Document: SMB12-06a
Recommended by Audit and Risk Committee of the System Management Board
Incorporates input from System Organization's management and ARC
Version: 29 November 2018

CGIAR
Science for a food-secure future

Work Plan 2019-2021

Internal Audit of CGIAR System Organization

Purpose: This document presents a 3-year rolling internal audit plan for the System Organization for the period of 2019-2021. The System Organization contracts in-house internal audit resources to provide assurance on System Organization's governance, risk and controls.

Action requested: CGIAR System Management Board is requested to approve the plan.

PROPOSED 2019-2021 WORK PLAN AT A GLANCE

The proposed plan is based on the risk assessment, stakeholder feedback and takes into account assurance work done previously.

Further details of the scope of the proposed 2019 engagements can be found on the slide 14.

	2019	2020	2021
Proposed engagements	2019-SO1 System Organization strategy setting and associated work/resource planning (ADV)	2020-SO1 Business plan implementation - mid-term (scheduling, resource allocation, monitoring) (ADV)	2021-SO1 Fraud management framework (ADV)
	2019-SO2 Effective internal communications (ADV)	2020-SO2 Budget management and reporting (ASR)	2021-SO2 HR performance management and recognition systems (ASR)
	2019-SO3 Staff succession planning and training (ASR)	2020-SO3 Policy framework development and implementation (ASR)	2021-SO3 Risk management (ASR)
	2019-SO4 General ICT controls including security controls (ASR)	2020-SO4 OCS phase II audit (ASR)	2021-SO4 Data protection (ASR)
	2019-SO5 Follow up on audit recommendations (ASR)	2020-SO5 Follow up on audit recommendations (ASR)	2021-SO5 Follow up on audit recommendations (ASR)
Total	5	5	5
Advisory	2	1	1
Assurance	3	4	4

Advisory engagements Assurance engagements

BACKGROUND TO DEVELOPING THE INTERNAL AUDIT WORK PLAN

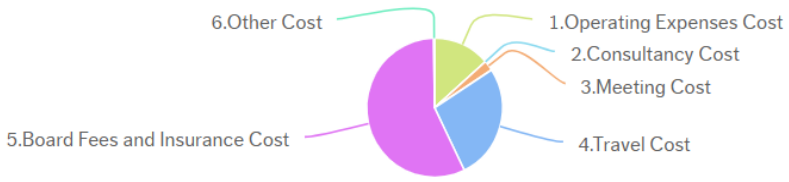
- The CGIAR System Organization is established in accordance with the CGIAR System Organization Charter;
- "CGIAR System Organization" or "System Organization" means the international organization governed by the CGIAR System Charter, with its organs being the System Management Board and System Management Office[1];
- The System Management Board is the governing body of the System Organization, and the System Management Office is responsible for the day-to-day operations of the System Organization according to the functions set forth in the CGIAR System Charter;
- The CGIAR System Organization plays key role in supporting CGIAR in setting and following its vision and strategies; in effective functioning of governance arrangements and partnerships within and outside CGIAR; in facilitating funder engagements; and in stewarding a well-functioning program portfolio.

[1]CGIAR System Framework, Definitions (i)

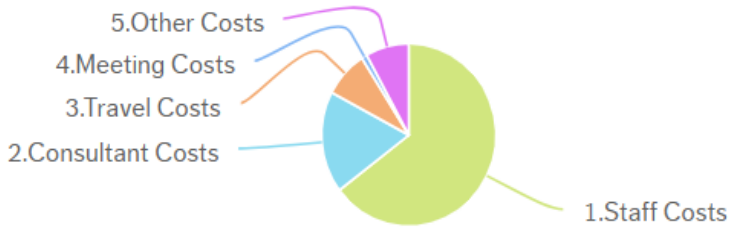
BACKGROUND TO DEVELOPING THE INTERNAL AUDIT WORK PLAN

- The **System Management Board** activities are supported by a budget of $0.5m (2018)
- The SMB consist of nine members, six of them are Center affiliated and one is ex-officio non-voting member;
- System management Board met three times in 2018 and further meeting is planned in December 2018.

