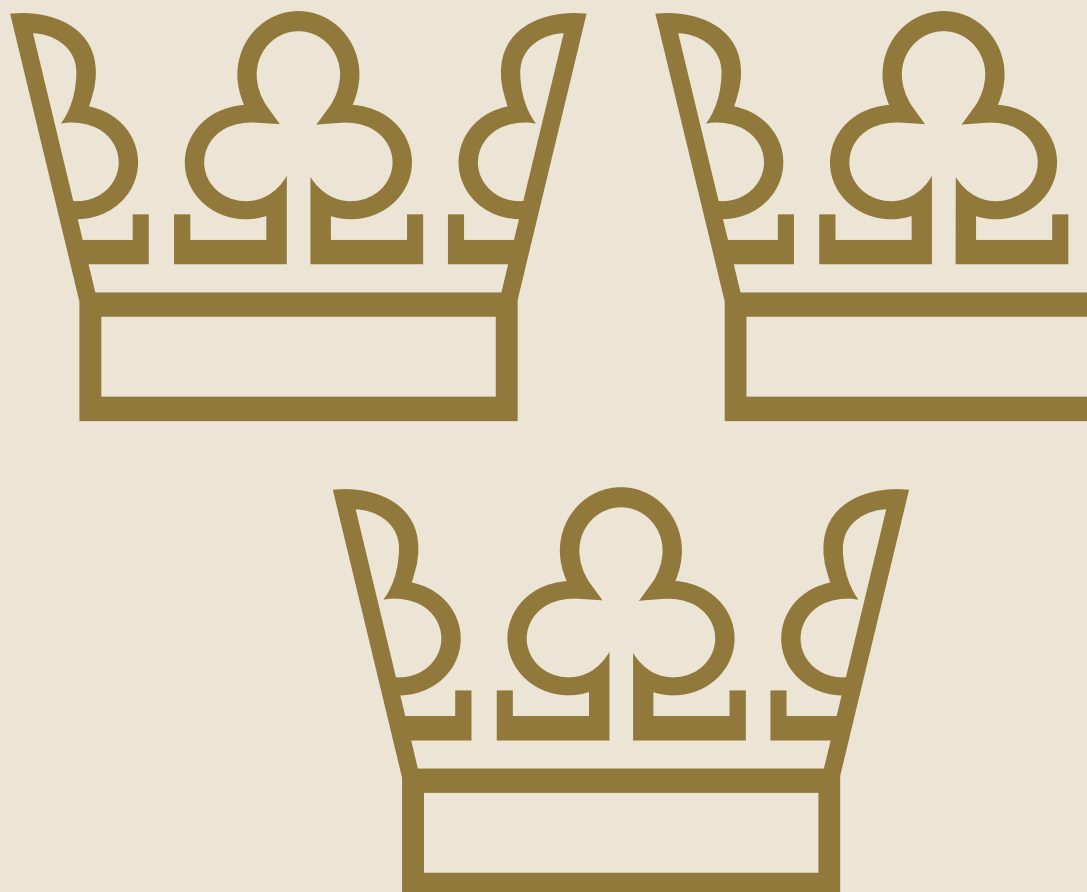


Policy for internal governance and control

2023



Adopted: 2022-12-14
Adopted by: The Board of the Swedish National Debt Office
Information owner: Head of Risk Unit

Policy for internal governance and control

Internal governance and control (IGC) refers to the process of ensuring that the Swedish National Debt Office with reasonable assurance carries out its duties, achieves its operational objectives, and meets the requirements (the operational requirements) as stated in Section 3 of the Government Agency Ordinance (2007:515). The Debt Office's Board of Directors shall ensure that the requirements are met through the operations being conducted effectively and in accordance with the laws in force and with Sweden's obligations as a member of the European Union, that this is reported in a reliable, true and fair manner, and that the agency uses state funds responsibly.

The Board shall ensure that the Debt Office has a good internal environment that fosters a well-functioning process for internal governance and control. This process shall also prevent the operations from being subjected to corruption, undue influence, fraud, or other improprieties.

The work with internal governance and control is based on the Internal Governance and Control Ordinance (2007:603). According to the ordinance, the process for internal governance and control shall comprise the execution and documentation of risk analysis, measures, and follow-up. The process shall also be integrated with other operational governance. The Internal Audit Ordinance (2006:1228) and the Annual Reports and Budget Documentation Ordinance (2000:605) are also included in the overall regulatory framework for internal governance and control.

