CGIAR
Science for a food-secure future

Workplan for the Internal Audit Function of the System Organization for 2018-2020

This document presents a 3-year rolling internal audit plan for the **System Organization** (in regard to the operations of the System Management Office) for the period of 2018-2020. The System Organization contracts in-house internal audit resources to provide assurance on System Organization's governance, risk and controls.

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

Issued: Wednesday 28 March 2018

ASSUMPTIONS AND APPROACHES

In arriving at the proposed assurance and advisory engagements, several assumptions were made. These also determined approaches to be used in delivering assurance and advisory work at the System Organization.

- Resources will be available to deliver the plan.

- Based on our prior knowledge we have completed an assurance map for the System Organization. As 2018 will be the first year of the new arrangements delivering audit services for the System Organization, in each of the engagements we will strive to assess both 1st and 2nd lines of defense to validate our assurance mapping and to assess the strength of controls at each level.
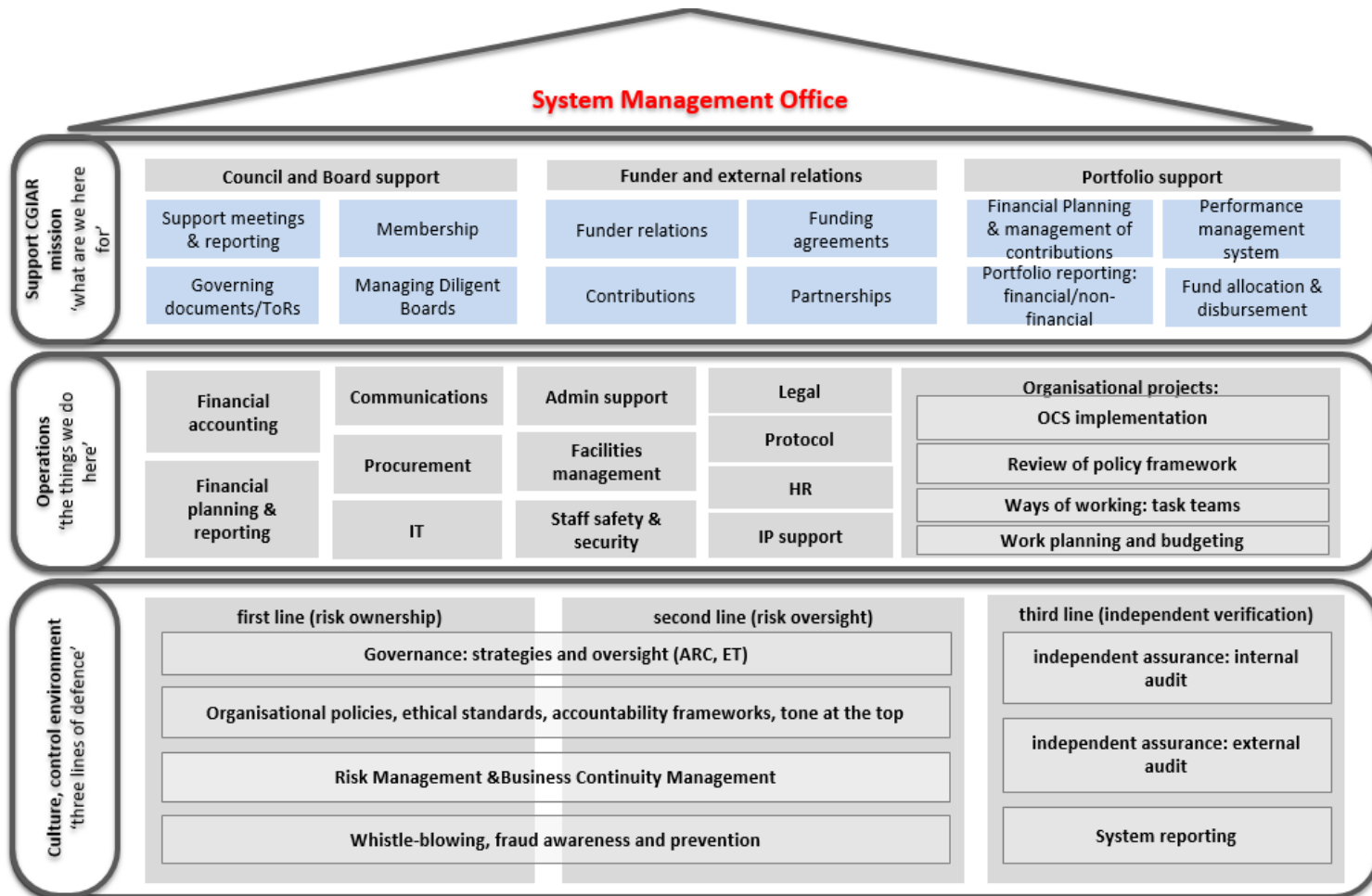
METHODOLOGY

- Risks and audit universe under the control and management of the System Organization were assessed **(Section I**).

