

**National
Audit
Systems
Network**

INDEPENDENT AUDIT SYSTEMS

The network of national audit experts has produced this non-binding reference document, based on agreed good practices, to provide guidance on how to ensure auditors and the systems that support them are independent.

May 2025
2nd Edition

The National Audit Systems (NAS) Network

The NAS network is a network of officials from Member States, responsible for the performance of audits of official control systems as provided for by Article 6 of Regulation (EU) 2017/625 ⁽¹⁾. The network meets regularly under the chairmanship of, and facilitated by, the Health and Food Audits and Analysis directorate of the European Commission's Directorate-General for Health and Food Safety (DG SANTE), to exchange experiences in implementing national audit systems on official controls and other official activities.

The network, working in plenary session and through sub-groups, exchanges experiences and consolidates agreed principles and good practices on specific topics into documents to facilitate the dissemination of information. These documents may be used as reference documents; however, they do not constitute an audit standard and are not legally binding ⁽²⁾.

NAS Network Reference Document on independent audit systems

LEGAL BACKGROUND

Regulation (EU) 2017/625 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products (hereafter: "the Regulation").

Commission Notice (2021-C 66-02) ⁽³⁾ on a guidance document on the implementation of the provisions for the conduct of audits under Article 6 of Regulation (EU) 2017/625 (hereafter: "the Commission Notice").

In addition, due regard is given to the following internationally recognised standards:

- ISO 19011
- Global Internal Audit Standards, published by the Institute of Internal Auditors.

SCOPE

This document applies to audits carried out under the requirements of Article 6(1) of the Regulation and under the guidance of the Commission Notice, Section 5.3.

It excludes requirements in relation to Article 6(2) of the Regulation, which are dealt with separately.

OBJECTIVES

The objective of this document is to propose some general principles on independence to guide and support competent authorities, audit bodies and auditors. The aim is to:

⁽¹⁾ OJ L 95, 7.4.2017.

⁽²⁾ The term "should" in this reference document means good practice, not a binding requirement.

⁽³⁾ OJ C 66, 26.2.2021.

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- Frame the objective of independent audit systems.
- Consider how to achieve a sufficient level of independence.
- Help identify and manage the risks that could potentially influence and/or threaten the objectivity and impartiality of the audit body and auditors.
- Assist and support those involved in setting up audit bodies and those conducting audits to build independence into the audit system.
- Work to consistent and harmonised principles across Member States.

This document is intended to complement the guidance on independence as described in Section 5.3 of the Commission Notice.

DEFINITIONS

There is a wide collection of terms which together convey and support the concept of independence. These include, but are not limited to, objectivity, impartiality, freedom from conflict of interest and bias, fairness, competence/professionalism, honesty, integrity and ethics.

This document should be read in conjunction with the definitions contained in the Regulation and moreover in section 3 of the Commission Notice. Furthermore, the concept of independence is laid down in various ISO standards ⁽⁴⁾, in particular ISO 19011 (as regards ‘independence’) and ISO 17020 (as regards ‘impartiality’). The Institute of Internal Auditors also sets down useful definitions in its Global Internal Audit Standards ⁽⁵⁾.

In short, for the purposes of this document, ‘*independence*’ is the freedom from conditions that could threaten the ability of the auditor and/or audit body to carry out audit responsibilities in an unbiased and impartial manner.

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OBJECTIVE

The ultimate objective of building independence into the audit system is to lend credibility to the audits and the audit body and to support universal acceptance of their findings and conclusions. Without the foundations of independence in place, the credibility of the audit system and the reliability of its results is compromised and trust in the audit system and audit body is eroded.

Credibility: to have confidence in audit results, the audit body should be credible enough to convince the auditee and top management to act upon the results.

DG SANTE overview report on audits of official controls in EU Member States (ref. 2018-6810, section 4.1)

"The credibility of auditors' opinions and reports depends, to a great extent, on public belief in the integrity, objectivity and independence of auditors and the quality of their work."

