

Agenda Item 15

Document: SMB9-07

Approved (Decision Ref: SMB/M9/DP3)



Rolling workplan of the CGIAR System Internal Audit Function for 2018-2020

This document presents a 3-year risk based rolling internal audit plan for CGIAR's for the period 2018-2020. The plan is framed in the context of the new CGIAR System 'Risk Families' as agreed in November 2017, and seeks to give reasonable coverage on risk indicators for those areas that internal audit is the relevant assurance process (including relying on internal audit processes of the Centers). The setting of annual assurance priorities serves to support the provision of an annual statement of reasonable assurance to the System Management Board and System Council on the state of System-wide assurance. The Internal Audit Function plan does not duplicate or replace Center/regional internal audit plans.

This plan was reviewed and endorsed by the Audit and Risk Committee of the System Management Board.

Issued: Wednesday 28 March 2018

Content

Introduction

Risk families adopted by the System

Assurance processes for the five risk families

Developing the rolling workplan of Internal Audit Function

2018-2020 internal audit plan

2018 audit plan

Resourcing of the 2018 audit plan

Introduction

This document sets out a proposed strategy for the delivery of assurance and advisory services to the System Management Board, its Audit and Risk Committee, System Council and management of the System Organization on governance, risk and control frameworks at the System level in the period of 2018-2020* in accordance with the ToR of the Internal Audit Function.

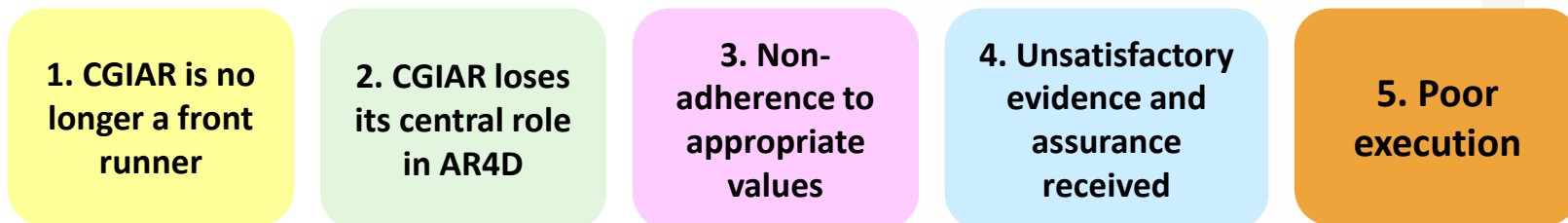
Aiming to provide best possible assurance and advisory services, the audit plan presented herein takes into account the following:

- the System's **Risk Management Framework** approved in 2017 Q4 by the System Management Board and the System Council after extensive collaboration.
- a **transitional nature** of internal audit function arrangements in 2018. The arrangements will need to be fine tuned vis-à-vis SC, SMB and ARC expectations.
- the need to **build trust** in the adequacy of the new arrangements.
- striving to **avoid duplication** with other assurance providers in its activities, Internal Audit Function is the main body to coordinate and/or deliver audit activities for the SC and SMB.
- the **endorsement** of the Chairs of Center Audit Committees at their meeting in February 2018. ToR of Internal Audit Function Article 17 - "By end-January of each year, the Centers' Audit Committee Chairs and the Heads of their respective Internal Audit arrangements will engage with the Internal Audit Function and the SMB Audit and Risk Committee Chair to inform the ARC's advice to the Board on key areas of focus for the Internal Audit Function for the year ahead taking into account Center-own assurance plans for that same year."
- **Centers' internal audit needs are met through arrangements funded and organized by Centers themselves** with no or limited role of Internal Audit Function. Providing assurance on individual CRP risks and controls is also a responsibility of the Centers.

