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The logo of the EFTA Surveillance Authority, consisting of a dark blue rectangle with the text 'EFTA SURVEILLANCE AUTHORITY' in white, sans-serif font. The text is arranged with 'EFTA SURVEILLANCE' on the top line and 'AUTHORITY' on the bottom line, with a small white square symbol to the right of the top line.

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Final report

EFTA Surveillance Authority's mission to Norway

from 2 to 6 October 2017

in order to evaluate the system put in place to implement

Article 4(6) of Regulation (EC) No 882/2004 (National Audit System)

Executive Summary

This report describes the outcome of a mission carried out by the EFTA Surveillance Authority in Norway from 2 to 6 October 2017.

The objective of the mission was to assess the system in place to implement Article 4(6), on audits of competent authorities, of Regulation (EC) No 882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

Overall, the report concludes that the competent authority has audit arrangements in place in accordance with the requirements for independence, transparency and independent scrutiny of Article 4(6) of Regulation (EC) No 882/2004 and generally takes into account the guidelines of Commission Decision 2006/677/EC.

The internal audit system is based on a credible and reliable audit process. The current independent scrutiny arrangements provide assurances that internal audits are systematic, consistent and carried out according to the planned arrangements.

Measures are in place to ensure that the competent authority takes appropriate action in the light of audit findings. This contributes to continuous improvement and adds to the credibility of the audit process.

A systematic approach for programming of internal audits is in place, however, the risk assessment performed when developing the audit programme is not documented and there is no procedure describing the risk-based approach.

Procedures are in place to ensure that internal audits address compliance with planned arrangements in a systematic manner. However, verification of effective implementation and suitability in achieving objectives has only been recently made part of the scope of internal audits.

The audit process is not yet systematically reviewed, which represents a missed opportunity for verifying that the objectives of Article 4(6) are achieved and for ensuring continuous improvements in the audit process.

The report includes a recommendation addressed to the Norwegian competent authority aimed at further improving the system for internal audits.

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1 Introduction

The mission took place in Norway from 2 to 6 October 2017. The mission team comprised two inspectors from the EFTA Surveillance Authority (the Authority).

The opening meeting was held with representatives of the Norwegian Food Safety Authority (NFSA) on 2 October 2017 at NFSA head office in Oslo. At the meeting, the mission team confirmed the objectives and the itinerary of the mission and the Norwegian representatives provided additional information to that set out in the reply to the Authority's pre-mission document.

A representative of the NFSA was present at all meetings that took place during the mission.

A final meeting was held at NFSA head office in Oslo on 6 October 2017, during which the mission team presented its main findings and preliminary conclusions from the mission.

The abbreviations used in the report are listed in Annex 1.

2 Objective, scope and audit criteria

The objective of the mission was to evaluate the system in place to implement Article 4(6), on audits of competent authorities, of Regulation (EC) No 882/2004 of the European Parliament and of the Council, on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules (hereafter: Regulation (EC) No 882/2004).

The scope of the mission was limited to the procedures put in place by the competent authority responsible for the official controls falling under Regulation (EC) No 882/2004, to implement Article 4(6). Observing the performance of individual auditors was not included in the scope of this mission.

The criteria used for the evaluation are set out in Article 4(6) of Regulation (EC) No 882/2004:

Competent authorities shall carry out internal audits or may have external audits carried out, and shall take appropriate measures in the light of their results, to ensure that they are achieving the objectives of this Regulation. These audits shall be subject to independent scrutiny and shall be carried out in a transparent manner.

Which should be read together with the definition of Article 2(6) laid down in the same Regulation:

“Audit” means a systematic and independent examination to determine whether activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.

In addition, where applicable, the mission team took into account Commission Decision 2006/677/EC setting out the guidelines and laying down criteria for the conduct of audits under Regulation (EC) No 882/2004. Where relevant, reference was made to Network Reference Documents produced by the Network of Member States National Experts on National Audit Systems (hereafter: the NAS Network), while recognising that they do not constitute an audit standard and are not legally binding.

In relation to NAS, at the time of this audit the NAS Network has produced the following Network Reference Documents:

- Risk-Based Planning for Audits of Official Control Systems - February 2014 - Version 1
- Independence and Independent Scrutiny - February 2014 - Version 1
- Auditing Effectiveness of Official Control Systems - February 2014 - Version 1
- Audit Evidence - October 2015 - Version 1

The evaluation included the gathering of relevant information, and appropriate verification by means of interviews/discussions, and review of documents and records provided by the competent authority.