- We took note of the past audits and reviews of other assurance providers to avoid duplication **(Section II).**

- Changes in systems and processes, and the progress of their development at the System Organization affect the timelines of audit engagements.

- Building on the System Organization's risk management practices, we used internal audit's own risk assessment, and stakeholders' feedback to guide the engagement selection and prioritization **(Section III).**

- Assurance activities at the 3 lines of defense were mapped against the audit universe to help identify areas lacking assurance coverage **(Section IV).**

- The proposed engagements for the 2018-2020 are laid out in **Section V**.

System Management Office

Support CGIAR mission 'what are we here for'

Council and Board support		Funder and external relations		Portfolio support	
Support meetings & reporting	Membership	Funder relations	Funding agreements	Financial Planning & management of contributions	Performance management system
Governing documents/ToRs	Managing Diligent Boards	Contributions	Partnerships	Portfolio reporting: financial/non-financial	Fund allocation & disbursement

Operations 'the things we do here'

Financial accounting	Communications	Admin support	Legal	Organisational projects:
				OCS implementation
	Procurement	Facilities management	Protocol	Review of policy framework
Financial planning & reporting			HR	Ways of working: task teams
	IT	Staff safety & security	IP support	Work planning and budgeting

Culture, control environment 'three lines of defence'

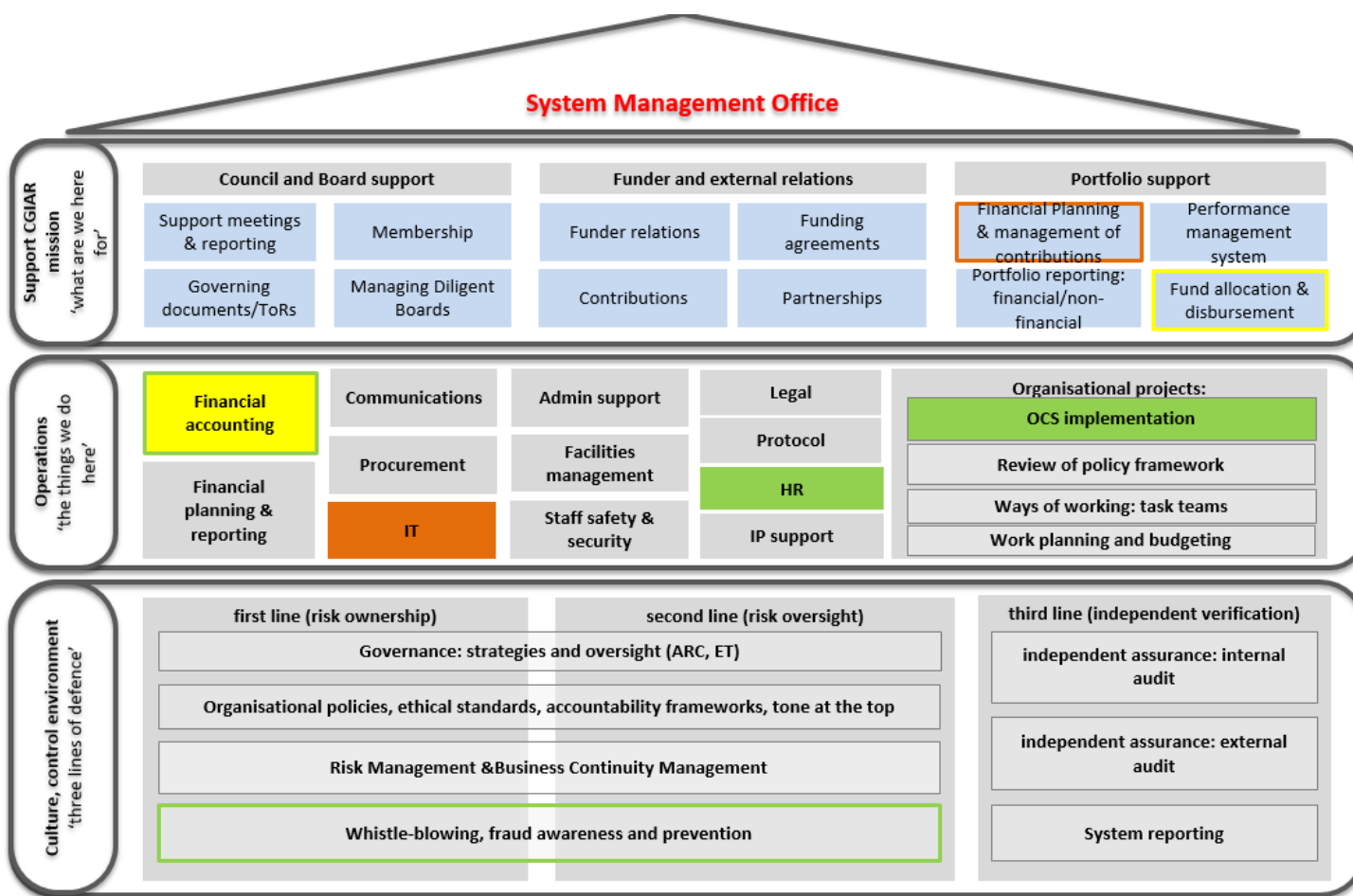| first line (risk ownership)	second line (risk oversight)	third line (independent verification)
Governance: strategies and oversight (ARC, ET)		independent assurance: internal audit
Organisational policies, ethical standards, accountability frameworks, tone at the top		
Risk Management &Business Continuity Management		independent assurance: external audit
Whistle-blowing, fraud awareness and prevention		System reporting

