinator, after being informed by the Commissioner, shall address a new recommendation to the body, recalling paragraph 8 of the plenary session of the Court of Auditors No 2014/2020. If the situation stagnates after the end of the third quarter, the President of the Court of Auditors, following an opinion from the Audit Department, sends a 'formal notice' to the head of the body, informing him of his personal integrity as determined above by the full Court.

4. The authority supervising the body shall be informed by the President of the Court of Auditors of the sending of the formal notice referred to in paragraph 3, with a reference in the relevant document to the significance and conclusions thereof. In the same way, the authority which finances or subsidises the body shall also be named. The annual report of the Court of Auditors to the Parliament must indicate the bodies to which a letter of formal notice has been addressed and remain inactive.

5. The competent Commissioner shall continue to take steps to install an internal control system in the above body, in order to comply fully with it.

Article 6

Power of Commissioners to audit of their own motion effectiveness internal control systems

1. Without prejudice to the provisions of Article 3, the Commissioners of the Court of Auditors may, at the time when the annual audit program has been allocated to their audit discretion, plan and carry out audits as a means of preventing serious financial risks in the bodies under their audit function.
2. The checks shall be carried out as specified in the relevant audit manual.
3. It is preceded by a reasoned act of the Commissioner analysing the identified financial-resources and explaining the choice of the subject of the audit. The operation shall be notified to the audited body and to the Audit Department, which shall also be informed of the appropriate approach to be followed. Depending on the intensity of the risk and the associated need to protect public money or property, the Commissioner may choose as an audit approach and carry out an audit before carrying out his legal commitment, clearing or payment of expenditure.

Article 7

Consequences of the application of this Decision

1. If the Commissioner is not himself competent in accordance with Article 46 (1) of the Code of Laws on the Court of Auditors, as amended by Article 345 (2) of Law 4700/2020, he must, without seeking the approval of the Audit Department or the competent General Coordinator, submit an application against a person responsible at the discretion of the accounting officer or responsible person if, following the exercise of his audit powers, as laid down in Articles 2, 3 and 6 of this Decision, he finds a deficit in public management.
2. The provision of paragraph 1 shall also apply where the Court of Auditors, despite the issuing of an opinion by the Court of Auditors in accordance with Article 4 (2) of this Decision, carries out an act contrary to the opinion, if the competent Commissioner finds that the body has caused a deficit.
3. If, in the course of an audit by the Court of Auditors on the effectiveness of an internal audit body, an irregularity is detected in the financial management of the current year, the Commissioner shall send a recommendation for compliance from the Commissioner to the body if the irregularity is not material. The institution shall then be monitored if it remedied the defect, if it can be cured, or otherwise if it did not rectify the same irregularity in a subsequent action.
4. Disagreements between Commissioner and body on the items referred to in paragraph 3 shall be resolved by the Audit Department.

5. The Audit Department, after being informed by the competent Commissioner, if it finds that the audited body has failed to comply with its obligations regarding the establishment and operation of an effective internal control system within it, may decide, by amending the audit program of the Commissioner's department concerned, to carryout, as a matter of priority, ex post audit of the western body up to the time allowed by Article 54a (2) and Article 66a (4) of the Code of Law on the Court of Auditors.

Article 8

Entry into force

This decision shall enter into force on the date of its publication in the Government Gazette.

This Decision shall be published in the Government Gazette.