All of the meetings were held in NFSA head office in Oslo. The mission team met with:

- representatives from NFSA head office involved in the internal audit process: the Director General, Director of Staff, quality manager and the internal auditor;
- four auditors and auditees involved in two recent internal audits;
- the two Nordic auditors who carried out the independent scrutiny in accordance with the Nordic cooperation paper on independent scrutiny of national audit systems;
- representatives of the Ministry for Agriculture and Food and Ministry for Health Care Services at the final meeting.

3 Legal basis for the mission

The legal basis for the mission was:

- a) Point 4 of the Introductory Part of Chapter I of Annex I to the EEA Agreement;
- b) Article 1(e) of Protocol 1 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice (Surveillance and Court Agreement);
- c) *Commission Decision 98/139/EC of 4 February 1998 laying down certain detailed rules concerning on-the-spot checks carried out in the veterinary field by Commission experts in the Member States;*
- d) *Article 45 of Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.*

The main legislation relevant for this mission is listed in Annex 2 of this report.

4 Background - Previous missions

Detailed information on the structure and organisation of the NFSA can be found in the Country Profile for Norway¹.

The National Audit System has not been the specific objective of any previous Authority missions, although internal audits carried out by the competent authority have been included within the scope of numerous sector-specific missions. Furthermore, a mission to evaluate national procedures in place to verify the effectiveness of import control systems for products of animal origin carried out in 2015 covered relevant internal audits for that sector.

Reports from previous missions can be found on the Authority's webpage: www.eftasurv.int

5 Findings and conclusions

5.1 Competent authorities

Legal Requirements

Article 4(6) of Regulation (EC) No 882/2004 states that competent authorities shall carry out internal audits or may have external audits carried out.

Article 4(1) of Regulation (EC) No 882/2004 requires Member States to designate the competent authorities responsible for the purposes and official controls set out in the Regulation.

Findings

The responsibility for food policy and for the management of foodstuffs from production to delivery to the consumer is shared between the Ministry of Agriculture and Food, the Ministry of Trade, Industry and Fisheries and the Ministry of Health and Care Services. In addition, the Ministry of Agriculture and Food is administratively responsible for the NFSA, which is the central competent authority in Norway for food and feed safety, animal health and welfare.

Official controls within the scope of Regulation (EC) No 882/2004 fall under the responsibility of the NFSA. Details on the organisation of official controls can be found in the Norwegian country profile part 1 (see above in chapter 4) and in the latest Multi-Annual National Control Plan (MANCP)² available on NFSA webpage.

Internal audits are conducted on behalf of the Director General of the NFSA by a specific internal audit unit.

¹<http://www.eftasurv.int/media/food-safety/Country-profile-NORWAY---July-2017---Part-1.pdf>

²https://www.mattilsynet.no/om_mattilsynet/multiannual_national_control_plan_english_version.23956/binary/Multi-annual%20national%20control%20plan%20-%20English%20version

Conclusions

The competent authority responsible for official controls set out in the Regulation has been designated in compliance with Article 4(1) of Regulation (EC) No 882/2004.

The competent authority performs internal audits as required by Article 4(6) of Regulation (EC) No 882/2004.

5.2 Audit arrangements

5.2.1 Independence

Legal Requirements

Article 2(6) of Regulation (EC) No 882/2004 defines “audit” as “*a systematic and independent examination.*”

In section 5.3 of the Annex of Decision 2006/677/EC further guidance is provided on ‘Independence’:

“Audit bodies should be free from any commercial, financial, hierarchical, political or other pressures that might affect their judgment or the outcome of the audit process. The audit system, audit body and auditors should be independent of the activity being audited and free from bias and conflicts of interest. Auditors should not audit areas or activities for which they have direct responsibility.

All relevant competent authorities should introduce safeguards to ensure that responsibility and accountability for audit and control activities, such as the management and supervision of official control systems, are kept sufficiently distinct.

Where the audit team makes recommendations for corrective and preventive action, the auditee should choose the methods to be applied for such action. Active audit team involvement in follow-up should be limited to assessing the suitability of the action plan and the effectiveness of the corrective and preventive action. Auditees should not be in a position to impede the audit programme, findings or conclusions. They should be consulted on the draft report and their comments should be considered by the audit body. Where appropriate, those comments should be taken into account in a transparent manner.

Independent audit bodies should be external to or separate from the management of audited activities. Internal audit bodies should report to the most senior management within the organisational structure.