Auditing – an international approach (p.185), B.Soltani

⁽⁴⁾ <https://www.iso.org/standards.html>

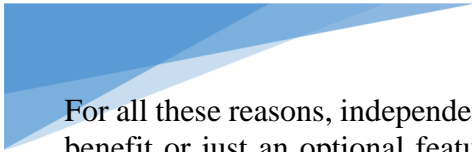
⁽⁵⁾ <https://na.theiia.org/Pages/IIAHome.aspx>

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Why is independence important?

Auditing is a tool which supports management in achieving the goals of the organisation. It provides a degree of assurance to the management that the organisation is doing the right things i.e. is effective in pursuing its goals. Provided that there is a sufficient degree of independence from the operations to be audited, audits bring new perspectives and insights, allowing management to identify "blind spots", vulnerabilities and risks. Independence can be viewed as an insurance against "group think" and "tunnel vision" and it promotes continuous improvement.

Added value created by audit reports depends on their objectivity⁽⁶⁾, which in turn depends on the independence of the audit body and the audit process. Independence and objectivity are the most valuable assets of an audit body because they create and maintain credibility, which is necessary to have confidence in audit results.



For all these reasons, independence is not only a benefit or just an optional feature – it is a pre-requisite for an audit body to be able to demonstrate that the audit has not been subject to any undue influence or bias and the results can be relied upon.

What is a sufficient level of independence?

A sufficient degree of independence is difficult – if not impossible – to determine or quantify. The degree of independence to be achieved although difficult to quantify, should be sufficient to be accepted as objective by stakeholders. It is important to recognise that independence is a continuum rather than a binary condition. Above all, **it is a matter of perception** rather than a score arrived at by using a mathematical formula⁽⁷⁾.

"Independence is not an absolute standard which statutory auditors must attain, free from all economic, financial and other relationships that could appear to entail dependence of any kind. Such a state is manifestly impossible as everyone has some dependency or relationship with another person."⁽⁸⁾

⁽⁶⁾ "An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others."

(IIA Standards Glossary <https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/standards/standards-glossary/> and IPPF Implementation Guide – Code of Ethics: Objectivity <https://www.theiia.org/globalassets/documents/content/articles/guidance/implementation-guidance/implementation-guides-for-code-of-ethics-principles/ig-code-of-ethics-2-objectivity.pdf>).

⁽⁷⁾ "The level of independence risk can be expressed as a point on a continuum that ranges from 'no independence risk' to 'maximum independence risk'. Although it cannot be measured precisely, the level of independence risk for any specific activity, relationship, or other circumstance that may pose a threat to an internal auditor's independence can be described as being within, or at one of the endpoints, on the independence risk continuum." (Paraphrase from: [Commission Recommendation 2002/590/EC Statutory Auditors' Independence in the EU: A set of fundamental principles.](#), OJ L 191, 19.07.2002, p. 0022 – 0057 (p.38)).

⁽⁸⁾ Commission Recommendation 2002/590/EC, OJ L 191, 19.07.2002, p. 0022 – 0057 (p.34).

The basic test for the effectiveness of the approach adopted by an auditor to mitigate threats and risks to his independence in respect of a particular audit engagement is whether a reasonable and informed third party, knowing all the relevant facts and circumstances about a particular audit engagement, will conclude that the auditor is exercising objective and impartial judgement on all issues brought to his attention.

Paraphrased from Commission Recommendation 2002/590/EC (p.34)

Threats to independence

Independence can also be looked at from the opposite point of view; for example, the factors that may threaten an audit body's independence. Some threats to independence are detailed in the Annex. The level of risk that an auditor's independence might be compromised will be determined by reference to the significance of these threats, either individually or in combination.

When an audit body's funding, staffing, expertise, programming or audit process depends on an entity which may influence the audit results, the audit body's independence may be compromised. Examples of measures to mitigate these risks are detailed in the Annex.

Threats to independence must be managed at the individual auditor, engagement, functional, and organisational levels ⁽⁹⁾.