Risk management

The Debt Office shall identify and manage significant risks involved in its operations; that is, risks of the agency not being able to fulfil its duties, achieve its operational objectives, or meet the operational requirements.

At the Debt Office, the execution and documentation of risk analysis, measures, and follow-up are all part of the risk management process.

The Debt Office's risk management encompasses financial and operational risks. These are further defined in the Debt Office's Financial and Risk Policy, which also regulates the financial risks.

The Debt Office defines operational risk as the risk of loss due to inadequate or failed processes, people, systems, or external events. Legal risks are part of operational risks.

Security-related risks and incidents are included in operational risks and are handled in consultation with the security function. The Security area is defined in the Debt Office's Security Policy.

Operational risk levels

The Debt Office's risk levels for operational risks entail that the agency can accept low and medium risks, whereas high and very high risks shall be mitigated – if possible. The level of acceptable risk regulates how risks are to be managed at each of the Debt Office's four risk levels:

1. **Low risks** – are within the level of acceptable risk and can be accepted but should be monitored.
2. **Medium risks** – are within the level of acceptable risk but should be mitigated and/or monitored.
3. **High risks** – are above the level of acceptable risk and shall be mitigated with action plans.
4. **Very high risks** – are above the level of acceptable risk and shall be prioritised and immediately mitigated with the aid of action plans.

In all cases, a trade-off must be made between the cost of mitigating the risk and the benefit of doing so.

Risk management process

Risk analysis

The Debt Office shall conduct appropriate risk analyses every year at minimum, whereby significant risks are identified and managed within the

framework of its operations. A summary of the agency's significant risks shall be made, and other risk analyses shall be taken into account in the work.

Risk management is a key tool for the Debt Office. This is because central government debt management costs, crisis support for banks, administration of the central government payment model, pricing of guarantees and credits, and any imbalances in the financing system for nuclear waste management are, among other things, all dependent on the ability to assess and manage risks.

Measures

Using the risk analyses for guidance, the Debt Office shall take necessary measures for managing identified risks.

The Debt Office shall, in conjunction with risk analyses, assess the existing control procedures for the operations and take measures if the procedures need to be reinforced.

Follow-up

The Debt Office shall regularly follow up and update the risk analyses and assess whether the measures taken have had the intended effect.

Documentation

The Debt Office's risk analyses and the ensuing measures taken shall be documented.

Basis for assessment of IGC

The Debt Office shall have governing documents, procedures, methods, and models that shall be documented, be of high quality with high security, and with which the staff is familiar. The governing documents shall be reviewed regularly with the aim of improving and revising them to reflect changes in the operations and the external environment.

The Debt Office shall regularly follow up to ensure that the process for internal governance and control is appropriate and being applied in a satisfactory manner.

The Debt Office shall implement a systematic and regular follow-up procedure for assessing internal governance and control. There shall be regular follow-up of the operations' activities, finances, risks, and measures. A document summarising the work with internal governance and control shall be prepared as a basis for the Board's annual assessment of this process.

Responsibilities

The Board of Directors is ultimately responsible for ensuring that the operations are conducted with good internal governance and control. The Board shall regularly receive information about the ongoing work in order to, with reasonable assurance, be able to assess whether the Debt Office's level of internal governance and control is satisfactory. This includes informing the Board of the current risk status. The Board shall also be informed of incidents that have had a major impact on the operations, along with the measures taken.

The Debt Office Director General is in charge of the continual operations, executes the Board's decisions, and reports to the Board with regard to internal governance and control.

The Debt Office's Managers are responsible for creating conditions that enable the flow of information and skills development needed to achieve good internal governance and control in the agency's work. They are also responsible for risk management within their own areas of operation, as well as for specifying how their department or unit shall achieve its objectives.

Employees have a responsibility to know the guidelines and instructions and to follow them. If an employee becomes aware of an incident, that employee shall report it. The reason for the incident shall be followed up and appropriate measures shall be taken.

The Risk Control Function is responsible for the independent and overarching risk control as well as the comprehensive risk reporting that is submitted to the Debt Office Director General.

The Compliance Function is responsible for the Debt Office's process for compliance with rules.

The Data Protection Officer is responsible for independently monitoring the Debt Office's compliance with the General Data Protection Regulation.

The Internal Audit Function reports directly to the Board and is responsible for auditing the operations, as well as for providing consultation and support on the basis of the guidelines for internal auditing as adopted by the Board.