Where technical expertise required for the audit is available only within a competent authority, measures should be taken to ensure the audit team remains independent. Where control activities are organised on a regional basis, technical specialists could be exchanged in order to ensure they are independent.”

In addition, the NAS Network Reference Document on Independence and Independent Scrutiny of February 2014 provides additional guidance on threats to independence and mitigating measures.

Findings

A clear documented mandate giving power to conduct internal audits is available in the audit charter, which is part of the NFSA quality management system. This document details objectives, responsibilities, independence principles, and reporting lines.

According to the audit charter, the Director General of the NFSA has ownership over the audit process and is responsible for approving internal audit activities described in the internal audit multi-annual programme. The Director General approves the plan, the reports and the follow-up activities for each internal audit. The Director General can also decide for ad-hoc internal audit activities as necessary.

The internal auditor is appointed by the Director General of the NFSA and is administratively placed in the staff performance management. Currently there is only one internal auditor in the audit unit in charge of Article 4(6) internal audits. Annually the internal auditor prepares and proposes a multi-annual internal audit programme to the Director General. The internal auditor is independent of all organisational units in the NFSA.

The audit charter stipulates that the audit team must have sufficient experience and expertise in relation to audit methodology and to the audit scope. The internal audit team is composed of the internal auditor who always leads the internal audits, and of one or more technical experts. The technical experts selected from within units of the NFSA are proposed by the internal auditor who ensures there is no conflict of interest, and appointed by the Director General. These technical experts are generally selected from regions that are not subject to the internal audit as far as this is possible, and are not involved in managing or supervising the control systems being audited.

The internal audit team is responsible for preparing and conducting the internal audit and for reporting on the individual audits directly to the Director General of the NFSA. It is required that the team members exercise independence and objectivity when gathering and assessing evidence, and when reporting findings and conclusions.

Conclusions

The arrangements in place stipulated in the audit charter ensure independence of the audit process as required by Article 2(6) of Regulation (EC) No 882/2004 and as described in section 5.3 of the Annex of Decision 2006/677/EC. Independence at organisational, functional and internal audit level, contribute to ensuring objectivity and credibility of the audit outcome.

5.2.2 Independent scrutiny

Legal Requirements

Article 4(6) of Regulation (EC) No 882/2004 requires that the audits shall be subject to independent scrutiny.

In Section 5.4 of the Annex of Decision 2006/677/EC further guidance is provided on the 'Independent Scrutiny of the Audit Process':

“In order to check whether it is achieving its objectives, the audit process should be subject to scrutiny by an independent person or body. Such independent person or body should have sufficient authority, expertise and resources to carry out this task effectively. The approaches to independent scrutiny may vary, depending on the activity or the competent authority. Where a body or a committee has been established with a view to independent scrutiny of the audit process, one or more independent persons should be members of such body or committee. Such independent persons should have access to the audit process and be empowered to contribute fully to it. Action should be taken to remedy any shortcomings identified in the audit process by the independent person or body.”

Findings

The competent authorities in the Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have agreed in March 2016 in the “Nordic cooperation paper on independent scrutiny of national audit systems” to conduct mutual independent scrutiny of their national audit systems with reference to the requirements of Article 4(6) of Regulation (EC) No 882/2004.

The agreement identifies the following objectives and scope for the independent scrutiny:

- give an objective and independent evaluation of the national audit system;
- strengthen the Nordic cooperation;
- add value to the national control system by: (i) contributing to continuous improvement and (ii) providing confidence to food safety authorities and stakeholders.

The independent scrutiny exclusively evaluates whether the national audit system is compliant with the requirements laid down in Regulation (EC) No 882/2004, and achieves its goals as described in section 5.4 of Commission Decision 2006/677/EC. The agreement clarifies that the scrutiny is not an audit of the national control system.

It is foreseen for the independent scrutiny to take place every five years in each of the involved countries. However, a multi-annual independent scrutiny programme has been agreed for the cooperation to start with a more intensive pilot phase during which all involved countries are planned to be scrutinised in 2,5 years. The scrutiny process will be reviewed after the pilot phase.

The independent scrutiny during this pilot phase is to be carried out by two senior auditors responsible for the national audit systems of the countries involved in this cooperation agreement. The agreement provides the grounds for empowerment of the auditors and their access to the audit system to be scrutinised.

The mission team was provided by the competent authority with the independent scrutiny procedure and guidelines for planning and reporting, which have been made part of the quality management system of the NFSA. The independent scrutiny consists in a two-day visit to the respective scrutinised country during which documentary review and interviews are performed, and a report is provided on-site with findings, conclusions and recommendations.