Designing an independent audit system

Independence needs to be designed, incorporated and actively managed in the audit process. It is a function of a number of factors at four different levels, which all need to be taken into account to provide the necessary conditions for independence.

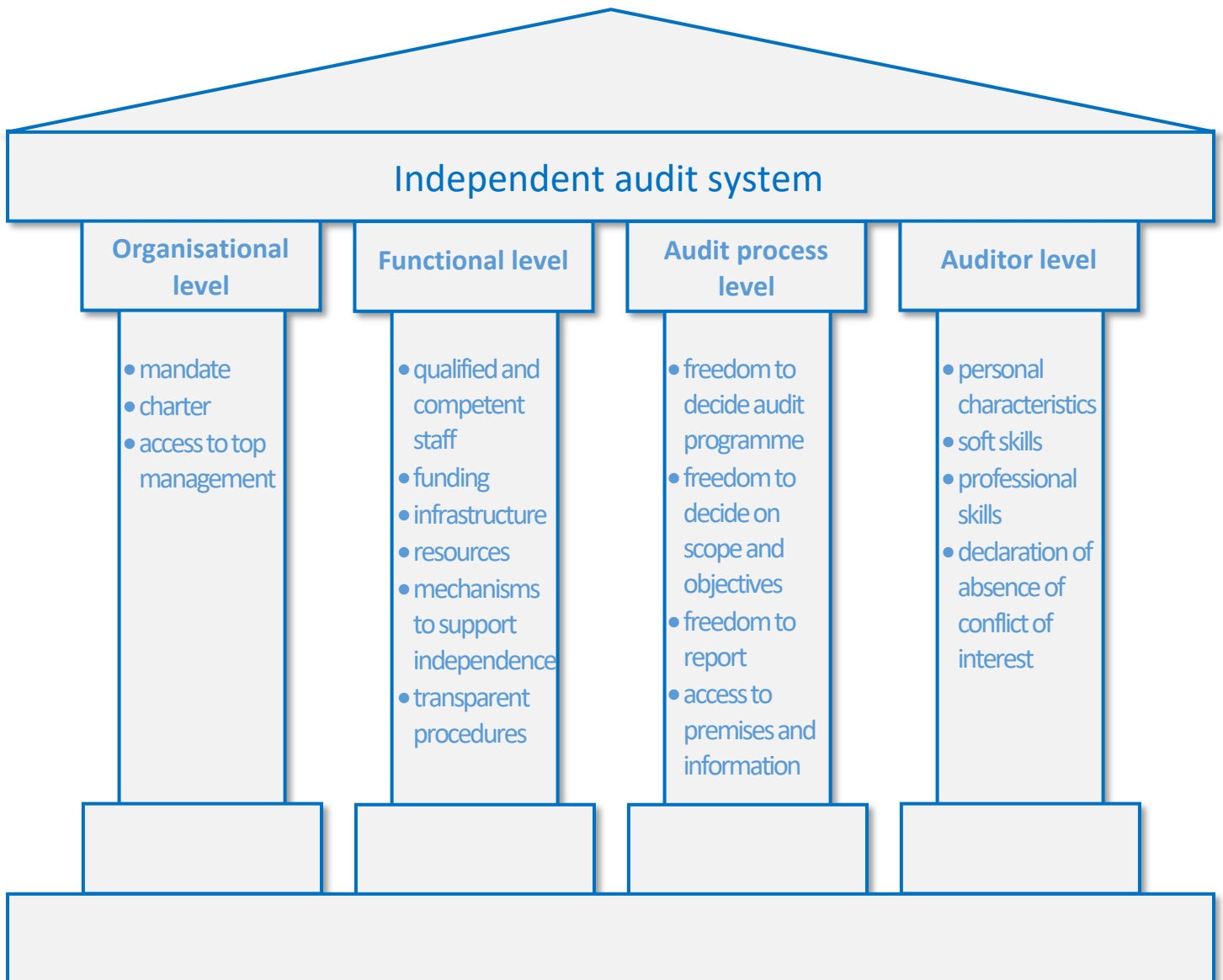
“Audit bodies should be free from any commercial, financial, hierarchical, political or other pressures that might affect their judgment or the outcome of the audit process. The audit system, audit body and auditors should be independent of the activity being audited and free from bias and conflicts of interest.”

