

## 3-Year System Business Plan Companion Document

### Action 8: Align and enhance assurance systems

Prepared by: System Management Office based on consultations across Center Audit Committee Chairs; and the Heads of Internal Audit; Board Secretaries and the Human Resources Community of Practice Groups

Document Status: **Action plan**

Request to System Council: **For input**, in advance of System Management Board decisions being taken at SMB11 (December 2018) to take the work forward

#### A. Increase coordination and information sharing between assurance providers

1. The 2016 CGIAR governance reforms, and the System's introduction in December 2017 of a restated mandate for the CGIAR System Internal Audit Function has provided the opportunity for the System to move towards a 'combined assurance' approach to monitoring and managing risks and opportunities.
2. The inaugural 2019-2021 CGIAR Business Plan will substantially progress implementation of a '**combined assurance**' model across the CGIAR System, whereby the System considers the totality of information provided by its various assurance providers at all levels, to ensure effective monitoring and management of opportunities and risks in accordance with the risk appetite of the CGIAR System. [\[Link\]](#)
3. Planned deliverables to enhance confidence in, and reliance upon CGIAR's risk management and assurance systems include:

| Timing      | Key deliverables   |
|-------------|--|
| By end-2019 | <ul style="list-style-type: none"> <li>Coordinated assurance planning between Center Heads of Internal Audit and Center Audit Committee Chairs on prioritized areas</li> <li>Efficient internal audit methodologies are being shared and taken up as a common framework</li> </ul> |

| Timing      | Key deliverables  |
|-------------|---|
|             | <ul style="list-style-type: none"> <li>• SMB approval of a CGIAR System Risk Register prepared using the CGIAR’s 5 “Risk Families” and that comprehensively maps the work being done by the full range of cross-System assurance providers, and incorporates the ISPC’s 2017 work on a Quality of Research for Redevelopment Framework (QoR4D framework)</li> <li>• SMB and SC agree on risk-based priorities for inaugural CGIAR System rolling 3-year assurance plan that is based on ‘combined assurance’ principles on a System-wide basis</li> </ul> |
| By end-2020 | <ul style="list-style-type: none"> <li>• Progressively include the outputs of other key assurance providers into risk-based assurance planning under the oversight of the System Council’s Assurance Oversight Committee (e.g. Engagement by the AOC with ISDC, SPIA and external independent evaluation providers)</li> <li>• Integrate data from the performance standards into the ‘combined assurance’ model</li> </ul>   |
| 2021        | <ul style="list-style-type: none"> <li>• During 2021 - Pilot whole of System ‘combined assurance’ model to stakeholder input</li> <li>• By end 2021 - Adopt agreed approach to alignment of assurance planning across the CGIAR System</li> </ul>   |

**B. Evolve our risk maturity, striving towards overall standard of ‘repeatable’**

4. CGIAR’s aspiration is to achieve and maintain an overall ‘managed’ risk maturity standard across the multi-dimensional risk maturity model the System adopted in in the [Risk Management Guidelines of the CGIAR System](#).
5. Efforts will be focused on the aspiration of achieving within-Center alignment on the 8 dimensions of risk management maturity and moving towards an overall maintained standard of ‘repeatable’ over the 3-year period.

**FIGURE 1: RISK MANAGEMENT MATURITY MODEL – RISK MANAGEMENT GUIDELINES**

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| Level of Maturity | Framework                                  | Commitment                                   | Ownership                            | Processes                                      | Communication & Training               | Measurement                             | HR Support   | Oversight                                |  |
|-------------------|--|--|--------------------------------------|--|--|---|--|--|--|
| <b>Ad hoc</b>     | No structured approach                     | Risk management seen as unnecessary expense  | No interest in using risk management | No tracking of risk management                 | No formal risk management training     | No risk assessment performed            | No HR support  | No standard reporting                    | ← Necessary elements for effective risk management             |
| <b>Initial</b>    | Policy/ process defined                    | Rules-based approach                         | Partially defined roles              | Risk management champion drives implementation | Risk management materials circulated   | One-off requirements announced          | New staff trained                                      | Monitored by exception                   |  |
| <b>Repeatable</b> | Practical guidance provided                | Proactive approach                           | Clearly defined roles                | Managers drive implementation                  | Co-ordinated training provided         | Repeat measurements reported            | Risk management integrated into all training           | Business units monitor own risks         | ← Suggested as adequate balance between cost/benefit           |
| <b>Managed</b>    | Managers confirm compliance                | Risk management embedded                     | Center of excellence model           | Business units drive implementation            | Business units drive tailored training | Risks measured consistently             | Risk management ability impacts hire/promote decisions | Single view of risk across organization  | ← Suggested as optimal when balancing cost & benefit           |
| <b>Excellence</b> | Risk management central to decision making | Risk management used for strategic advantage | Managers pursue risk unconsciously   | Board and ED drive risk agenda                 | Training focuses on best practice      | Risk-adjusted performance measures used | Risk management seamlessly integrated into HR          | Business driven with key risk indicators | ← Theoretically feasible but with significant effort & funding |