Board spend as of September 2018

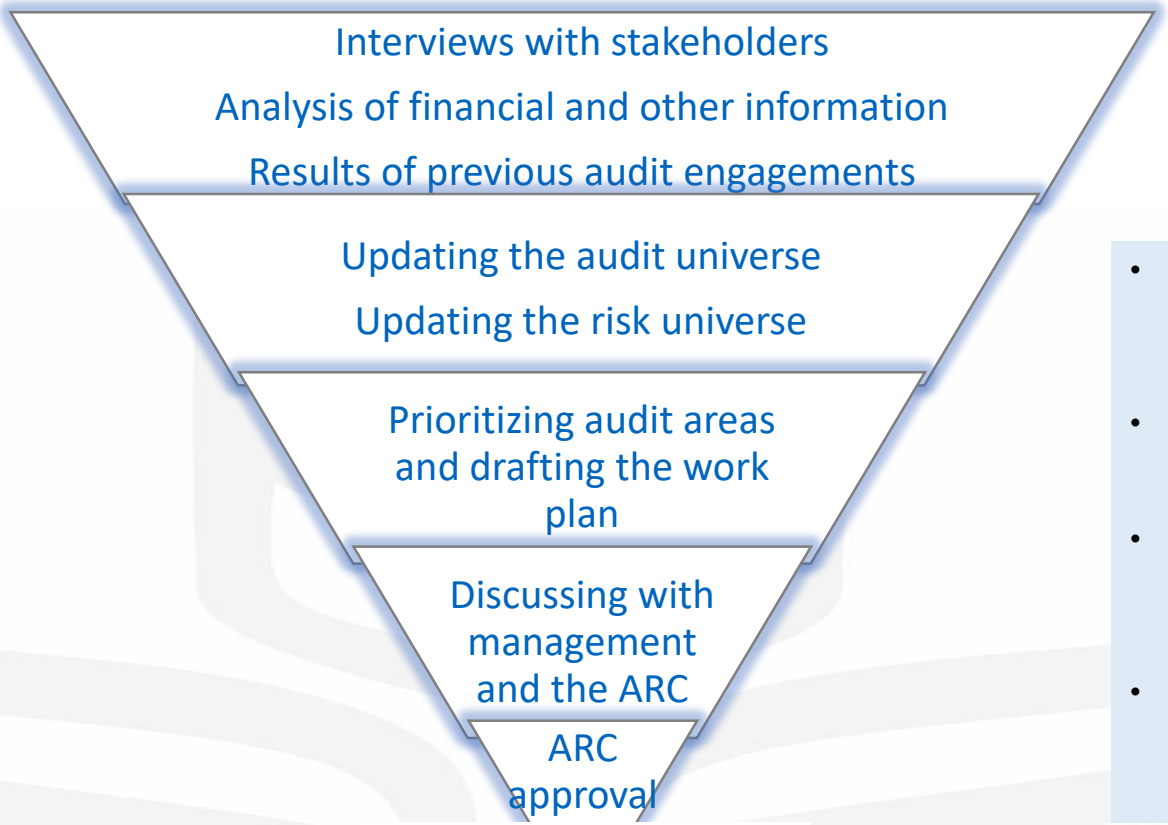


System Management Office spend as of September 2018



- The **System Management Office's** 2018 budget is **$7.9m;**
- The Office employs **34 staff** (as of end September 2018), 26 females and eight males;
- System Management Office's success is dependent on its reputation reflecting its ability to deliver quality outputs. This in turn builds on the strength of its performance culture and the workforce;
- In 2018 the System Organization and the System Management Office as its operational arm tabled, widely discussed and then articulated in a **business plan** key ideas to transform CGIAR System to enhance its impact
- **2019 – 2021** period will be the first cycle of the business plan implementation
- Within the first cycle, considerations are given to establishing System Organization's presence in **Rome**
- In the meantime, the System Organization's **policy framework** is being overhauled while the **risk management** processes are expected to be further formalized
- Restructure of the **finance department** is underway.