Commission Notice 2021/C 66/02

⁽⁹⁾ From IIA standards – modified for our purposes:

<https://www.theiia.org/globalassets/documents/content/articles/guidance/implementation-guidance/1110--organizational-independence/iaa-ig---standard-1110--organizational-independence.pdf>

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The principles to be followed at the four levels are:

1. Organisational level

"A clear, documented mandate affording adequate power to conduct the audit..." ⁽³⁾ is a pre-requisite for independent operation. This may be provided by a set of binding decisions or a formally approved document by the management, often referred to as an "Audit Charter". This mandate must include at least the objectives, responsibilities, authority and accountability of the audit body, and any other aspects which are considered necessary to reach a satisfactory level of independence.

To achieve the degree of independence necessary to effectively carry out the responsibilities of the audit activity, the Chief Audit Executive (the person in charge) of the audit body has direct and unrestricted access to top management and the board.

The independence at organisational level can be achieved by positioning the internal audit body at a level within the organisation that enables it to perform its audit activities without the interference of the entities it is mandated to audit. Another way of achieving independence is for the organisation to allocate a separate and sufficient budget or

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resources to the audit body for it to manage itself, enabling it to execute the audit programme without interference.

2. Functional level

The audit body should be provided with sufficient qualified and competent staff, funding, infrastructure, and other resources needed to execute the audit programme without being dependent on external decisions. It should be granted access to continuous professional development and independent technical experts.

The audit body should ensure that auditors and technical experts are aware of the concepts of objectivity, bias, impartiality, independence, and have access to transparent procedures enabling them to recognise and declare a conflict of interest when appropriate.

Independence at functional level can be achieved by ensuring that processes and procedures are clearly described, adhered to by the audit body and periodically reviewed.

3. Audit process level

The audit body should be free of undue influence at all levels of the audit process. The audit programme and audit results should not be influenced or hindered by the top management and/or the auditee. The audit body should have the freedom to develop the audit scope and objectives into an appropriate audit plan and should have access to all premises and information that is necessary to achieve audit objectives.

The audit body should identify threats to its impartiality on an ongoing basis and define the relevant mitigating measures. Some types of threats that may be considered are: self-interest, self-review, familiarity, intimidation, advocacy and lack of competence. Further examples may be found in the annex.

In (re)designing the audit process the audit body should incorporate the aforementioned mitigating measures. A generic risk assessment is available in the Annex as an indicative basis on which to formulate an assessment that is more tailored to the audit body's needs.

Further guidance for designing the audit process can be found in the following internationally recognised standards:

- ISO 17020, ISO 17021
- Global Internal Audit Standards, published by the Institute of Internal Auditors.

4. Auditor level

Auditors should behave objectively, impartially, independently, without bias or prejudice, with fairness, intellectual honesty, integrity, and declare a conflict of interest when appropriate. An independent mind is a personal characteristic necessary for auditors and they should also be ethical, open-minded, diplomatic, observant, perceptive, versatile, tenacious, decisive, assertive, self-reliant and open to improvement ⁽¹⁰⁾. Auditors should possess competent auditing skills, including soft skills, to carry out their duties without undue influence. Any lack of technical expertise

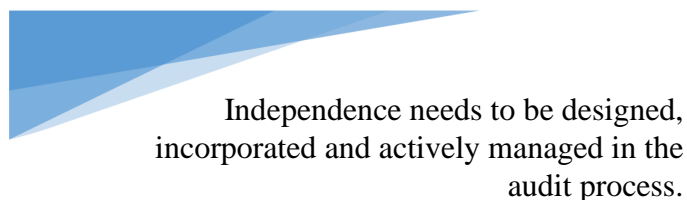
⁽¹⁰⁾ 7.2.2 Personal Behaviour ISO 19011

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in the area being audited should be compensated by access to such expertise (e.g. through the use of technical experts).