### 6. Key deliverables during 2019-2021 include:

- a. **Undertake annual self-assessments of risk maturity**, with progressively increasing objective validation of the self-assessment exercise by Internal Audit teams, and presentation of consolidated risk maturity assessments to the SMB and System Council;
- b. **Implement risk maturity strengthening plans** to respond to identified areas for improvement, as overseen by Center-own Boards of Trustees; and
- c. **By end-2021, agree the process and metrics** to move towards independent assurance of risk maturity over the second business plan (2022-2024), moving from the within-Center ‘repeatable’ standard to overall System-wide alignment at the ‘repeatable’ standard and then moving toward the System-wide aspiration of achieving an overall “managed” standard by the end of that period for a majority of the risk maturity elements.

### C. Evolve capacity to increase the value of internal audit

7. By May 2019, the System Management Board and Center Boards of Trustees will have a received a consolidated external independent quality assurance report of Center-own internal audit teams on their conformance with international auditing standards as required by the CGIAR System Organization Charter – a process required to be undertaken every 5 years.
8. The period of mid-2019 to 2021 will be utilized to:
  - a. **Based upon Center-specific internal audit team assessments** - Implement priority activities arising from the external quality assessment (‘EQA’) process of each Center’s internal audit team, adopting a prioritized action plan to

further enhance value for money of internal audit services, to encompass the high-quality roles of problem solver, insight generator and trusted adviser;

- b. **Arising from the cross-Center consolidated report on the state of overall maturity of Centers’ internal audit services** – Identify and act on opportunities to continuously improve the overall quality of internal audit in the CGIAR System;
  - c. **Make appropriate adjustments to the role of the CGIAR System’s Internal Audit Support Service** (a System entity), based upon outcomes of the EQA to ensure it provides appropriately targeted, expert quality improvement advice and support for internal audit teams; and
  - d. **Ensure that the CGIAR System Internal Audit Function undergoes EQA by not later than mid-2020**, with any arising recommendations being implemented through a timebound quality improvement plan.
9. The action plan will be overseen by the System Management Board’s Audit and Risk Committee – taking into account strategic inputs from the System Council’s Assurance Oversight Committee.

#### D. Harmonize cross-System internal controls frameworks for shared risks

10. Informed by strategically timed Center-own internal audit engagements that are overseen by Center Boards of Trustees via their respective Audit Committees, the 2019-2021 Business Plan period will be used to identify the key areas that call for a single internal control design and implementation approach given the System-wide nature of the opportunity(ies) and risk(s) involved.
11. In line with best practice, efforts will be aimed at providing reasonable assurance based on the key elements of effective internal controls.
12. The following sets out the proposed action plan and associated timing:

| Timing      | Key deliverables  |
|-------------|---|
| During 2019 | <ul style="list-style-type: none"> <li>• Collect and build a shared repository for CGIAR System and Center policies, procedures and guidelines, and progressing towards the adoption of a common nomenclature to enhance transparency and usability of the repository</li> <li>• Strengthen communications and training on the proactive use of internal controls as a major element of resilient risk-aware organizations</li> </ul> |
| During 2020 | <ul style="list-style-type: none"> <li>• <u>By May 2020</u> - Review existing internal control design and implementation by benchmarking Center and System Organization approaches against an adopted</li> </ul>  |

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| Timing      | Key deliverables   |
|-------------|--|
|             | <p>leading external practice (e.g. the <a href="#">COSO integrated internal control framework<sup>1</sup></a>), to identify existing best practice examples to build upon and translate into common internal controls guidelines across the System</p> <ul style="list-style-type: none"> <li>• <u>By December 2020</u> – Present the design for a System-wide internal control framework, and agree prioritized opportunities for cross-System improvements in internal controls</li> </ul> |
| During 2021 | <ul style="list-style-type: none"> <li>• Adopt a System-wide internal control framework based on best global practice that covers the key internal control elements of control environment, risk assessment, control activities, information communication and monitoring activities (COSO Components of Internal Control)</li> </ul>  |

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<sup>1</sup> [COSO - Internal Control: Integrated Framework - Summary 2013](#)