THE PROCESS OF DEVELOPMENT OF THE INTERNAL AUDIT WORK PLAN OF CGIAR SYSTEM ORGANIZATION



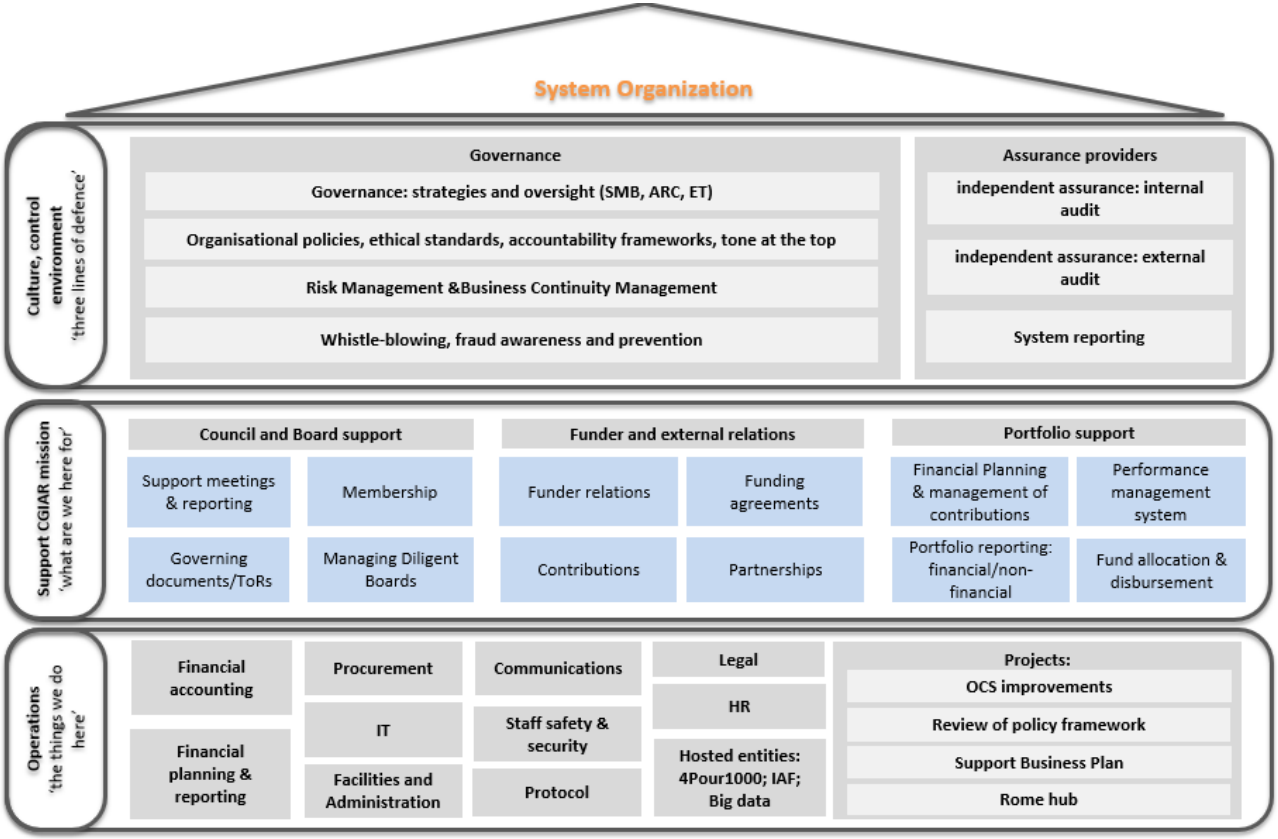
- Risks and audit universe under the control and management of the System Organization were assessed (**Section I**);
- We took note of the past audits and reviews of other assurance providers to avoid duplication (**Section II**);
- The risk assessment and stakeholders' feedback helped to guide the engagement selection and prioritization (**Section III**).
- The proposed engagements for the 2018-2021 are laid out in **Section IV**.

