Instructions for the Internal Audit office at Lund University

Introduction
In accordance with Section 10 of the Swedish Internal Audit Ordinance (2006:1228), the board is to adopt guidelines (instructions) for the internal auditing of its activities.

Internal audits at Lund University are to be conducted in accordance with the Internal Audit Ordinance and the regulations of the Swedish National Financial Management Authority (ESV). ESV’s general recommendations are to be taken into account, as well as the Institute of Internal Auditors’ guidelines, professional code of ethics and definition of internal auditing.

Organisational place
The Internal Audit office is organisationally placed under the University Board. It reports directly to the board which decides on the office’s budget, in connection with its decision on the allocation of resources within the University. To ensure that the requirements of impartiality, objectivity, and integrity are met, the Internal Audit office is to be a freestanding office, separate from the University’s operations. Administratively, the Internal Audit office is placed under the Vice-Chancellor.

Assignments
The Internal Audit office is to help the University achieve its objectives by evaluating and improving the effectiveness of risk management, governance, control and management processes in a systematic and structured way.

Based on an analysis of risks within the organisation, the Internal Audit office is to independently review whether the management’s internal governance and control are designed in such a way that the University, with a reasonable degree of certainty,
   1. runs an efficient organisation
   2. conducts its activities in accordance with current legislation and obligations associated with Sweden’s EU membership
   3. reports its activities in a reliable and correct way
   4. uses governmental resources economically

The Internal Audit office is not responsible for the University’s internal governance and control; rather, it is to review and evaluate such activities. The office is not to participate in the University’s operations.

The Internal Audit office is to provide advice and support to the University Board and Vice-Chancellor. To an extent deemed appropriate by the Internal Audit office, it can also provide advice and support to other parts of the organisation. The maximum extent of this advice and support is determined by the University Board in the auditing plan.

The Head of Audit decides on whether or not to accept an assignment from the organisation. The Internal Audit office is to assess whether an advisory assignment is to
be taken on, based on the office’s ability to improve risk management, add value and improve the University’s activities. The assessment is to consider the office’s expertise and independence. The decision to accept or not accept an assignment from the organisation is to be reported to the Auditing Committee.

**Responsibilities**
The Internal Audit office is to continuously review all of the University’s activities, departments, divisions within the administration and other comparable organisational units.

It is also responsible for reviewing organisations run by legal entities, that is, subsidiary companies or companies administered by the University.

**Role and responsibilities of the Head of Audit**
The Head of Audit is to be employed under a management salary agreement, and is to be appointed in accordance with the University’s Appointment Rules. Staff appraisals and salary appraisals with the Head of Audit are to be conducted with the chair of the University Board.

The Head of Audit manages the activities of the Internal Audit office by

- ensuring that the Internal Audit office, at least once a year, conducts a risk assessment as a basis for the auditing plan
- developing risk-based annual auditing plans to determine the Internal Audit office’s priorities and their compliance with the University’s objectives and the prioritised areas of the risk analysis
- revising and updating the auditing plan throughout the year as needed
- ensuring that the Internal Audit office’s resources are appropriate, sufficient and effectively utilised to achieve the outcomes of the plan adopted by the University Board
- adopting principles and methods in accordance with generally accepted internal auditing standards to guide the Internal Audit office’s activities
- communicating and coordinating the activities of the Internal Audit office with other internal and external providers of auditing and advisory services
- ensuring that internal and external quality assessments of the Internal Audit office are conducted
- regularly reporting to the University Board’s Auditing Committee about completed auditing activities in accordance with the auditing plan

The Head of Audit is also secretary of the Auditing Committee and has the right to attend and speak at University Board meetings.

**Powers and limitations**
The Internal Audit office determines what information is needed to complete its assignment. It has the right to access all information, i.e. data and material in all forms,
and all physical assets to an extent deemed necessary. The Internal Audit office is to report all cases of not being able to access essential information, and specify how this may have limited the extent of its review.