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SECTION II. Previous engagements

Audits delivered in the last 3 years for the System Organization (previously CGIAR Consortium) under the old, broader mandate, of the CGIAR Shared Services Internal Audit Unit

2017	2016	2015
Board tool (Advisory)	Interim accounts	CRP Letters of agreement
Fraud risk assessment (Advisory)	ICARDA investment plan	IT risks and controls
Payments for ICARDA	CRP audits (Phase I and II)	CRP audits (Phase I)
OCS application controls	Follow up on audit recommendations	
Human Resources		
Follow up on audit recommendations		

SECTION II. Coverage of the audit universe by previous engagements

Below are the elements of the System Organization audit universe and areas covered by previous reviews.

System Management Office

Support CGIAR mission 'what are we here for'

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■ 2017 coverage
■ 2016 coverage
■ 2015 coverage

Fully colored boxes in green, amber and yellow indicate substantial coverage, and the colored frames – partial coverage

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SECTION III. Top risks and concerns

Top concerns of stakeholders and internal audit
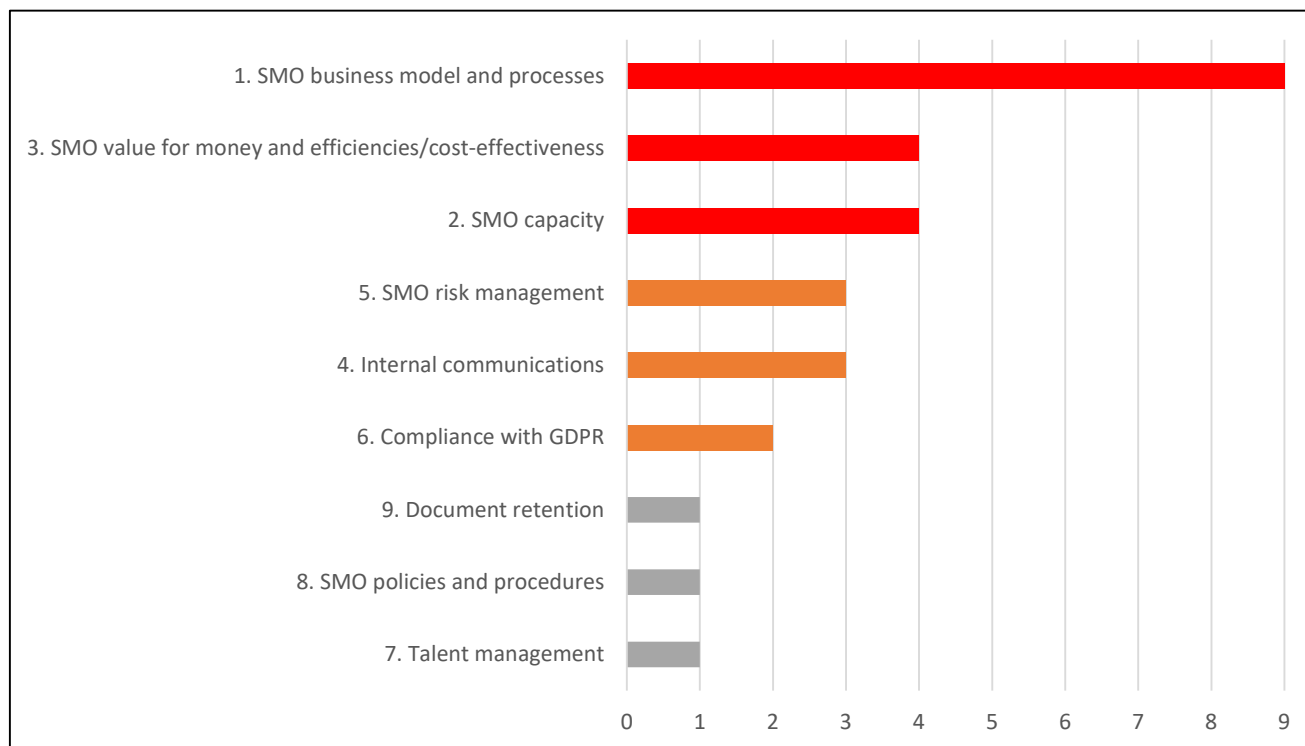
The main stakeholder concern is around effectiveness of the organizational arrangements at the System Organization, followed by concerns over its cost-effectiveness.

SECTION IV. Mapping of assurance providers

The table maps out assurance activities implemented in 2016-2017 and planned in 2018. The activities of the 1st and 2nd lines of defense are completed to the best of our knowledge and will be reviewed as part of our engagements and interactions with System Organization's staff and management

SMO Combined
Assurance

SECTION V. Proposed engagements 2018-2020 mapped to stakeholder concerns

Each proposed engagement will cover a number of concerns raised, and the 2018 audit plan will aim to address the most pressing needs in assurance. The engagements proposed for 2019 and 2020 will be reviewed again at the end of 2018 vis-à-vis changed risks and concerns to ensure that assurance provided remains relevant.