ASSUMPTIONS

- The internal audit plan was developed in accordance with the System Management Board's Audit and Risk Committee approved Internal Audit Charter of the System Organization
- The number of audit engagements is based on the allocated 80 audit days; 10 of them for unplanned audit work
- 40% of audit time is allocated to advisory work
- The plan is subject to revisions depending on changing risk landscape and specific significant activities at the CGIAR System Organization. Any changes to the approved plan will be presented to the Audit and Risk Committee for approval
- Actual time allocated to individual engagements will be based on approved project scopes
- The proposed plans time-period is aligned to the Business Plan cycle.

SECTION I.
Audit universe of the System Organization

- System Management Board governs the System Organization and approves its policies and procedures;
- The System Management Office houses System-facing functions such as Council and Board support, Funder and External relations and Portfolio Support;



- The System Management Office has also back-office operations to facilitate its activities and hosts three entities: 4Pour1000 project, CGIAR System Internal Audit Function and the Big Data platform.

SECTION II. Previous engagements by internal audit

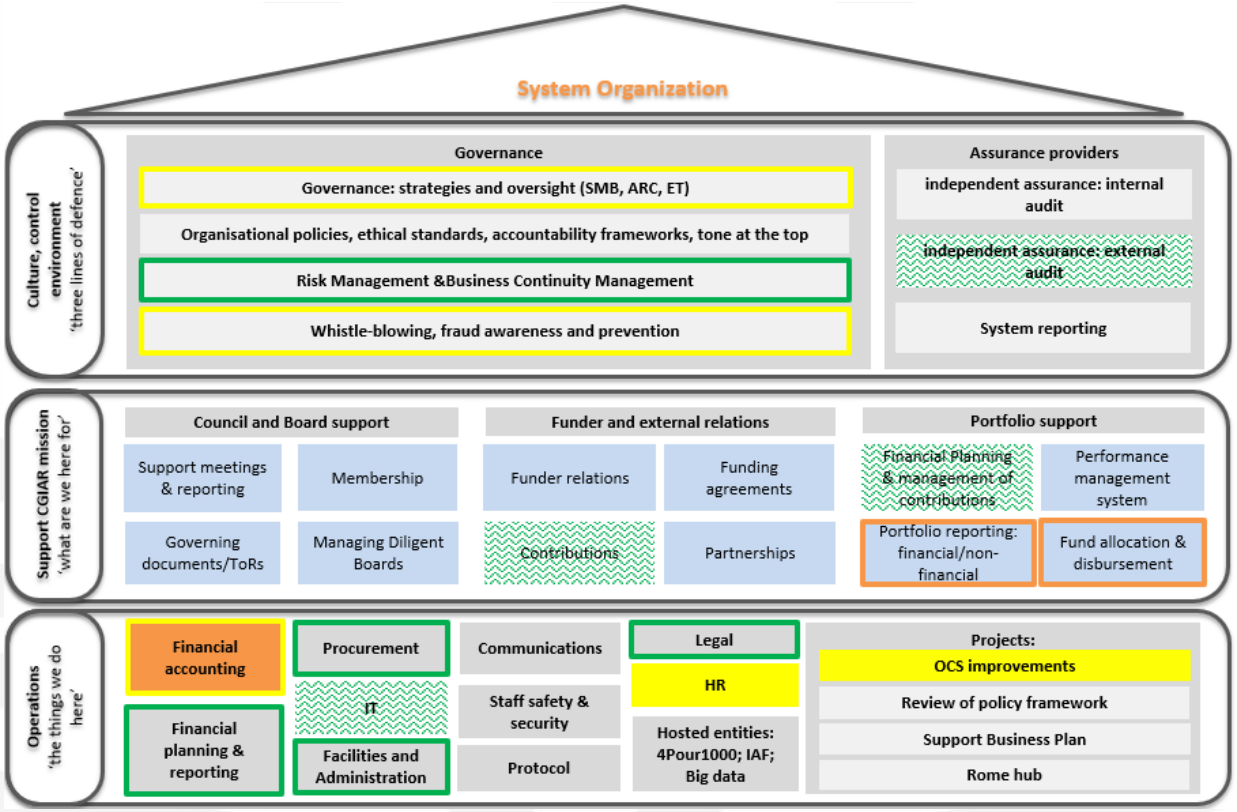
Audits delivered in the last 3 years for the System Organization (previously CGIAR Consortium)in 2018 under the new arrangement (2018) and under the mandate of the CGIAR Shared Services Internal Audit Unit (2017, 2016):