In February 2017, the NFSA was subject to independent scrutiny under the Nordic cooperation agreement. The report from the independent scrutiny has been made publicly available on the NFSA webpage. The report clearly defines the objective and scope, and Article 4(6) of Regulation (EC) No 882/2004, Commission Decision 2006/677/EC and

guidance documents from the National Audit Network are included in the audit criteria. The report includes findings, conclusions and recommendations to the relevant audit body.

The independent scrutiny report for Norway concluded that the national audit system overall complied with the requirements of Regulation (EC) No 882/2004. Findings were generally compatible with the ones made by the Authority mission team. Identified non-compliances included the audit programme not being fully risk-based, the audit criteria and conclusions not being clearly linked to Regulation (EC) No 882/2004, and verification of effective implementation of planned arrangements not being included in the scope of internal audit.

The report also identified good practices, such as the use of the NFSA improvement portal as a tool to follow-up on non-compliances and the application of a root-cause analysis to identify causes of non-compliances to deal with these. The mission team was informed that the independent scrutiny was seen as a two-way learning process where good practices should be shared in the framework of the Nordic cooperation.

The mission team noted that findings and conclusions made during the independent scrutiny were followed up by the NFSA using the improvement portal. The mission team identified some modifications to the internal audit process made as a follow-up to the independent scrutiny, in particular in relation to the inclusion of verification of effective implementation of planned arrangements in the scope.

The independent scrutiny generally followed the National Audit Network guidance. However, the mission team noted that it had not covered the verification of effectiveness of the national audit system.

Conclusions

The internal audit system is subject to independent scrutiny as required by Article 4(6) of Regulation (EC) No 882/2004.

5.2.3 Auditor competence

Legal Requirements

Articles 2(6) and 4(6) of Regulation (EC) No 882/2004 do not lay down specific requirements regarding the competence of auditors.

Article 6 of the same Regulation requires that staff performing official controls receive, for their area of competence, appropriate training enabling them to undertake their duties competently and keep up-to-date in their area of competence and receive regular additional training as necessary.

Section 6.6 of the Annex of Commission Decision 2006/677/EC provides guidance on auditor competence.

Findings

According to information provided to the mission team, criteria taken into account regarding auditor competence include general competence and experience in auditing and internal auditing, general knowledge and understanding of the food safety legislation and of the NFSA structure. Other criteria include personal qualities such as integrity, objectivity and confidentiality. The mission team was informed that specific criteria are

taken into account for the selection of auditors, such as educational background, specific and generic technical knowledge and skills, personal qualities, and work experience. However, the mission team noted that the selection criteria and selection process are not documented.

The internal auditor is a member of Institute of Internal Auditors (IIA) and has access to training sessions and events arranged by the Institute. The internal auditor has also participated in Better Training for Safer Food (BTSF) courses and the need for competence maintenance is evaluated annually.

During interviews with auditors who had recently participated in internal audits, the mission team was able to confirm the described arrangements for selecting technical experts. These had complementary skills and technical knowledge, thus ensuring that the audit team had the necessary competences, depending on the area to be audited, to perform the internal audit.

Conclusions

A mechanism is in place to ensure that members of the internal audit team are competent and that competences are maintained and further developed. However, selection criteria and process are not documented. This undermines the reliability of the selection process for the audit teams.

5.2.4 *Development of the internal audit programme*

Legal Requirements

Article 3(1) of Regulation (EC) No 882/2004 requires Member States to ensure that official controls are carried out regularly, on a risk basis and with an appropriate frequency, so as to achieve the objectives of this Regulation.

The definition laid down in Article 2(6) of the same Regulation specifies, *inter alia*, that audits should be 'systematic'.

In Section 5.1 of the Annex to Decision 2006/677/EC, further guidance is provided on the 'Systematic Approach', including:

"A systematic approach should be applied to the planning, conduct, follow-up and management of audits. To that end, the audit process should:

- *be the result of a transparent planning process identifying risk-based priorities in line with the competent authority's responsibilities under Regulation (EC) No 882/2004,*
- *form part of an audit programme that ensures adequate coverage of all relevant areas of activity and all relevant competent authorities within the sectors covered by Regulation (EC) No 882/2004 at an appropriate risk-based frequency over a period not exceeding five years,*
- *be supported by documented audit procedures and records to ensure consistency between auditors and to demonstrate that a systematic approach is followed"*

The NAS network document "risk-based planning of audits on official controls" explains the audit experts' common understanding of the objectives of risk-based planning.

