

The art of Riskmanagement at KNAW

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KNAW

- KNAW organisation
- accountability
- choosing the right direction



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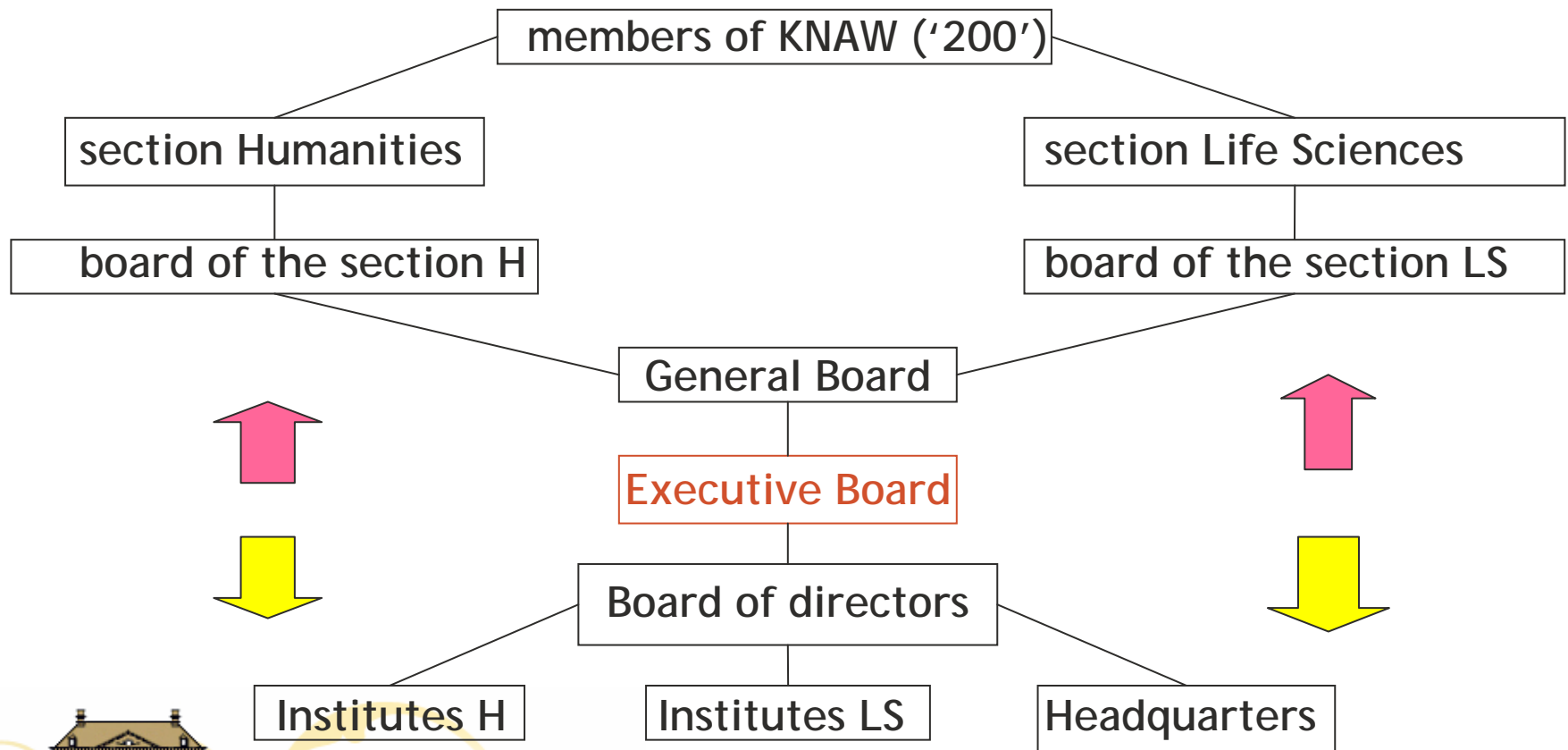


KNAW-organisation

- set up in 1808 by Royal Decree of the then King Louis Napoleon and since 1992 laid down in the Higher Education and Research Act
- KNAW as a society = advising, quality assessment, forum for the scientific world, promoting international scientific cooperation, international granting scheme on projects in Indonesia en China, KNAW professorshipsprogramm
- KNAW as a research organisation
- this leads automatically to a hybrid structure
 - society of members of KNAW
 - running an organization



