

Directive on the Internal Control System (ICS) at EPFL

LEX 1.7.1

30 August 2010, status as at 28th June 2021

The Direction of the Ecole polytechnique fédérale de Lausanne,
based on Article 728 a of the Code of Obligations (CO)
based on Article 39 of the Federal Act on the finances of the Confederation [Loi sur les finances de la Confédération](#),
based on Article 36 of the Ordinance on the finances of the Confederation [Ordonnance sur les finances de la Confédération](#),
hereby adopts the following:

Article 1 Scope

¹ In December 2007 the ETH Board decided that the institutions of the ETH Domain should implement an internal control system according to the provisions of the above-mentioned laws and ordinance.

² The articles of this LEX shall apply to all EPFL units, as well as to entities close to EPFL (corporations, limited partnerships, foundations or associations) in which EPFL has a management role and to those benefiting from financial aid from EPFL.

Article 2 Definition and purpose

¹ The EPFL internal control system (hereafter “ICS”) contains the risks relating to management processes affecting:

- a. financial statements (Finance ICS);
- b. key EPFL operations and activities with a financial impact (Operational ICS).

² The ICS oversees the implementation of key controls to guarantee an acceptable risk level, based on the methodology of the COSO II model (COSO Enterprise Risk Management Framework), and favours a risk-based approach.

Article 3 Organisation

The roles and responsibilities in the field of ICS are as follows:

- a. **Risk Management Committee:** ensures, among other tasks, the implementation and consistent development of an effective ICS at EPFL;
- b. **SCI Committee (hereafter CSCI):** ensures that the objectives of the committee (Article 4) are achieved. The functioning and the membership of the CSCI is set out in LEX 1.4.3 [Regulations concerning risk management organisation at EPFL](#);
- c. **CSCI Coordinator:** a staff member of the CIGR service, he/she is responsible for the development, follow up and monitoring of the ICS. The CSCI Coordinator also assists the units concerned in optimising their ICS;
- d. **Process Managers:** in charge of the operational management of ICS for their own process, and in particular of ensuring that the ICS is kept up-to-date;
- e. **Control Managers:** in charge of performing the controls and their traceability according to ICS documents.

Article 4 Objectives

¹ The objectives of the Finance ICS are (c.f. Article 5), that:

- a. all financial reports, i.e. the EPFL and BBL annual accounts, annual budgets, financial reports to the EPFL Direction and ETH Board and financial reports to funding sources, are reliable;
- b. the use of financial means complies with applicable laws, regulations and directives;
- c. any errors or irregularities in the financial field are identified and prevented.

² The objective of the Operational ICS is to guarantee control of management activities and processes, and the effectiveness and efficiency of operations.

³ Any extension of the scope of the Finance and Operational ICS shall be validated by the CRM upon proposal by the CSCI.

Article 5 Key Processes

¹ Key processes shall be taken to mean those processes whose malfunctioning might prevent or significantly impair meeting the objectives listed in Art. 4 above.

² An overview of the key processes shall be monitored by the SCI Coordinator.

Article 6 Documentation

The ICS documentation for key processes shall be kept up-to-date by Process Managers and centralised by the SCI Coordinator in an Electronic Document Management system. This documentation shall comprise:

- a. a progress diagram formalising the functioning of the process;
- b. a matrix formalising risks and controls, as well as action plans to be implemented should control (efficiency and traceability) shortcomings be observed.

Article 7 Assessment

¹ ICS assessment shall be initiated by the SCI Coordinator. This includes:

- a. annual assessment of the control environment by the CIGR;
- b. annual self-assessment by the Process Managers of ICS adequacy for key processes, in cooperation with the SCI Coordinator;
- c. annual review by the SCI Coordinator to ensure that the ICS documentation is up-to-date;
- d. confirmation once a year by the Control Managers that key controls have been performed as set out in the ICS documentation;
- e. continuous follow-up by the SCI Coordinator, of improvement measures implemented by Process Managers.

² Assessment results shall be reported to the CSCI.

³ The CSCI shall draft an annual report for the EPFL Risk Management Committee.

Article 8 Entry into force

¹ This Directive entered into force on 30th August 2010 and was revised on 3rd September 2018 (version 1.4) and on 28th June 2021 (version 1.5).

On behalf of the EPFL Direction:

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