In order to achieve independence, the audit team should manage and report potential conflict of interest, thus ensuring transparency and accountability. By fostering a culture of ethical behaviour within their organisation, the audit team can maintain the trust and confidence of stakeholders, which upholds the credibility of the auditing process. Regular training and education, not only in the technical field of the auditor, but also on ethical standards can therefore help auditors to stay informed, competent and independent.

"The internal auditor should have a clear understanding of what is meant by objectivity, which is a state of mind, and independence as a matter of both fact and appearance."
(¹¹)



Finally, as with any process, applying the Plan-Do-Check-Act (PDCA) cycle provides a comprehensive approach:

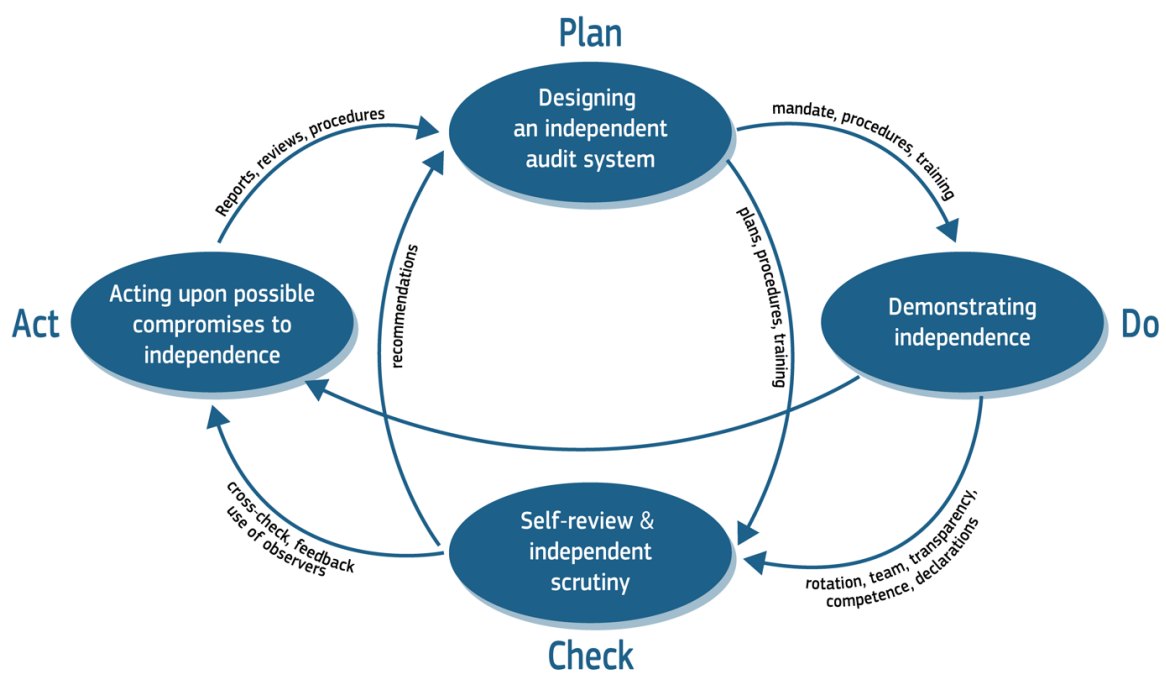
- **Plan to be independent**: the audit body is founded on the principle of independence. It is enshrined in its mandate and other legal/administrative documents establishing its creation. The audit body further underpins this principle by the measures and procedures it puts in place to safeguard its independence. For example, ensuring auditors declare their freedom from conflict of interest before accepting an assignment, having continuous training in place to ensure auditor competence in both technical areas and soft skills, ensuring auditors do not audit activities/policies for which they were previously responsible for implementing etc.
- **Do**: the way in which the audit body and its auditors demonstrate independence. The audit body is transparent about its processes and methods and the standards it upholds. Auditors act impartially, fairly, without bias or favour, etc. and signal any possible threat to their position as and when it arises or when their independence could reasonably be called into question by an outsider. Wherever possible, auditors are rotated so that they are not assigned to audit the same entities over and over. Wherever possible, second auditors are used to mitigate any (perceived or real) pressure on the lead auditor.
- **Check independence**: managers cross-check declarations of freedom from conflict of interest with the register of declared interests. This could also be checked during annual performance reviews, periodic self-assessment by the audit body or external

