

**INTERNAL AUDITORS COMMITTEE MANDATE
AND
AUDIT CHARTER FOR THE
EUROSYSTEM/ESCB AND THE SINGLE SUPERVISORY MECHANISM**

With this Audit Charter, the Governing Council of the European Central Bank (ECB) defines and approves the authority, purpose, role and responsibility of the Internal Auditors Committee (IAC)¹ and its contribution to the governance of the Eurosystem, the European System of Central Banks (ESCB) and the Single Supervisory Mechanism (SSM).

The scope of the IAC's assurance and advisory services covers the performance of Eurosystem/ESCB and SSM tasks and activities as defined in the Statute of the ESCB² and the SSM Regulation³, including their enabling processes and associated risks, and/or activities decided upon by the ECB's Executive Board, Governing Council or General Council (hereinafter referred to as "the decision-making bodies"). In addition to the aforementioned scope, the IAC may propose audits on topics of common or topical interest to the decision-making bodies and may be requested to conduct investigations.

In line with the [ECB's monetary policy strategy statement](#), and with the ECB's [Supervisory priorities 2025-27](#), the IAC is expected to ensure that the Eurosystem fully takes into account, in line with the EU's goals and objectives [in particular the European Climate Law], the implications of climate change and nature degradation for the ECB's mandate, by conducting assessments and engaging in follow up by embedding actions in its work programmes. Where beneficial and feasible, an integrated Eurosystem/ECB approach and cooperation with other committees is expected.

1. Role and purpose

In line with the Institute of Internal Auditors' Global Internal Audit StandardsTM (GIAS), internal auditing strengthens the organisation's ability to create, protect and sustain value by providing independent, risk-based and objective assurance, advice, insight and foresight. Internal auditing enhances the organisation's:

- successful achievement of its objectives;
- governance, risk management and control processes;
- decision-making and oversight;
- reputation and credibility with its stakeholders;
- ability to serve the public interest.

¹ Established by the Governing Council in accordance with Article 9 of the Rules of Procedure of the European Central Bank.

² Protocol on the Statute of the European System of Central Banks and of the European Central Bank.

³ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

The internal audit function is most effective when:

- internal auditing is performed by competent professionals in conformance with the GIAS, which are set in the public interest;
- the internal audit function is independently positioned;
- internal auditors are free from undue influence and committed to making objective assessments.

The IAC is the internal audit function of the Eurosystem/ESCB and the SSM. The IAC members, as a collective body, fulfil the role of the Chief Audit Executive (CAE) of the Eurosystem/ESCB and the SSM. Therefore, the appointed IAC members shall, in principle, be the CAEs of their respective national central banks and of the ECB (CBs) and national competent authorities (NCAs⁴) and, where the IAC convenes in its Eurosystem/ESCB composition as appropriate, their appointed deputies.

The purpose of the IAC is to act as the third and independent line within the Eurosystem/ESCB and the SSM governance framework. It is the responsibility of the Eurosystem/ESCB committees and the operational management of the CBs/NCAs to establish appropriate systems of internal control. Thus, operational management acts as the first line. The risk management, control, compliance and oversight functions established and deployed by management represent the second line.

2. Independence, reporting relationships and organisational position

The IAC reports to the decision-making bodies and, where appropriate, to the Supervisory Board, as well as to the Audit Committee in line with its responsibilities. To ensure its independence, the IAC performs its tasks under the direct responsibility of the decision-making bodies.

The internal audit function of each CB/NCA shall, without delay, report any impairment to its independence to the IAC and shall annually confirm its organisational independence to the IAC. Impairments to the independence of the IAC or of any internal audit function within the CBs/NCAs shall be reported to the decision-making bodies, the Audit Committee and, where appropriate, the Supervisory Board.

The IAC and its substructures are composed, in the case of the IAC in its Eurosystem/ESCB composition, of the internal auditors of the CBs and, in the case of the IAC in its SSM composition, of the internal auditors of the CBs as well as of the NCAs.

All CBs and NCAs shall maintain an internal audit function within the organisation that is positioned to exhibit the highest level of independence. Each of these internal audit functions shall have adequate resources to fulfil its responsibilities in line with this Audit Charter.

The IAC audit assurance is based on the consolidation and analysis of audits performed within the CBs/NCAs, the IAC's audit work and/or the work performed by the IAC's substructures. Each IAC member assumes full responsibility for the management, performance and independent reporting of their respective parts of the IAC's audit work. The IAC is responsible for planning, structuring, performing, coordinating and supervising the audit work at the Eurosystem/ESCB and the SSM level.