Findings

The NFSA internal audit programme is developed by the internal auditor, and presented for validation to the Director General of the NFSA. Once the audit programme has been validated, it is presented during a meeting to all directors of the NFSA head and regional offices. The mission team was informed that the programme is not discussed with stakeholders nor is there any audit board or audit committee to provide comments or further inputs to the programme.

Ten control areas with their sub-areas including horizontal (cross-cutting) and vertical (sector-specific) topics, have been identified by the internal auditor. The internal auditor explained to the mission team that the audit universe was currently being drafted, and it was therefore not available at the time of the mission. These ten control areas are planned to be covered over a five-year period, with two different areas per year during a three-year cycle, revised twice a year. All relevant levels of competent authority's hierarchy are included in the internal audit.

For the preparation of the audit programme, the internal auditor takes into account a risk assessment matrix prepared by the NFSA head office. As an input to prioritise the sequence in which the control areas should be covered and to select the sub-areas, the internal auditor takes into consideration information from various sources from within the NFSA such as: Budget Disposal Letter (BDL), the MANCP, NFSA annual report, national control projects and previous control activities results. However, the mission team noted that there is no evidence of how emerging risks and topics of EEA relevance such as food fraud are taken into consideration. The mission team noted that there is no documented procedure in place describing the risk analysis to be carried out for developing the audit programme. Furthermore, the audit programme development process is not documented. Therefore, the selection of sub-areas and topics relevant for the internal audits and the decision regarding the selection of audit topics are not clear.

Conclusions

There is a procedure for establishing annual and multiannual internal audit programmes. A systematic approach for programming of internal audits is in place, however, the risk assessment performed when developing the audit programme is not documented and there is no procedure describing the risk-based approach. This undermines the reliability of the audit programme.

5.2.5 Implementation of the internal audit process

Legal Requirements

Article 2(6) of Regulation (EC) No 882/2004 defines the audit as a systematic and independent examination to determine whether activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.

In Section 5.1 of the Annex of Decision 2006/677/EC further guidance is provided to Member States on the 'Systematic Approach', including:

“A systematic approach should be applied to the planning, conduct, follow-up and management of audits. To that end, the audit process should:

- *be supported by documented audit procedures and records to ensure consistency between auditors and to demonstrate that a systematic approach is followed,*

- *include procedures for generating audit findings, including the identification of evidence of compliance and non-compliance, as appropriate, and for preparing, approving and distributing audit reports,*
- *include procedures to review audit conclusions, in order to identify system-wide strengths and weaknesses in the control system, disseminate best practice and ensure the monitoring of corrective and preventive actions,*
- *be monitored and reviewed to ensure the audit programme's objectives have been met and to identify opportunities for improvement.”*

Section 6.1 of the Annex of Commission Decision 2006/677 provides guidance on implementation of the Audit Process. In particular, to comply with the requirements of Article 4(6) of Regulation (EC) No 882/2004, the audit system should include verification of compliance with planned arrangements, verification of the effective implementation of planned arrangements and assessment of the suitability of official controls.

In order to determine whether the planned arrangements are suitable to achieve the objectives set out, the audit criteria should include strategic objectives stemming from Regulations (EC) No 178/2002 and (EC) No 882/2004 (including the single integrated multi-annual national control plan) and national legislation.

The Network Reference Documents on Auditing Effectiveness of Official Control Systems (February 2014 - Version 1) provides additional guidance on how the effective implementation and suitability of official controls in achieving objectives may be evaluated.

Findings

5.2.5.1 Documented procedures

The NFSA quality management system contains all relevant documents related to the audit process. The mission team reviewed the documented procedures related to the audit process, including audit planning, conduction and reporting. The mission team noted that all stages of the audit process were well documented.

The review of documentation from two recent audits and interviews with auditors and auditees from the same audits revealed that internal audits were carried out in accordance with the NFSA documented procedures.

5.2.5.2 Compliance with planned arrangements

Verification of compliance with planned arrangements was included in the scope of the internal audits according to the documentation provided to the mission team.

The mission team noted that the audit criteria included general legislation, MANCP, quality manuals and documents stipulating policies, strategies and guidelines. However, a clear link to specific provisions of Regulation (EC) No 882/2004 was not made.

