



LUNDS
UNIVERSITET

University Board

DECISION

18 June 2019

Reg. no STYR 2019/1013

Framework for internal governance and control at Lund University relating to risk management

This decision replaces the Framework for internal governance and control at Lund University adopted by the University Board on 9 December 2016 (Reg. no LS 2013/191). Changes to the framework are due to amendments to the ordinance (2007:603) on internal governance and control, which came into force as of 1 January 2019, as well as an ambition to more clearly describe the part of the work on internal governance and control that relates to risk management. Other parts of the work on internal governance and control are regulated by rules of procedure, rules on allocation of decision-making powers and other established policies and guidelines.

Objectives of the work on internal governance and control

The University Board has responsibility for the University's activities and that these are run efficiently, in accordance with current legislation and according to the requirements of EU membership, that activities are accounted for reliably and fairly, and that the University is economical with state funding. There is to be a process for internal governance and control to ensure with reasonable certainty that the public authority fulfils its objectives and remit. The process also forms the basis for the University Board's assessment in the annual report on whether or not internal governance and control in the previous year has been satisfactory. Among other things, the process includes identifying and managing significant risks.

The work on identifying and managing significant risks consists of carrying out a risk analysis, of establishing measures that are identified as necessary from the risk analysis and established risk appetite, and to document this to the extent necessary for the public authority's follow up and assessment of whether or not internal governance and control is satisfactory.

Unless otherwise stated, the term “faculties” in this framework also refers to the University’s specialised centres (USV), the MAX IV Laboratory, the university’s cultural and public centres (LUKOM) and the University Library.

Objectives and remit of Lund University

The process of internal governance and control shall ensure that the public authority fulfils its objectives and remit. The remit and objectives of Lund University refer to the following:

- the requirements set by the Government and Parliament, primarily through the Government Agencies and Institutes Ordinance (2007:515), the Higher Education Act (1992:1434), the Higher Education Ordinance (1993:100) and public service agreements.
- the objectives of the strategic plan and other objectives determined by the University Board.
- other internal regulations, such as policies, guidelines and decisions on different levels.

Method

The process for internal governance and control is part of the University’s planning, regular follow up and evaluation of its activities. The risk analysis reflects the remit of the University and the rules and regulations under which it operates, as well as the opportunities and obstacles for achieving the goals and ambitions the University has decided on.

The risk analysis is conducted annually and begins with the identification of general risks. General risks are identified based on the University’s business intelligence and risk analyses from previous years and are to be relevant to virtually all parts of the University. All faculties and the University Administration assess the general risks and if further risks are identified by a faculty or the University Administration, these are labelled as specific and assessed in a corresponding way. Risk assessment is an evaluation in which likelihood and impact are assigned values which taken together produce a risk value. The risk value along with risk appetite determines the need for measures.

Risk management, i.e. the measures that are to be taken by the faculties and University Administration to manage a risk, is based on several standpoints.

- A risk can be accepted if the impact on the organisation is small, if the risk is beyond the control of the organisation or if measures are too costly in relation to the expected benefit.
- A risk can be limited by measures being taken to reduce the likelihood and/or impact of an event occurring.
- A risk can in certain cases be shared with another public authority, for example the Swedish, Legal, Financial and Administrative Services Agency (Kammarkollegiet), or be managed in cooperation

with another public authority that has the capability to take measures.

- A risk can be eliminated by avoiding the activities or events that give rise to the risk.

For each risk, the faculties and the University Administration determine adequate risk management and appropriate measures. The vice-chancellor in consultation with the Risk Committee assesses whether the faculties' risk management and decided measures are appropriate.

An annual follow-up of measures is to be conducted. The follow-up should show how far work on the measures has progressed and if the intended results have been achieved.

The risk analysis, decided measures as well as follow-up and assessment of whether or not the process is working in a satisfactory way are to be documented to the extent that is necessary to assist in the University Board's assessment of whether or not internal governance and control are satisfactory. A report covering the year's risk management work is submitted to the University Board prior to the assessment in the annual report. Those assigned with responsibility at the faculties and University Administration annually certify, using a special certificate, that internal governance and control is being conducted satisfactorily.