2018	2017	2016
General Data Protection Regulation (GDPR) readiness	Board tool	Interim accounts
Risk management	Fraud risk assessment	ICARDA investment plan
Opportunities for value for money	Payments for ICARDA	CRP audits (Phase I and II)
Follow up on audit recommendations	OCS application controls	Follow up on audit recommendations
	Human Resources	
	Follow up on audit recommendations	

Advisory engagements Assurance engagements

SECTION II. Coverage of the audit universe by previous engagements

The elements of the System Organization's audit universe and areas covered by previous reviews are indicated in the chart below:



- 2018 coverage
- 2017 coverage
- 2016 coverage
- 2018 coverage by System- level engagements

Fully colored boxes in green, amber and yellow indicate substantial coverage, and the colored frames indicate coverage of specific elements of an area.

SECTION II. Identified risks and their classification

Contextual risks - *external risks that can be addressed by scenario planning.*

Strategic risks – *risks taken on in the pursuit of value.*

Operational risks - *risks internal to the System Organization that can be controlled through compliance with established policies.*

The main asset of the System Organization is its staff compliment, their ability to build and manage relationships across the CGIAR System and to deliver quality product. The stakeholder concerns therefore seem to evolve around:

- the effectiveness of the organizational arrangements (strategies, structure, resources),
- Performance, and
- skills.

- Insufficient revenue to fund System costs due to reduction in CSP

- SO struggles to build trust with stakeholders due to lack of clear steer on how to manage stakeholders
- Lack of value proposition and clear mandate - office spreads its activities too thinly, trying to be everything to everyone
- Business plan fails and SO loses credibility
- Inaccurate Board/ARC reporting

- Poor performance culture results in substandard delivery and affects stakeholder perceptions
- Dependence on small group of highly qualified people
- Resource constraints; staff turn over/burn out; excessive use of consultants
- Disconnect with core business (science) - lack of staff connection to mandate
- Lack of communication skills to effectively engage stakeholders
- Damage to reputation due to fraud or other irregularity
- Poor change management e.g. Rome hub
- Lack of clear policy framework
- Office structure is not fit for purpose and changes negatively affect staff morale
- Reputational damage as the office is perceived to be inefficient and/or excessively costly
- IT & OCS related risks
- Breach of data privacy and/or data loss

SECTION II. Identified risks and CGIAR System risk families

'CGIAR RISK FAMILIES' – SET AND REVIEWED PERIODICALLY BY SYSTEM COUNCIL

1. CGIAR is no longer a front runner	2. CGIAR loses its central role in AR4D	3. Non-adherence to appropriate values	4. Unsatisfactory evidence and assurance received	5. Poor execution

Opportunity and risk indicators in Risk Register to be set by the SMB; reviewed annually for appropriateness