KNAW-organisation



KNAW-organisation

- Basic financing in the Dutch system of Education and Science
 - Ministry of Education, Culture and Science
 - > annual budget M€ 32.577 (=14,6% of total government budget)
 - > Universities and Science Organisations M€ 4.527 (= 13,9% of the departmental budget)
 - Universities M€ 3.483 (= 10,6%)
 - NWO (mainly a granting organisation) M€ 744 (2,3%)
 - KNAW M€ 90 (= 0,3%)
 - other M€ 210 (= 0,7%)
- Total annual budget all in KNAW M€ 135
- FTE at December 2007 1.118 (on research 458)



KNAW-organisation

EXPENCE

- Research institutes 100,5
- Society 17,0
- Overhead A'dam (HQ) 9,1
- Result 8,2

- *Total expence 2007* 134,8

INCOME

- Ministry of Education 91,6
- NWO grants 8,3
- Other grants 19,8
(including contractresearch)
- Miscellaneous 15,1

- *Total income 2007* 134,8

(amounts x M€)



KNAW-organisation

ASSETS

■ Fixed assets	54,4
■ Investment funds	25,2
■ Accounts receivable	109,8
■ Cash at bank etc.	79,7

■ *Total Dec 2007* *269,1*

CAPITAL / LIABILITIES

■ Capital - general	79,5
■ Capital - earmarked	10,4
■ Special funds	44,8
■ Legal provisions	15,5
■ Liabilities	118,8

■ *Total Dec 2007* *269,1*

(amounts x M€)



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KNAW Accountability

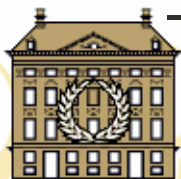
Finance

■ Actual

- annual financial report fully published in annual report since 2006 > more transparency
- accrual based since 2000
- standardising in administration principles

■ Policy-items

- budgetting systems
- benchmark on capital / financing
- costing principles



KNAW Accountability

Science

- Actual
 - annual report on
 - KNAW-level
 - level of the institutes
 - peer reviews
- Policy-items
 - improvements internal accountability
 - registration
 - midterm self-evaluation
 - benchmarking



KNAW Accountability

Society

- Actual
 - annual report KNAW-level

- Policy-items
 - improvement internal accountability
 - i.e. granting schemes and programmes
 - benchmarking on communication



KNAW Accountability

Riskmanagement - actual - management

- content of periodical reports (finance, science, operations, research contracts)
- internal controls on financial quarterly reports
- budgetting / monitoring of budgets
- *Letter of representation*



KNAW Accountability

Riskmanagement - actual - auditing

- external audit (*KNAW is in control and the accounts are reliable*)
- internal audits (*specific subjects as contractfiles, authorization procedures, decision making procedures*)
- compliance (linked to external audit)



KNAW Accountability

Riskmanagement - policy-items - management

- management structure ... integral management in institutes versus central management in HQ
- riskmanagement: more than finance: a low profile approach (top down and concentrate on strategic items)
- possible extension of LOR
- projectaccounting
- costing system (additional cost / full cost)



KNAW Accountability

Riskmanagement - policy-items - auditing

- external audit (more than finance, more on managing risks and accountability on that)
- internal audits (where bureaucracy grows, fte's should grow too)
- a first step in single audit
- compliance > new legislation ahead
> complexity in accountability



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KNAW - choosing the right direction

- Organising the financial function
- full cost is the future
- risk-approach in auditing



KNAW - choosing the right direction

Organising the financial function

- more complexity in accountability on finance
 - > need for improvement of skills
- central finance department versus rather selfsupporting decentralised institutes
 - > more standardisation

Shared Service Center is inevitable



KNAW - choosing the right direction

Full cost is the future

- Present status: lump sums completed with grants for research projects, mostly calculated on the basis of additional cost
- Pressure on using full cost (FC) method
- FC for safeguarding activity based financing
- FC for better internal costmanagement
- FC for more transparency

FC is inevitable



KNAW - choosing the right direction

Risk-approach in auditing

- External auditing based on risk-approach in all sectors of the company
- Internal audit should follow that approach



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Thank you for your attention