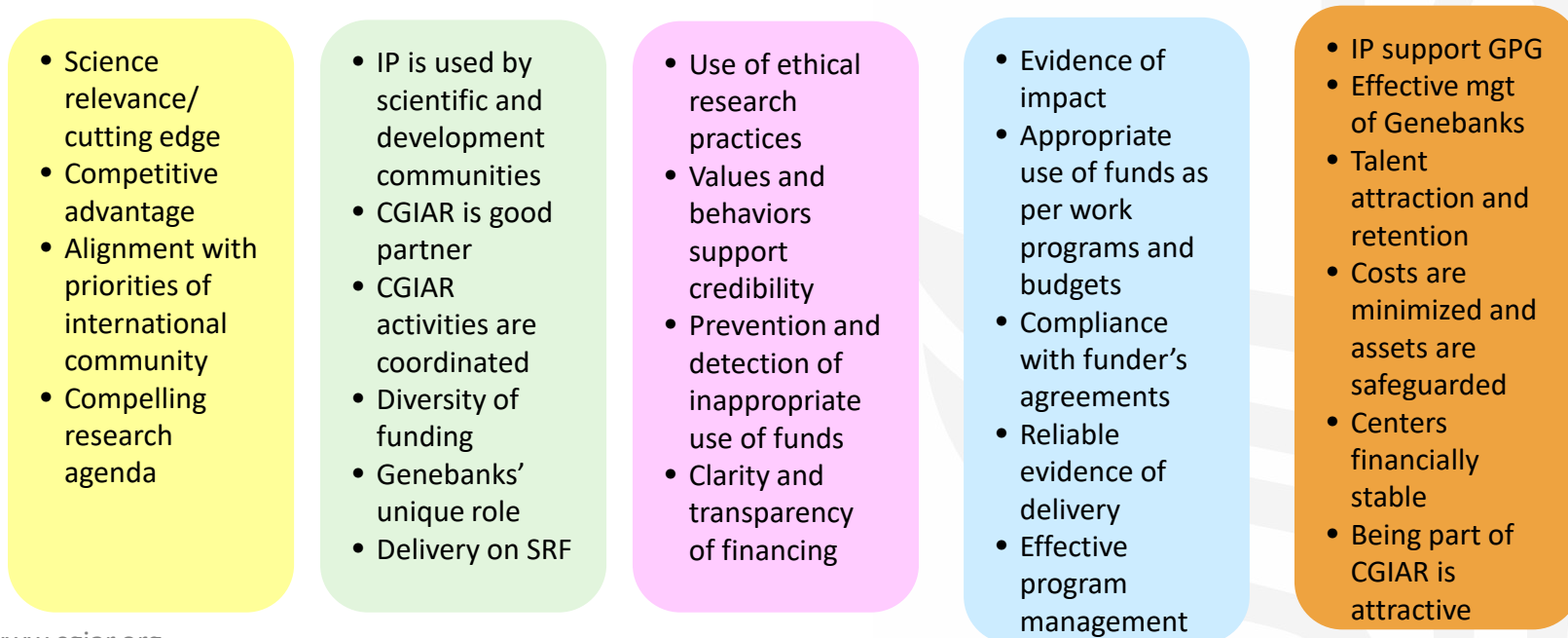
* The period will be adjusted as needed upon approval of the CGIAR business plan

Risk families adopted by the System

‘CGIAR RISK FAMILIES’ – SET AND REVIEWED PERIODICALLY BY SYSTEM COUNCIL



Opportunity and risk indicators in CGIAR System Risk Register - reviewed annually for ongoing appropriateness



Assurance processes for the five risk families

THE 5 RISK FAMILIES	HOW DO WE KNOW ?
Resulting from missed opportunities	Assurance process(es) for each risk family
CGIAR is no longer a front runner	System Management Board's Audit & Risk Committee System Council Strategic Impact, Monitoring and Evaluation Committee ('SIMEC') Scientific advisory / evaluation processes
CGIAR loses its central role in Agricultural Research for Development (AR4D)	System Council Intellectual Property Group Scientific advisory process System Council Assurance Oversight Committee + SMB Evaluation processes Internal Audit processes (Center and other)
Non-adherence to appropriate values	Internal Audit processes (Center and other)
Unsatisfactory evidence and assurance received	Scientific advisory / Impact assessment Internal Audit (center and other) and/or External Audit processes Evaluation processes
Poor execution	Evaluations / System Council Intellectual Property Group External benchmarking exercises Internal Audit processes (Center and other) Escalation from Center Board System Management Board's ARC

Developing the rolling workplan of the Internal Audit Function



In developing the audit plan, the following was undertaken and considered:

- Mandate of the Internal Audit Function as per the Terms of Reference approved by the SMB in December 2017
- Risks assessment exercise including work on risks during development of the approved Risk Management Framework
- Assurance mapping exercise
- Consultations with stakeholders
- Scoping of past audits, reviews and assurance processes
- Review of the approved IEA and ISPC plans for 2018
- Review of System strategic documents e.g. ARC meeting minutes, SMB and SC meeting materials, 2016 annual financial report, IEA reports

2018-2020 Internal Audit plan

System risk families	2018 Plan (as presented at 8 Feb Center Audit Chairs meeting)	2019 - Indicative, with priorities to evolve in consultation with Centers	2020 –Indicative, with priorities to evolve in consultation with Centers
1. CGIAR is no longer a front runner	Internal Audit teams are not identified as an appropriate assurance provider in current cycle of risk assessment exercise		
2. CGIAR loses its central role in AR4D			<ul style="list-style-type: none"> • Effective oversight of Genebanks CRP
3. Non-adherence to appropriate values		<ul style="list-style-type: none"> • Ethical frameworks 	<ul style="list-style-type: none"> • Financing modalities and fund allocation
4. Unsatisfactory evidence and assurance received	<ul style="list-style-type: none"> • 2018-1 Advisory - Baseline study on independence of external auditors • 2018-2 Advisory - Support SMB in baseline of quality standards for Centers internal audit services • 2018-3 Advisory – Procurement policy status at CGIAR 	<ul style="list-style-type: none"> • CRP and other system reporting • Performance management system: design and implementation • Board effectiveness 	<ul style="list-style-type: none"> • Activities to support quality of science • External communication • Community of practices
5. Poor execution	<ul style="list-style-type: none"> • 2018-4 Assurance - Managing funder contributions and disbursements • 2018-5 Advisory - System risk management implications for Centers • 2018-6 Assurance - Common IT systems 	<ul style="list-style-type: none"> • Resource mobilization • Risk management • System entities 	<ul style="list-style-type: none"> • IT security and BCM • System policies
Total engagements	6 + 3 unplanned assignments	7 + 2 unplanned assignments	7 + 2 unplanned assignments