1.1 Science relevance/ cutting edge 1.2 Competitive advantage 1.3 Alignment with priorities of international community 1.4 Compelling research agenda	2.1 IP is used by scientific and development communities 2.2 CGIAR is good partner 2.3 CGIAR activities are coordinated 2.4 Diversity of funding 2.5 Genebanks' unique role 2.6 Delivery on SRF	3.1 Use of ethical research practices 3.2 Values and behaviors support credibility 3.3 Prevention and detection of inappropriate use of funds 3.4 Clarity and transparency of financing	4.1 Evidence of impact 4.2 Appropriate use of funds as per work programs and budgets 4.3 Compliance with funder's agreements 4.4 Reliable evidence of delivery 4.5 Effective program management	5.1 IP support GPG 5.2 Talent attraction and retention 5.3 Costs are minimized and assets are safeguarded 5.4 Centers financially stable 5.5 Being part of CGIAR is attractive

Identified risks for System Organization

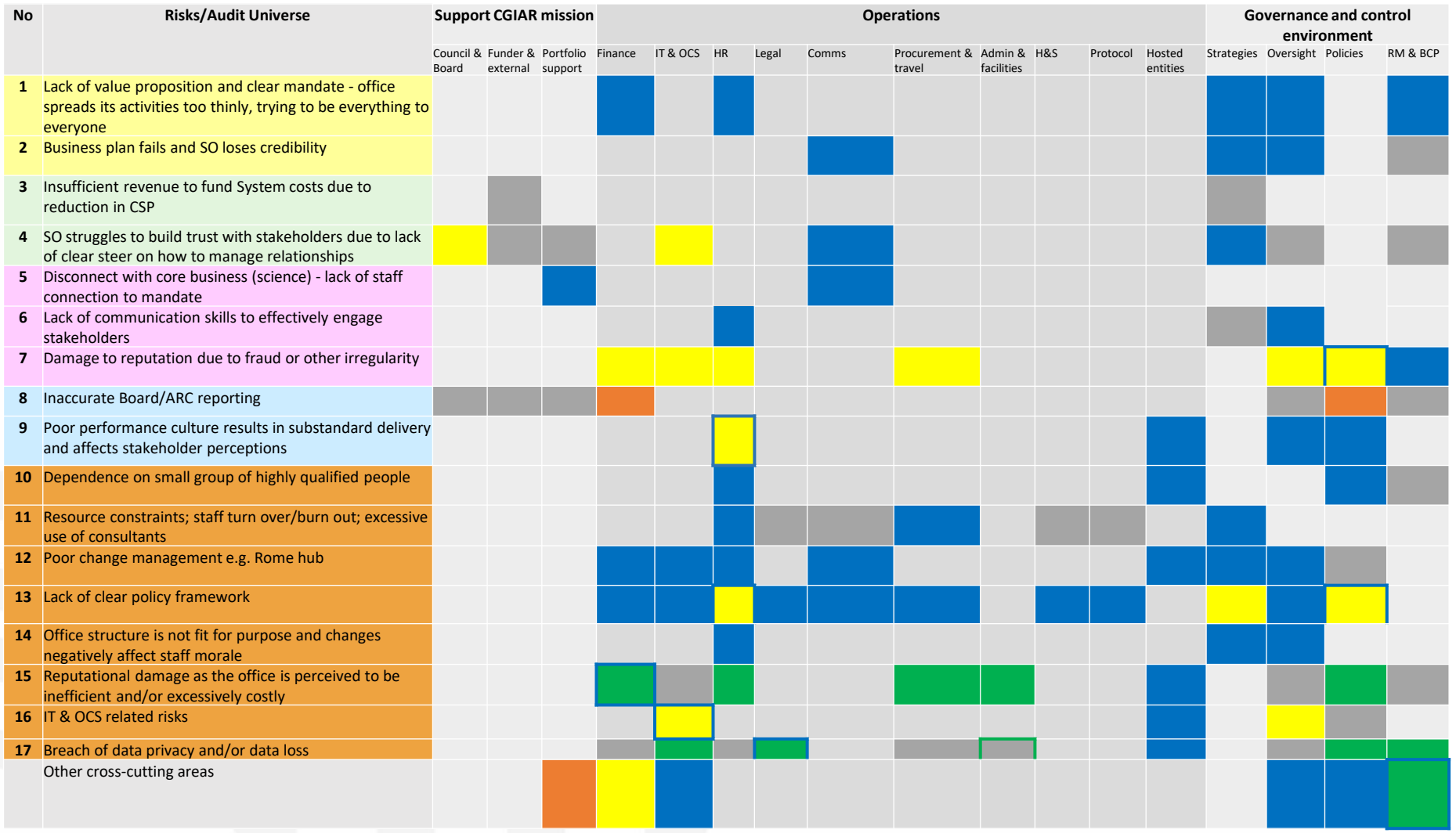
1. Lack of value proposition and clear mandate - office spreads its activities too thinly, trying to be everything to everyone 2. Business plan fails and SO loses credibility	3. Insufficient revenue to fund System costs due to reduction in CSP 4. SO struggles to build trust with stakeholders due to lack of clear steer on how to manage stakeholders	5. Disconnect with core business (science) - lack of staff connection to mandate 6. Lack of communication skills to effectively engage stakeholders 7. Damage to reputation due to fraud or other irregularity	8. Inaccurate Board/ARC reporting 9. Poor performance culture results in substandard delivery and affects stakeholder perceptions	10. Dependence on small group of highly qualified people 11. Resource constraints; staff turn over/burn out; excessive use of consultants 12. Poor change management e.g. Rome hub 13. Lack of clear policy framework 14. Office structure is not fit for purpose and changes negatively affect staff morale 15. Reputational damage as the office is perceived to be inefficient and/or excessively costly 16. IT & OCS related risks 17. Breach of data privacy and/or data loss