⁴ "National competent authority" designated by a participating Member State in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1) and with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338) (cf. the SSM Regulation).

Through joint audit work, the IAC fosters consistency and convergence across the audit functions of the CBs/NCAs.

3. Objectivity

The IAC and each internal audit function within the CBs/NCAs shall remain free from interference and all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and communication, in order to maintain objectivity. Neither the IAC nor the local internal audit functions shall have authority over, or direct responsibility for, the activities audited and shall avoid conflicts of interest in performing their tasks. Internal auditors shall, without delay, report any impairment to their objectivity to the CAEs of their respective CBs/NCAs.

4. Authority

The IAC shall have access to all personnel, records, information, systems and property deemed necessary to carry out its responsibilities. In this context, the IAC may also require ongoing access to information systems and data. All information requested is to be provided in a truthful and complete manner within a reasonable period of time. The IAC shall respect the value and ownership of information it receives and shall not disclose information without appropriate authority unless there is a legal or professional obligation to do so. All the above shall also apply to each internal audit function within their respective CBs/NCAs.

The IAC shall inform the decision-making bodies, the Audit Committee and, where appropriate, the Supervisory Board of any attempt to hinder it, or any of the internal audit functions, in the performance of its duties.

5. Responsibilities

The IAC is responsible for:

- defining, within the framework of this Audit Charter, the operational principles for the performance of its work in an internal audit manual that is binding on all CBs and, where related to the SSM, on all NCAs;
- preparing the risk-based audit plan for the Eurosystem/ESCB and the SSM, including the related resource allocation by means of IAC substructures, at least annually for approval by the decision-making bodies and subject to the Audit Committee's opinion. The Eurosystem/ESCB committees and the Supervisory Board are consulted during the preparation of the audit plan and receive the approved plan for information. The audit plan may be subject to review and modification, and significant changes are to be communicated to the aforementioned stakeholders in line with their respective roles;
- implementing the Eurosystem/ESCB and the SSM audit plan by conducting assurance and advisory services;
- conducting investigations, upon request of the decision-making bodies;
- communicating the results of the assurance and advisory activities, as well as of the investigations, as appropriate, to the decision-making bodies and the Audit Committee, to the

Eurosystem/ESCB committees concerned and, as regards SSM tasks and activities, to the Supervisory Board;

- monitoring, assessing and reporting on the implementation status of audit recommendations to the decision-making bodies and the Audit Committee, to the Eurosystem/ESCB committees concerned and, as regards SSM tasks and activities, to the Supervisory Board;
- defining common methodologies and procedures for Eurosystem/ESCB and SSM audit work, and sharing best practices and technical expertise within the audit community;
- reporting periodically to the decision-making bodies and the Audit Committee and, where appropriate, to the Supervisory Board on the fulfilment of the Eurosystem/ESCB and the SSM audit plan and other activities;
- reporting to the decision-making bodies and the Audit Committee on the IAC quality assurance and improvement programme, including the internal audit functions' status in terms of achieving conformance with the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), which are the GIAS and Topical Requirements.

The IAC may undertake ad hoc audits and other activities authorised or requested by the decision-making bodies. The IAC may exceptionally launch such ad hoc engagements on its own initiative and, as appropriate, shall inform the decision-making bodies, the Audit Committee and the Supervisory Board without undue delay.

6. Ethics and professionalism

The IAC and the internal audit functions within the CBs/NCAs abide by the mandatory elements of the IIA's IPPF. The IAC and CAEs of the respective CBs/NCAs shall ensure that internal auditors perform their tasks with integrity, objectivity, competency, due professional care and confidentiality, whilst ensuring compliance with the applicable laws, regulations and codes of conduct.

In doing so, the internal audit functions shall ensure that they possess and develop the professional competencies necessary for the performance of their responsibilities. The IAC shall support the internal audit functions through the exchange of expertise and the training and development of internal auditors.

7. Relationship between the IAC and the Audit Committee

Please refer to the [Audit Committee Mandate](#).

8. Review of this document

The IAC shall assess whether changes in circumstances justify revision of this IAC Mandate and Audit Charter, and inform the Audit Committee, the decision-making bodies and the Supervisory Board accordingly. In any case, the IAC shall review this document at least once every three years and report thereon to the decision-making bodies, the Audit Committee and the Supervisory Board.

9. Publication of this document

This IAC Mandate and Audit Charter shall be published on the websites of the CBs and NCAs.