Engagements/ Top concerns	1	2	3	4	5	6	7	8
General Data Protection Regulation (GDPR) readiness (2018)						▦		▦
Risk management (2018)	▦			▦	▦			▦
Business planning, resourcing and structuring (2018)	▦		▦					
General ICT controls (2019)		▦	▦					
Opportunities for value for money (2018)	▦		▦	▦	▦			▦
Internal communications (2019)	▦			▦			▦	
Talent management (2019)		▦					▦	
OCS follow up (2020)		▦	▦					
Policy framework (2020)	▦			▦	▦			▦
Document retention and archiving (2020)			▦					

SECTION V. Proposed engagements by year

Assurance engagements
Advisory engagements

2018	2019	2020
• General Data Protection Regulation (GDPR) readiness • Risk management • Opportunities for value for money • Follow up on audit recommendations	• General ICT controls • Business processes: accounting, cash management & procurement • Internal communications • Talent management • Follow up on audit recommendations	• OCS follow up • Policy framework • Document retention and archiving • Follow up on audit recommendations
4	5	4

Section V. Proposed engagements -2018

| Risks	Type of engagement	Rationale	Potential objectives and scope
GDPR readiness	Advisory	• The updated European law on data protection has deadline for its implementation as May 2018 and includes steep fines for non-compliance • As the System Management Office employs European citizens and processes their data, some elements of the law will need to be complied with.	Throughout the engagement, we will aim to work with management to identify to what extent the law is applicable to the System Management Office, business areas that are affected, and evaluate the plans to ensure compliance.
Risk management	Advisory	Risk management activities are important to ensure that the office anticipates and responds to external and internal threats proactively to strengthen its position. Internal Audit should be able to rely on a robust risk management system.	Internal audit will work with management to identify key elements of a risk management framework that will help the System Organization to achieve its objectives in a more efficient and effective manner.