Internal auditors are to take an impartial and objective approach and refrain from reviewing activities they have previously managed. Objectivity is considered to be limited if an auditor performs auditing services for an organisation he/she managed during the previous year. If the Head of Audit’s impartiality or objectivity is limited with regard to an auditing assignment, consultants are to be recruited to conduct and supervise the work, in which case the University Board must be informed.

**Expertise**
The work of the Internal Audit office is to be conducted in accordance with generally accepted standards for internal auditing and auditors. The office is to possess the experience, skills and other expertise necessary to perform its duties. This includes having sufficient knowledge to identify the risk of undue influence, fraud or other irregularities. The internal auditors are to continuously improve and develop their skills. Time for professional development is to be set aside in the annual planning.

The Internal Audit office has the right to recruit external services within the framework of its remit and available resources. If the office does not have the knowledge, skills or expertise required for carrying out certain parts of the auditing plan, such activities can be performed by external parties. If external services are used, it is to be stated in the subsequent auditing reports. The annual report to the University Board is to provide information about to what extent and for what purpose the external services were used.

**Planning**
The Internal Audit office is to identify and evaluate significant risks and contribute to the improvement of risk management. The risk analysis is to be based on the University’s identification, evaluation and management of risks, as well as on the Internal Audit office’s risk assessment. The analysis is to include an assessment of the risk of undue influence, fraud or other irregularities.

Based on a proposal from the Internal Audit office on prioritised areas derived from the risk analysis, the University Board is annually to adopt an auditing plan for the coming operational year. Possible revisions of the auditing plan with regard to targeted areas for auditing assignment are also to be approved by the University Board.

The Internal Audit office is to draw up and document a plan for each assignment, detailing activities, scope, objectives, timeframe and resources.

**Reporting and follow-up**
Normally, after each completed audit, a written report is to be delivered to the person/s responsible for responding to the report. The subject of the audit is to provide a written response and account for the measures to be taken in response to the report.

The Internal Audit office is to report regularly to the Auditing Committee, in which the fact-checked reports are discussed before they are approved by the Head of Audit and sent out for a response. When the responses to the reports have been received, they are to be presented to the Auditing Committee. Regular oral reports from the committee meetings take place at all University Board meetings. Written reports to the board of the completed audits and responses are to be included both in interim reports at the first autumn meeting and in the annual report. The interim report and the annual report are to be presented by the Head of Audit to the board which, in accordance with the Internal
Audit Ordinance, is to decide on the measures to be taken in response to the observations and recommendations of the Internal Audit office.

The Internal Audit office follows up on the measures taken in response to its observations and recommendations, and reports to the Audit Committee. An overall assessment is to be provided in the annual report, which is also to include any significant deficiencies.

Advisory assignments are to be reported to the entity from which the assignment was given, as well as to the Auditing Committee, normally in writing. If the Head of Audit finds that a completed advisory assignment is of such great importance that the matter should be presented to the University Board, this is to take place after consulting with the Auditing Committee and chair of the board.

If the Internal Audit office discovers serious deficiencies or irregularities, the chair of the board and the Vice-Chancellor are to be informed immediately.

**Quality assurance and enhancement**

In accordance with generally accepted standards for internal auditing and auditors, the Internal Audit office is to adopt a programme of quality assurance and quality enhancement that includes all aspects of its auditing activities. The programme is to include both internal and external evaluations. The exact design of the internal evaluation is to be decided by the Head of Audit. The internal quality evaluation is to be presented every year to the Auditing Committee, and a brief summary is to be included in the annual report presented to the University Board. Feedback to the Internal Audit office, in the form of an assessment of its efficiency, is to be performed by the Auditing Committee in accordance with its rules of procedure.

The Internal Audit office is to undergo an external quality evaluation at least every five years. The results of the evaluation are to be presented to the University Board.

**Coordination**

Pursuant to the Internal Audit Ordinance, the Internal Audit office can coordinate its work with other government authorities, in which case the work is to be carried out in accordance with these instructions, to the greatest extent possible.