(¹¹) Commission Recommendation 2002/590/EC, OJ L 191, 19.07.2002, p. 0022 – 0057 (p.34).

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assessments of the audit process (cf IIA standards and/or during the independent scrutiny provided in Article 6(2) of the Regulation). Observers from within or outside the audit body could be used to provide an independent evaluation of the objectivity demonstrated by the auditors.

- **Act upon compromised independence or possible threats to independence:** if an auditor is put in a compromising position or signals a conflict during an assignment or is found to have deliberately withheld information about a potential conflict, have procedures in place to manage the situation for damage control and to learn from it so that it is not repeated.



Annex

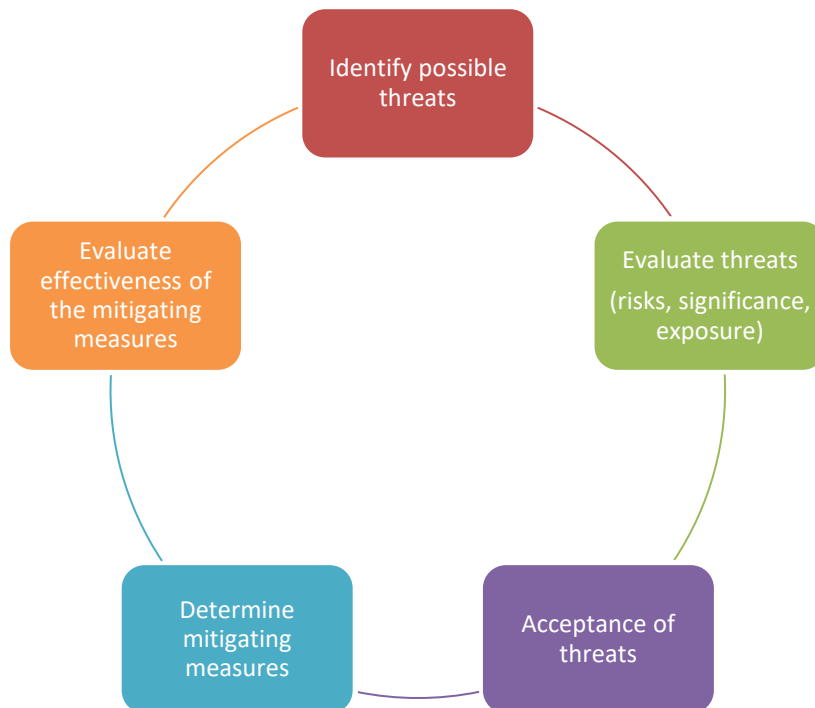
Threats to the independence of the audit system

I - Introduction

It is impossible to manage every threat that can impair the independence of the audit system. The conduct of a risk analysis can be a helpful instrument:

1. Identify the possible threats that can impair the independence of the audit system;
2. Evaluate the risk, significance and/or exposure of the threat. Determine to which degree the identified threats have a (negative) impact on the independence of the audit system;
3. Determine whether the threat is acceptable;
4. If the threat is unacceptable, determine what mitigating measures to take. These mitigating measures should reduce the impact of the threat to an acceptable level;
5. Evaluate if the mitigating measures have been implemented and are effective. If needed, they may have to be adjusted.

The management of threats to independence is a process because new threats can occur and identified threats in the past can become obsolete.