2018 audit plan: Risk Family 4

System Risk Family: 4. Unsatisfactory evidence and assurance received

Engagement	Engagement type	Rationale	Potential objectives and scope
<u>2018-1</u> Baseline study on independence of external auditors	Advisory	External audits are important element of an assurance framework; they provide certain level of comfort to stakeholders on entity’s financial position. As per the CGIAR Framework document, SC AOC is to provide ‘assurance of... the independence of external audit functions’. The review aims to aid that responsibility.	<ul style="list-style-type: none"> The review will include a survey across the Centers and SMO of their external audit arrangements such as the level of rotation of external auditors and the extent of their engagement in non-statutory work An anonymized summary will be presented to SMB ARC
<u>2018-2</u> Taking stock of internal audit arrangements	Advisory	CGIAR Charter 8.1I mandates SMB to ‘keep under review the capacity and quality standards for internal audits to be undertaken by the Centers in conformity with international audit standards and guidelines, including through external quality assurance to be carried out under the Internal Audit Function’. To fulfil this role in a supportive way a baseline study of the maturity of internal audit services across CGIAR is proposed.	<ul style="list-style-type: none"> This activity will increase SMB’s understanding of to what extent Center internal audit services meet System expectations The study would help identify areas of improvement in anticipation of external quality assessments
<u>2018-3</u> Procurement policy status across CGIAR	Advisory	CGIAR’s Funders are entitled to request external audits of CGIAR operations to obtain objective assurance that major CGIAR cross-system polices exist and there is periodic assessment of the status of compliance with them. This advisory engagement would provide a reliable data source for all other Funders to rely upon.	<ul style="list-style-type: none"> The engagement activities will cover procurement policies and assurance of all CGIAR Centers, and CGIAR entities The study will provide Funders with a base-level of the status of procurement policies, to provide confidence to continue funding

2018 audit plan: Risk Family 5

System Risk Family: 5. Poor execution

Risks	Engagement type	Rationale	Potential objectives and scope
<u>2018-4</u> Managing contributions and disbursements	Assurance	Ensuring stable and efficient flow of funding to CGIAR and the Centers is highly important to support the System financial stability. The process of managing funders' contributions spans more than one organization and needs to be well coordinated. In addition, the process was never audited before.	<ul style="list-style-type: none"> • Process of soliciting, logging and collecting funder contributions at System level • Coordination between CGIAR and the Trustee • Pipeline risk management • Managing disbursements to the Centers
<u>2018-5</u> System risk management implications for Centers	Advisory	As System risk management is being approved and implemented, there are requirements and expectations that Center risk management activities will need to align with.	Based on the System risk management framework and guidance, we will identify areas that will have implications for Center risk management activities and processes, and will assist the Centers to incorporate them where required.
<u>2018-6</u> Common IT systems	Assurance	<ul style="list-style-type: none"> • Risks associated with common IT systems affect multiple Centers and their effectiveness • Changes are anticipated in management of e-mail and Active Directory service provider • Common IT systems were not audited by internal audit 	<p>The potential scope may include:</p> <ul style="list-style-type: none"> • Governance arrangements for the common IT systems to manage shared risks • Clarity of roles and responsibilities • Efficiency, integrity and effectiveness of design and management of common IT systems • Security controls

2018 audit plan: Unplanned activities

Principle: Best practice signals that an Internal Audit Function should provide scope for a small number of new engagements to be undertaken as priorities evolve across the year, and new issues arise

2018 plan: Incorporates 3 unplanned assignments are scheduled in the 2018 audit plan to provide scope to undertake activities as may be required by the SMB through its ARC:

- Addressing ad hoc requests from the SMB through its ARC
- Facilitating SMB's role as per Article 8.1.n "facilitate provision of guidance, technical assistance, and advisory support by the Internal Audit Function when requested by a Center"
- Providing SMB and ARC with a consolidated view of system-wide assurance and other activities and results
- Conducting investigations

Resourcing of the 2018 audit plan

Activities	No of engagements	Average, days	Required, days
Planned	6	30	180
Unplanned/available	3	20	60
	9		240

The resource needs will be met through:

- 70% of available time of 1 audit professional supplemented by an associate staff member
- Engagement of external consultants and/or Center internal audit teams
- Funding was approved by the System Council at its 5th meeting in November 2017

Ability to deliver on the work plan will be closely monitored throughout the year.

Types of engagements

