

# Report of the Board of Directors on internal control regarding the financial reporting for the financial year 2008

**This report is submitted by the Board of Directors and is limited to a description of how internal control of the financial reporting is organised. The report is not part of the formal financial statements for 2008 and has not been examined by the company's auditors.**

## Internal control

Acando's goal is to achieve expedient and efficient operations and reliable reporting, and to observe applicable laws and regulations. This goal is secured by the Board of Directors, the Board's Audit Committee, the Chief Executive Officer, Group Management and other employees. Acando's Chief Financial Officer (CFO) is responsible for internal control and provides objective support to the Board and the Audit Committee with regard to the internal control structure within the Group. The CFO shall examine significant risk areas, on the basis of which he shall monitor and perform further reviews. The Group's related process is based on the framework for internal control issued by the Committee of the Sponsoring Organisations of the Treadway Commission (COSO), which describes internal control regarding financial reporting with five different components: control environment, risk assessment, control activities, information and communication, and monitoring.

## Control environment

Acando's control environment is defined through a number of company-

comprehensive policies, guidelines and frameworks related to financial reporting. These include instructions regarding company structures, role descriptions with allocation of responsibility and authority, and information and ethical policies. The objective of the guidelines is that they shall form the basis for efficient internal control. The guidelines are monitored and updated when required in order that they will always observe prevailing laws and regulations as well as be consistent with possible organisational changes. Updates are communicated to all employees involved in the process of financial reporting.

The task of the Audit Committee is to prepare, on behalf of the Board, questions and issues prior to Board meetings concerning the company's accounts and internal control, risk management, external audit and financial information. The company's auditors attend at least one Board meeting each year, when they present their observations from the audit of the Group's internal control and year-end accounts.

A Group Risk Management Team (GRMT), under the chairmanship of the CFO, was formed during the year with

the task, upon assignment of the Audit Committee, to survey internal control in the Group with regard to financial, project-related and legal risks at Group level. The GRMT shall work with identified risk areas and develop and regularly update the internal management documents within the Group, as well as provide support to the subsidiaries.

## Risk assessment

The Audit Committee, the CFO and the Group's Group Risk Management Team shall identify and manage significant financial risks and risks of errors in the financial reporting on an ongoing basis. The risk of significant errors is evaluated based on the importance and complexity of various items in the accounts. Accounting regulations for balance sheet and income statement items are also regularly evaluated. The evaluation of the Group's risks led to the identification of a number of important items, which are documented and evaluated in order to prevent or discover significant errors. In Acando's operations, these risks are primarily related to the reporting of income, the valuation of goodwill, the valuation of work in progress, the valuation of trade accounts receivable, and taxes. Risk assessment regarding financial reporting is revised and updated each year, and the results are reported to the Audit Committee and/or the Board.

### Control activities

The Board of Directors has the overall responsibility for the internal control of financial reporting. The Board has adopted written Rules of Procedure that describe their responsibility and regulate the internal allocation of tasks of the Board and its committees. The Board has also prepared instructions for the CEO and instructions for financial reporting to the Board in Stockholm. The responsibility for maintaining an efficient control environment and ongoing work with internal controls regarding financial reporting are delegated to the CEO and CFO. The Board has also appointed an Audit Committee to prepare, on behalf of the Board, questions and issues prior to Board meetings concerning the company's accounts and internal control, risk management, external audit and financial information. The Audit Committee may obtain assistance in its work from the GRMT.

In order to ensure that operations are pursued efficiently and that financial reporting provides a true and correct picture of the company, various control activities are in place to manage the Group's risks. Control activities involve all levels of the organisation, from the Board and the company's management team to other employees, and have the objective of preventing, discovering and correcting potential errors and variances. Examples of major control activi-

ties within Acando's operations include the approval and control of different types of book keeping transactions, the analysis of key ratios and figures, and other analytical monitoring of financial information. Analytical monitoring is performed regularly by the company's controllers, business area managers, country managers and Group management. During the year, the company's work with internal control has led to improved internal control of financial reporting, with well-defined and clearly documented control activities.

The following risk management activities were performed in 2008:

- › Establishment of the GRMT, which works with financial, project-related and legal risks at Group level. The team shall also provide support to the subsidiaries.
- › Implementation of joint Group improved processes and tools for accounting, reporting and Group consolidation.
- › Mapping/review of internal control, together with the company's auditors, PWC.

### Information and communication

The Board regularly receives financial reports. The Board issues interim reports and a year-end report. The CEO submits proposed interim reports and

the year-end report to the Board. These reports are in turn approved by the Board, with or without amendment. The auditors examine certain reports. The Audit Committee regularly reports to the Board with observations, recommendations and proposed decisions and measures. Principles and guidelines for the financial processes are communicated between management and other staff through regular meetings, intranet and e-mail.

Ongoing information is published on the company's website to enable existing and potential shareholders of Acando to follow operations and developments within the company. The annual report, interim reports and the year-end report are published in both Swedish and English. Significant events within the Acando Group are announced via press releases in accordance with the agreement with NASDAQ OMX Nordic (previously the Stockholm Stock Exchange).

### Monitoring

In order to ensure the efficiency of internal control of financial reporting, monitoring is performed by the Board, the Audit Committee, the CEO, the CFO, Group management and the Group's companies. Monitoring takes place through monthly and quarterly financial reports, with comparisons against budget and goals.