SECTION V. Proposed engagements -2018

Risks	Type of engagement	Rationale	Potential objectives and scope
Opportunities for improved value for money	Assurance	The role of the System Organization is changing as its ways of working; new approaches and structures are being tested. There are also expectations that the System Management Office will conduct its business in an efficient and cost effective way delivering value for money to its stakeholders. If it is not the case, System Management Office's ability to achieve its objectives as well as its reputation will be negatively affected, staff morale will drop resulting in loss of talent.	Efficiency, cost-effectiveness and value for money are rooted in clarity of purpose, good planning and streamlined processes. The review will assess the existence and adequacy of business objective setting and planning as well as will dive-in to specific processes to evaluate to what extend opportunities for delivering value for money (maximizing productivity while using resources efficiently and effectively) are exploited. Potential processes to be evaluated will be specified in the ToR of the engagements and may include but not limited to budgeting and procurement.
Follow up on internal audit recommendations	Assurance	To provide ARC with overview of the progress of addressing risk and control weaknesses identified by internal audit.	The review will follow up on the implementation of audit recommendations assigned to management at the System Organization and which are due as of end of 2018.

Section V. Coverage of the audit universe by proposed engagements

Areas to be covered by assurance activities of the proposed 2018 audit plan:
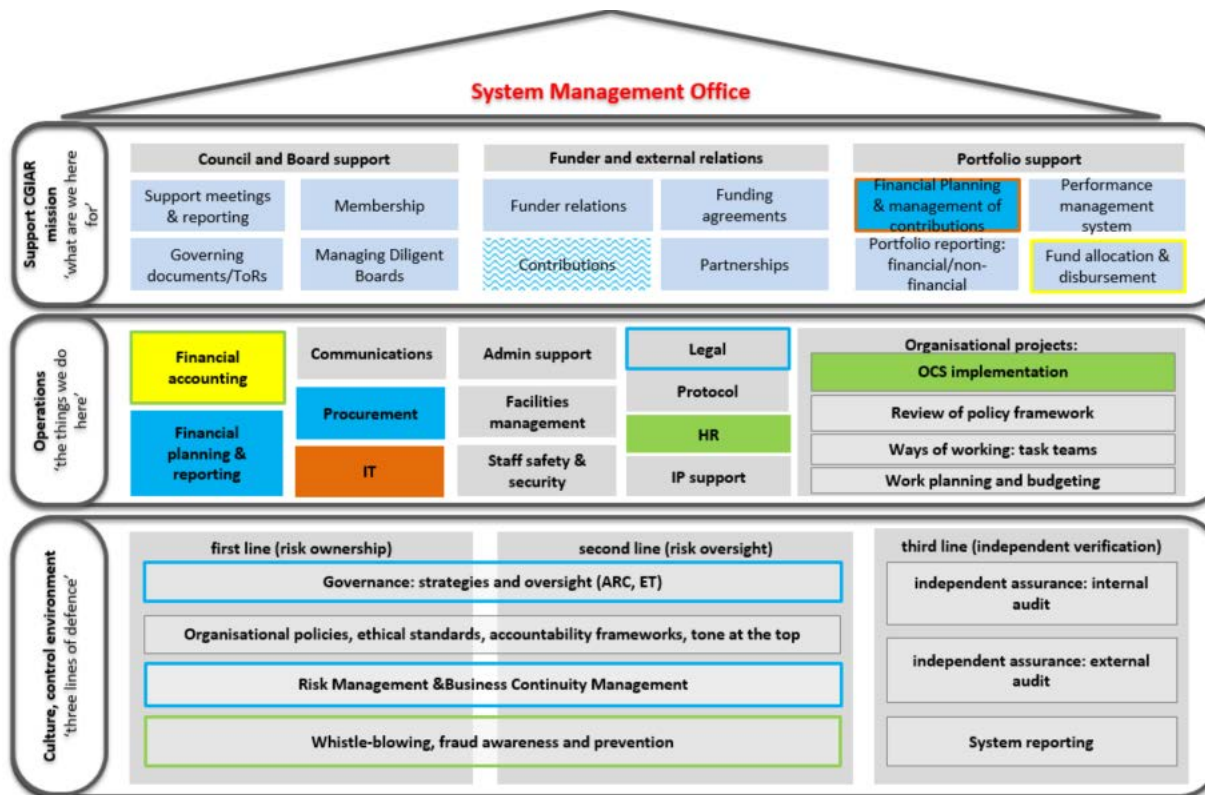
- 2018 coverage
- 2017 coverage
- 2016 coverage
- 2015 coverage
- 2018 coverage by System audits