Responsibilities

The University Board has overall responsibility for internal governance and control, and in the annual report accounts for whether or not the internal governance and control has been satisfactory. Thus, the University Board also has responsibility for ensuring a good internal environment that creates conditions for an efficient process for internal governance and control, and to ensure that the process is appropriate. The University Board is informed about the annually implemented risk management work, which forms the basis for the assessment in the annual report.

The Risk Committee of the University Board participates in the annual drafting of the University Board's decision on internal governance and control, and advises the University Board on whether or not the risk management is appropriate. The Risk Committee in consultation with the vice-chancellor identifies risks that are appropriate for being jointly managed within the University.

The Audit Committee of the University Board follows up the observance of the University's framework for internal governance and control.

The vice-chancellor is to ensure that good internal governance and control permeate all activities at the University and in consultation with the Risk Committee identify general risks and the level of risk appetite for these. The vice-chancellor in consultation with the Risk Committee is also responsible for ensuring the University's risk management is appropriate and for identifying risks that are suitable to be jointly managed within the

University. Furthermore, the vice-chancellor is responsible for drafting the matter concerning risk assessment for the Risk Committee of the University Board, and for drafting the University Boards' decision on internal governance and control in connection with the annual report. The vice-chancellor is responsible for ensuring that suitable support functions are available to secure and follow up the work on internal governance and control.

The university director, deans, heads of faculty office, heads of division, process owners and system owners and equivalent are responsible for the work on risk management within their respective areas of responsibility, such as line organisation, processes and systems.

The Internal Audit Office performs independent reviews of the process for internal governance and control and is to review whether the public authority with reasonable certainty fulfils its remit, reaches its objectives and meets the requirements of Section 3 of the Government Agency Ordinance.

All levels of the organisation are to be involved in the process of internal governance and control.

Assessment criteria with regard to likelihood

Likelihood	Description	Examples
5 Very common	The risk can occur at any time or has already occurred	We know that this will occur. The event can occur at any time.
4 Common	The risk is generally known to occur	This type of event is generally known to occur. It is expected to occur within a 12-month period.
3 Fairly common	The risk has occurred a few times	There are several known cases of when the event has occurred. May happen within one to five years.
2 Fairly uncommon	The risk has occurred on isolated occasions	There are few known cases of when this event has occurred. May occur within a five-year period.
1 Unlikely	The risk could only occur under exceptional circumstances	The event has never previously occurred. Not expected to occur in the foreseeable future.

Assessment criteria with regard to impact

Impact	Description	Examples
5 Devastating	Lasting impact	Major damage to the brand, research and the number of students. The current board and management are not managing the situation.
4 Serious	Long-term impact	Significant damage to the brand and the number of students. Events and issues that require measures from the board and management team.
3 Medium	Short-term impact	Short-term damage to brand and the number of students. Events and issues that require measures from the management team and other managers.
2 Minor	Short-term limited impact	Possible minor damage to the brand and the number of students. The impact can be handled within the scope of regular activities, events and issues are handled by the respective managers.
1 Insignificant	No actual impact	No damage to the brand and the number of students. Events and issues are handled by lower level management and other employees.

Likelihood	Very common	5	R3	R3	R4	R5	R5
	Common	4	R2	R3	R4	R4	R5
	Fairly common	3	R2	R3	R3	R4	R4
	Fairly uncommon	2	R1	R2	R3	R3	R3
	Unlikely	1	R1	R1	R2	R2	R3
			1	2	3	4	5
			Insignificant	Minor	Medium	Serious	Devastating
Impact							

Classification of risk and prioritisation of measures

	Classification of risk	Need for measures
R1	Low, insignificant risk	Measures not required
R2	Minor risk	Consider measures
R3	Medium, a certain risk	Take reasonable measures
R4	Serious risk	Take measures as soon as possible
R5	High, very serious risk	Measures must be taken immediately