II - Examples of threats

	Example	Mitigating measure	Pillar
Hierarchical pressure	Programmes, findings and recommendations subject to influence by top management.	Measures to ensure freedom to propose/decide programmes. Documented mandate. Independent scrutiny as required by Article 6(2) of the Regulation and explained by the Commission Notice.	Organisational level / Audit process level
	Obstruction: If there are insufficient incentives for auditors to join the audit body, it will not be possible to attract the best candidates, which may have a negative impact on the level of independence upheld. Part-time auditors may be more subject to conflicts.	Establishment of employment incentives for internal auditors (e.g. grade promotion and/or financial compensation) to make the career path more attractive. Engage only full-time auditors. Part-time option only available to technical experts.	Functional level
	Obstruction: Technical expertise not available, when necessary.	Effective measures in place to guarantee availability of sufficient technical expertise, when necessary (e.g. laid down in legal acts/ documented procedures for the participation of technical experts and relevant remuneration options)	Functional level
	Obstruction: Auditee management can obstruct the audit by (silently) refusing cooperation with the audit body.	CAE (Chief Audit Executive) free to select audit teams for specific audits. Documented escalation procedure (part of the audit charter). Legislation for specific measures to be taken against auditees in cases where they are refusing cooperation (silently or not) with the audit body. Mandate for the internal audit body to participate as observers in external audits on the competent authority (opportunity to gather up-to-date information, learn from external auditors, foster better cooperation).	Audit process level / Organisational level

	Example	Mitigating measure	Pillar
	Insufficient resources allocated to the audit process (auditors and technical experts and/or operational expenditure such as travel and proper IT infrastructure).	Top management prioritises human and non-human resources for the audit body. Documented Mandate. Documented Internal Audit Process.	Functional level / Organisational level
Political pressure	CAE appointment based on political interests rather than merit.	Audit charter defines the mandate of the audit body, including the appointment rules of the CAE and auditors. Clear and objective rules on appointment and evaluation.	Organisational level
	Audit programme and priorities decided at political level.	Audit board or committee composed of external stakeholders ensuring independent scrutiny and providing overview/ oversight to the audit process.	Organisational level
	Competent authority does not accept findings or conclusions of audit.	Findings and conclusions of audit are objective, firmly underpinned by legislation and backed up by audit guidelines, good practice and clear and transparent audit body processes.	Functional level / Audit process level
Financial pressure	Money being provided to the audit body from the organisation being audited.	Independent and dedicated budget commensurate with the needs of the audit body to be provided for.	Organisational level / Functional level
	Insufficient budget for remuneration, daily allowances, travel compensation, training, etc. made by competent authority.	Independent and dedicated budget commensurate with the needs of the audit body to be provided for. Freedom to decide how to use the budget and resources	Functional level
	Money allocated based on audit results (or some inappropriate key performance indicator)	The allocation of money to the audit body should not be dependent on the audit results and outcomes. Enshrine the principle of freedom to report in the audit mandate/charter.	Functional level / Organisational level
Commercial pressure ⁽¹²⁾	Sub-contracted audit body also providing consultancy to the competent authority.	If sub-contracted, then the audit body must be solely responsible for carrying out Article 6 audits and responsibilities and assignments must be documented accordingly.	Organisational level

⁽¹²⁾ It is unlikely that an internal audit body established within the competent authority would be susceptible to commercial pressure.