5.2.5.3 Verification of the effective implementation of planned arrangements and their suitability to achieve objectives

The NFSA has, since 2017, following the outcome of the independent scrutiny, included verification of effectiveness and suitability to achieve objectives (as laid out in the annex to Commission Decision 2006/677/EC) in the scope for their internal audits. As the

independent scrutiny took place after the 2016 internal audits, these had at the time of this mission not been assessed yet by the internal audit team.

The NFSA was at the time of the mission working on a system applicable to the whole organisation to verify the effectiveness of official controls. This has been addressed in some of the Authority's previous missions to Norway (latest mission on the verification of effectiveness of the import control system in 2105).

5.2.5.4 Audit reporting

Reports are drawn up by the audit team following each individual audit, in accordance with documented procedures, including templates. The reports are made publicly available on NFSA webpage. The reports include clear objectives, findings and conclusions.

The conclusions of the reports are linked to audit criteria such as general legislation, MANCP, quality manuals and documents stipulating policies, strategies and guidelines; however, they are not linked directly to objectives of Regulation (EC) No 882/2004. Verification of the effective implementation of planned arrangements and their suitability to achieve objectives has only recently been included in the scope of the internal audits. Therefore, emphasis was mainly put on compliance with planned arrangements in the report examples provided at the time of the mission.

The reports identify non-compliances, areas for improvement (observations), and recommendations addressing systemic issues to the auditee. The mission team noted that the findings described in the reports mainly focused on non-compliances. Consequently, it was not always clear to the mission team what had been covered in the scope of the audit unless it was linked to a weakness of the system. The reports also describe good practices and list recurring non-compliances that are being followed-up in previous audits.

The auditees are invited to provide comments on the reports. However, the comments are not systematically taken into consideration in the finalisation of the report. Although the comments are available to all NFSA staff in the archive database, these are not published together with the final version of the report.

The mission team was informed that reports drafted by the internal audit team are presented to the Director General of the NFSA who validates them. The reporting process can be considered finalised only once the final report is presented to the Directors of the NFSA during the regular management meetings. The internal auditor indicated that delays could occur due to difficulties in being on the agenda of these meetings. This issue, coupled with the absence of explicitly defined deadlines in the internal audit process, led to prolonged time lapses between the audit and the presentation of the report.

5.2.5.5 Review of audit conclusions and dissemination of best practices

The internal audit unit issues an annual report on the national audit system. The 2016 report includes a summary of audits carried out in 2016, overview of the status of issued recommendations and an assessment of previous years national control projects. Furthermore the report mentions future challenges and recurring issues.

The annual report concludes that follow-up on recommendations could be further improved and that important steering documents from the head office are not consistently used in the regions. In addition the report indicates that the current procedures for internal

audits being in place since 2015, the amount of data is not sufficient to allow a full assessment and review of the internal audit process.

The individual audit reports describe good practices (included since 2016) identified during the audit. Although there is no documented procedure in place for the dissemination of best practices the internal auditor shares those practices in several ways such as: presentations during management meetings when the audit reports are presented and during regional forums. The internal auditor strives to be available for seminars and meetings within the NFSA to share information.

5.2.5.6 Monitoring and review of audit process

The mission team noted that at the time of the mission there was no documented procedure in place for monitoring and review of the audit process. However, it is foreseen that the Director General of the NFSA will be contacted during on-site audit activities in case findings indicate that immediate action is needed.

At the time of the mission, a review of the auditing process had not yet been carried out due to insufficient data.

An electronic questionnaire was available for the auditees to provide feedback to the auditors. This has also been identified as a good practice during the independent scrutiny.

Conclusions

In general, the audit process is carried out according to documented procedures and is well documented, in line with Commission Decision 2006/677/EC and the NAS network documents.

The audit scope includes compliance with planned arrangements. Verification of effective implementation and suitability in achieving objectives have recently been made part of the internal audits scope. Audit criteria were not clearly linked to specific provisions of Regulation (EC) No 882/2004.

Audit reporting procedures ensure consistent and clear reporting of relevant audit results with the exception of reporting on verification of effectiveness and suitability in achieving objectives. However, timely reporting was jeopardised by the lack of clearly defined timelines and delays in report finalisation.

Good practices identified during the internal audits are actively disseminated by the internal auditor, although there is no documented procedure to ensure a systematic approach is used.

The audit process has not been systematically reviewed yet due to insufficient data.

5.2.6 Follow-up of internal audit recommendations

Legal Requirements

Article 4(6) of Regulation (EC) No 882/2004 requires, *inter alia*, competent authorities to take appropriate measures in the light of the results of internal or external audits.