SECTION III. Proposed work plan against the risks

No	Risks/Audit Universe	Past engagements (2018-2016)	Proposed engagements		
			2019	2020	2021
1	Lack of value proposition and clear mandate - office spreads its activities too thinly, trying to be everything to everyone		2019-SO1 System Organization strategy setting and work/resource planning (ADV)		
2	Business plan fails and SO loses credibility		2019-SO1	2020-SO1 Business plan implementation - mid-term (ADV)	
3	Insufficient revenue to fund System costs due to reduction in CSP	[the risk relates to reduction in funding and better covered at a System level]			
4	SO struggles to build trust with stakeholders due to lack of clear steer on how to manage relationships	2017 Board tool (ADV)	2019-SO1		
5	Disconnect with core business (science) - lack of staff connection to mandate		2019-SO2 Effective internal communications (ADV)		
6	Lack of communication skills to effectively engage stakeholders		2019-SO3		
7	Damage to reputation due to fraud or other irregularity	2017 Fraud risk assessment (ADV)			2021-SO1 Fraud management framework (ADV)
8	Inaccurate Board/ARC reporting	2016 Interim accounts (ASR)	[the risk is better covered at a System level]		
9	Poor performance culture results in substandard delivery and affects stakeholder perceptions	2017 Payments on behalf of ICARDA (ASR) 2017 HR management (ASR)			2021-SO2 HR performance management and recognition systems (ASR)
10	Dependence on small group of highly qualified people		2019-SO3 Succession planning and training (ASR)		
11	Resource constraints; staff turn over/burn out; excessive use of consultants		2019-SO1		
12	Poor change management e.g. Rome hub			2020-SO2 Budget management and reporting (ASR)	
13	Lack of clear policy framework	2018-SO2 Risk management (ADV) 2017 HR management (ASR		2020-SO3 Policy framework development and implementation (ASR)	2021-SO3 Risk management (ASR)
14	Office structure is not fit for purpose and changes negatively affect staff morale		2019-SO3		
15	Reputational damage as the office is perceived to be inefficient and/or excessively costly	2018-SO3 Opportunities for value for money (ASR)			
16	IT & OCS related risks	2017 OCS application controls (ASR)	2019-SO4 General ICT controls including security controls (ASR)	2020-SO4 OCS phase II audit (ASR)	
17	Breach of data privacy and/or data loss	2018-SO1 GDPR readiness (ADV)			2021-SO4 Data protection (ASR)
	Other cross-cutting areas	2018-SO4 Follow up on audit rec. (ASR) 2016 ICARDA Investment plan (ASR)	2019-SO5 Follow up on audit recommendations (ASR)	2020-SO5 Follow up on audit recommendations (ASR)	2021-SO5 Follow up on audit recommendations (ASR)