	Example	Mitigating measure	Pillar
	Sub-contracted audit body also providing (accredited) certification of industry and/or competent authority.	Genuine open tender on a regular basis. Declaration of interest.	Organisational level
	Sub-contracted audit body also carrying out official controls and/or consultancy to the industry.	Genuine open tender on a regular basis. Declaration of interest.	Organisational level
Intimidation	The auditee has good relations with the superior(s) of the auditor.	The auditors enjoy full support of their superiors and have mechanisms to report and act upon any undue attempt to influence the outcome of the audit. Such mechanisms could include an established and management-enforced process for gathering auditee feedback on the findings, including a procedure to deal with disputed findings.	Functional level / Audit process level
	The auditee has a higher rank, has more years of experience in the competent authority, and/or has the power to limit the auditor's career prospects.	Ensure there is an established career path. Clear description of the auditors' mandate in the audit charter (role, responsibilities...). Promote/ensure technical expertise.	Organisational level Functional level / Auditor level
	Auditee is uncooperative and/or is intimidating	Awareness programmes, training on soft skills, assertiveness and/or conflict management. Support from an audit team member. Getting support from the auditee's management. Legislation for specific measures to be taken against auditees in cases where they are refusing cooperation (silently or not) with the audit body.	Functional level / Auditor level
Advocacy	The auditor is promoting and/or representing the control system in some forum and at the same time is responsible for auditing the system. <i>(e.g.: The auditor or the audit body has been an advocate for a stakeholder opposing the auditee)</i>	Code of ethics and conduct must have well-defined and clear rules regarding these matters, discouraging these practices (e.g. disciplinary procedures). Audit charter, defining roles that may be performed e.g.	Organisational level / Auditor level

	Example	Mitigating measure	Pillar
	<i>e.g. the auditor is a prominent member of an animal welfare society and is auditing the animal welfare control system.)</i>	presentations, publications, etc. outside the audit body.	Organisational level / Functional level
	The audit body advises auditee on how to advocate for a specific strategic action, getting involved in decision making processes.	Communicate clear boundaries between advisory and decision-making roles, maintain thorough documentation of all advisory activities to ensure transparency.	Organisational level
	The auditor joins the auditee in social events, invited and paid for by the auditee. / The auditor receives some gifts from the auditee (e.g. Christmas).	Lay down in the code of conduct/ethics the limitations to what can be accepted. Reinforce the human resources. The lack of human resources can compromise the segregation of functions that allows the auditor to keep a certain professional distance.	Organisational level / Functional level
	Auditor and auditee share social media (as Facebook, Instagram, etc.) which brings along lack of objectivity and impartiality or its perception, as well as a conflict of interest.	Declare relationship as a potential conflict of interest. Have a clear code of ethics/conduct that includes the use of social media.	Auditor level / Functional level
Self-review	Prior to joining the audit body, the auditor worked within a department that is part of the audit universe.	Establish a minimum period (cooling down period) before auditors can conduct an audit of the department where they previously worked.	Functional level / Audit process level
Familiarity	While performing the audit activities, a member of the audit team notes that he has a good (friendship) relationship with one of the auditees.	The audit team member reports this to the lead auditor (or CAE) and suggests that he cannot be part of this section of the audit.	Auditor level
	Due to the limited number of auditors, a department is repeatedly audited by the same auditor.	Evaluate the possibility of putting together an audit team that comes from outside the organisation (e.g. another Member State, another competent authority, a private organisation...)	Functional level
Lack of competency	The auditor/audit team does not have access to e.g. scientific/expert opinion and has to rely on the auditees' expertise.	CAE/audit body free to recruit auditors solely on the basis of competence. If the technical expertise to conduct the audit is lacking, the audit	Functional level

	Example	Mitigating measure	Pillar
	Recruitment and authorisation not based on qualifications, experience and competences.	assignment should not be accepted. The matter should be escalated to the CAE.	
	<p>The auditor's ability to perform accurate and reliable audits is compromised by the misapplication of audit procedures and insufficient knowledge/expertise.</p> <p>E.g. sampling techniques, substantive testing, planning the audit properly, inability to communicate effectively, not able to identify fraud risks, misinterpretation of facts/explanations, etc.</p>	<p>Competent auditors are expected to undergo continuous training and education to stay updated with the latest standards, regulatory requirements and practices.</p> <p>They should also maintain continuous improvement of auditing skills and techniques.</p> <p>Review training needs at least annually.</p> <p>Use of technical experts.</p>	Auditor level / Functional level