In section 5.3 of the Annex of Decision 2006/677/EC further guidance is provided on 'Independence', in relation to follow-up of audit recommendations:

“Where the audit team makes recommendations for corrective and preventive action, the auditee should choose the methods to be applied for such action. Active audit team involvement in follow-up should be limited to assessing the suitability of the action plan and the effectiveness of the corrective and preventive action.”

Section 6.3 of the Annex of Commission Decision 2006/677 provides guidance on follow-up of audit outcome: *“Where appropriate, an action plan should be drawn up and delivered by the auditee. It should propose time-bound corrective and preventive action to address any weakness identified by the audit or audit programme. The audit team should assess the suitability of the action plan and may be involved in verifying its subsequent implementation:*

Findings

According to information provided to the mission team, the auditee is responsible for the root-cause analysis for non-compliances identified in the audit reports. The auditee is required to draft and propose an action plan that is then assessed by the internal auditor and the Director General of the NFSA. The Director General approves the action plan. The auditee is then responsible for the verification of implementation of the corrective actions.

Non-compliances are inserted as a case in the NFSA improvement portal. It can be accessed by both the internal auditor and the auditees. The improvement portal allows the internal auditor to assign tasks to the responsible auditee who can then insert the action plan and information to verify if actions have been taken. The auditee closes the case once information on the implementation of corrective actions has been inserted, which triggers an email sent to the internal auditor who is able to assess the information.

The internal auditor and the Director General meet three times a year to assess the corrective actions taken to address recommendations, and update the status of recommendations.

Conclusions

There is a system in place ensuring that the competent authority takes appropriate corrective actions to address the results of the internal audits carried out, as required by Article 4(6) of Regulation (EC) No 882/2004.

This allows for using internal audits as a tool for continuous improvement and increases the credibility of the audit process. Furthermore, this is capitalised through optimising ownership and engagement in the improvement of control systems through the root-cause analysis required of the auditees.

5.2.7 Transparency

Legal Requirements

Article 4(6) of Regulation (EC) No 882/2004 requires, *inter alia*, that audits shall be carried out in a transparent manner.

Section 5.2 of the Annex of Commission Decision 2006/677/EC provides guidance on transparency, including the following:

“In order to demonstrate the audit process is transparent, documented procedures should, in particular, include a clearly defined audit planning process, audit criteria and audit report approval and distribution mechanisms.

Management and implementation of the audit process should be transparent to all relevant stakeholders. In particular, there should be full transparency between the audit body and the auditee. Ensuring the audit process is transparent in the eyes of other stakeholders will assist in the dissemination of information, and in particular in the sharing of best practice within and between competent authorities.

The Member States should adopt the appropriate measures to ensure their audit systems are transparent, taking national legal and other requirements into account. To that end, the Member States should consider encouraging practices that improve the transparency of the process.”

Findings

The NFSA makes available on their intranet (accessible to all NFSA staff members) all documents related to the audit process such as the audit programme, the audit annual plan, the audit plan and action plans. In addition, the internal auditor is available to share and discuss outcomes of individual audits at several venues within the NFSA (see chapter 5.2.5.5).

The mission team noted that auditees’ comments to individual audit reports are not included in the published reports (see above 5.2.5.4), neither are the action plans made by the auditee to address non-compliances. Furthermore, the mission team noted that no consultation with the NFSA regional level takes place in the planning and development the audit programme.

Other documents related to the internal audit system such as the audit charter, annual report for the national audit system, individual audit reports, the MANCP and country profile are made available for the public on the NFSA webpage.

Conclusions

Transparency within the NFSA as foreseen in Article 4(6) of Regulation (EC) no 882/2004 is ensured by publication and sharing of procedures and results of the internal audit process. However, the final audit reports are not published together with auditees’ comments and action plans which is considered a missed opportunity for increasing trust in the internal audit system.

Measures are in place to provide external stakeholders with a clear overview on audit activities and their results, thereby increasing stakeholders' confidence in official controls.

5.3 Challenges reported by the competent authority

The internal audit unit informed the mission team of areas which could be improved. In general the identified challenges mirrored the findings of the mission team. In particular, the systematic approach in assessing risks when developing the audit programme (see chapter 5.2.4) and the verification of effective implementation of official controls and their suitability to achieve objectives had been identified (see Chapter 5.2.5.3). The reporting of audit results, describing all findings, conclusions and recommendations in a short report was also found challenging.