SECTION III. Coverage of top risks and audit universe with proposed engagements

*The color key can be found on the slide 9



SECTION IV: Proposed 2019-2021 work plan

	2019	2020	2021
Proposed engagements	2019-SO1 System Organization strategy setting and associated work/resource planning (ADV)	2020-SO1 Business plan implementation - mid-term (scheduling, resource allocation, monitoring) (ADV)	2021-SO1 Fraud management framework (ADV)
	2019-SO2 Effective internal communications (ADV)	2020-SO2 Budget management and reporting (ASR)	2021-SO2 HR performance management and recognition systems (ASR)
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Total	5	5	5
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Advisory engagements Assurance engagements

SECTION IV: Detailed description of 2019 proposed audits

Risks	Type of engagement	Rationale	Potential objectives and scope
2019-SO1 System Organization strategy setting and associated work/resource planning	Advisory	• The System Organization's credibility and the trust it builds with stakeholders are its key assets in pursuit of the CGIAR System objectives • To maintain the levels of credibility the System Organization should be able to clearly articulate its role and boundaries of its mandate to manage stakeholder expectations • This is also a key to its ability to assess, plan and allocate adequate resources to be able to deliver on the expectations and change that it is leading and implementing e.g. Rome hub.	The engagement objectives will be to work with management to identify areas where additional clarity is needed to: • Articulate and communicate (both internally and externally) the System Organizations mandate, scope of its work and value proposition • Assess and plan adequate structure and level of resources needed to deliver on stakeholder expectations • To successfully manage change.
2019-SO2 Effective internal communications	Advisory	• Keeping staff motivated and engaged with the core business of the organization is important to maintain and enhance good performance • System Management Office is a small entity with limited career development opportunities and management have fewer options to keep staff engaged	To explore ways to motivate employees including how employee engagement can be further improved through internal communication and other activities

SECTION IV: Detailed description of 2019 proposed audits

Risks	Type of engagement	Rationale	Potential objectives and scope
2019-SO3 Staff succession planning and training	Assurance	• One of the risks mentioned by stakeholders multiple times is the System Organization's reliance on key staff • If staff leave it may result in disruption to the organization's operations	The engagement will aim to review activities to: • Identify key positions • Manage succession in key positions where possible or other activities to address the potential disruptions • Staff development activities to support the succession management
2019-SO4 General ICT controls including security controls	Assurance	• General ICT controls were never audited at the System Organization level • Robust ICT controls protect and enhance organization's valuable assets e.g. information and help improve efficiency	To evaluate the existence, design and effectiveness of general ICT controls including security controls
2019-SO5 Follow up on 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 2019

Resource allocation for implementation of the System Organization internal audit plan

High level indicative 3-year budget of Internal Audit of System Organization $,000

Year	2019	2020	2021
Total budget	66	67	68

The budget is indicative and still need to be validated through the on-going 2019-2021 budgeting process.

Budgetary Assumptions:

1. Number of audits year on year and the staffing stay the same; 20% of Chief Audit Executive's time is allocated supported by 70 days of a consultant's time. This may change later in the cycle if it is decided to fully outsource the internal audit services.
2. Travel costs include potential travel costs of the consultant
3. Year-on-year 3% inflationary increase is included as per budgeting instructions.