6 Final meeting

A final meeting was held on 6 October in the NFSA head office in Oslo with representatives from the Ministry of Agriculture and Food, the Ministry of Health Care Services and the NFSA. At this meeting, the mission team presented its main findings and preliminary conclusions, which were acknowledged by the representatives of the NFSA.

7 Recommendations

In order to facilitate the follow-up of the recommendation hereunder, Norway should notify the Authority no later than 1 April 2018, by way of written evidence, of additional corrective actions planned or taken other than those already indicated in the reply to the draft report of the Authority. The Authority should be kept continuously informed of changes made to the already notified corrective actions and measures, including changes of deadlines for completion, and completion of the measures included in the timetable.

No	Recommendation
1	The competent authority should further strengthen the systematic risk-based approach in the development of the audit programme and ensure a systematic approach to reviewing the audit process to better achieve the objectives of Article 4(6) of Regulation (EC) No 882/2004.

Annex 1 - List of abbreviations and terms used in the report

Authority	EFTA Surveillance Authority
BDL	Budget Disposal Letter
BTSF	Better Training for Safer Food
EC	European Community
EEA	European Economic Area
EEA Agreement	Agreement on the European Economic Area
IIA	Institute of Internal Auditors
MANCP	Single integrated multi annual national control plan
NAS Network	The NAS Network is a network of officials (auditors) from MS CA, responsible for the performance of audits of official control systems as provided for by Article 4(6) of Regulation (EC) No 882/2004. The Network meets regularly, under the chairmanship of, and facilitated by, DG SANTE to exchange experiences in implementing national audit systems on official control activities. During the course of these exchanges; discussions, workshops etc. good principles and practices are identified and agreed by the network. To enable dissemination of information the Network, working in plenary session and through subgroups, and facilitated by DG SANTE, consolidates agreed principles and good practices on specific topics into Network Reference Documents.
NFSA	Norwegian Food Safety Authority

Annex 2 - Relevant legislation

The following legislation has been taken into account in the context of this mission:

- a) The Act referred to at Point 1.2.74 of Chapter I of Annex I to the EEA Agreement, *Commission Decision 98/139/EC of 4 February 1998 laying down certain detailed rules concerning on-the-spot checks carried out in the veterinary field by Commission experts in the Member States*, as adapted to the EEA Agreement by the sectoral adaptations referred to in Annex I to that Agreement;
- b) The Act referred to at Point 11 in Part 1.1 of Chapter I of Annex I to the EEA Agreement, *Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules*, as amended, and as adapted to the EEA Agreement by the sectoral adaptations referred to in Annex I to that Agreement;
- c) The Act referred to at Point 136 in Part 1.2 of Chapter I of Annex I to the EEA Agreement, *Commission Decision 2006/677/EC of 29 September 2006 setting out the guidelines laying down criteria for the conduct of audits under Regulation (EC) No 882/2004 of the European Parliament and of the Council on official controls to verify compliance with feed and food law, animal health and animal welfare rules*.

Annex 3 – Norway's reply to the draft report



EFTA Surveillance Authority
35 Rue Belliard
BE 1040 Brussels
BELGIUM

Your ref

Our ref
16/996-

Date
11 December 2017

Norwegian comments on draft report concerning EFTA Surveillance Authority's mission to Norway from 2nd to 6th October in order to evaluate the national audit system.

Please find attached the Norwegian response to the action plan concerning follow-up of recommendation concerning EFTA Surveillance Authority's mission to Norway from 2nd to 6th October in order to evaluate the national audit system.

Yours sincerely

Cathrine Steinland
Deputy Director General

Henrik Høyer Holgersen
Adviser

This document is signed electronically and has therefore no handwritten signature

Corrective measures

Concerning recommendation:

The competent authority should

- further strengthen the systematic risk-based approach in the development of the audit program and*

deadline	measure	responsible
October 2018	Develop a tool (excel-sheet) that <ul style="list-style-type: none"> • defines criteria for risk-categorization • allows grading of risk for elements in the audit universe included in a particular control area 	Internal auditor
November 2018	Implement description how to use the tool in the relevant quality-document as needed	Internal auditor
December 2018	Implement first version of the tool in the program-process for 2019-2020	Internal auditor

- ensure a systematic approach to reviewing the audit process to better achieve the objectives of Article 4(6) of Regulation (EC) No 882/2004.*

deadline	measure	responsible
March 2018	Develop a systematic approach to reviewing the audit process	Internal auditor
March 2018	Implement description in the relevant quality-document as needed	Internal auditor
April 2018	Conduct review as described	Internal auditor

We will keep the Authority informed of the completion of the measures as described here.