



Photo: CIFOR

CGIAR System Internal Audit Function CHARTER

Approved: April 2018 (ARC)

CGIAR System Organization

CGIAR System Internal Audit Function CHARTER

Contents

Preamble	2
Purpose and mission	2
Standards for the Professional Practice of Internal Auditing.....	2
Authority	2
Position	3
Scope of internal audit activities	4
Working with other assurance providers	5
Responsibility	5
Quality assurance and improvement program.....	6
Signatures	7

Preamble

1. CGIAR statutory documents set out the need for an Internal Audit Function. Its role and position within CGIAR governance and assurance structures are outlined in the CGIAR risk management framework and described in the Internal Audit Function's Terms of Reference (ToR) approved by the System Management Board and the System Council in 2017.
2. CGIAR System Framework defines the Internal Audit Function as "the arrangements agreed between the System Council and the System Management Board to provide independent and objective assurance services and advisory and consultative services to the System Council and the System Management Board ('Board')".¹
3. This document further establishes in practical terms Internal Audit Function's purpose, authority, responsibility and position within the organization. The terms described in this document apply regardless of the composition, nature and the source of the entity that provides the internal audit services to the governing bodies of the CGIAR System.
4. This document will be reviewed annually.

Purpose and mission

5. The purpose of the Internal Audit Function is to provide independent, risk-based and objective assurance, advice, and insight designed to add value and improve measures to manage System-wide risks. This will be achieved, in coordination with other System assurance providers, by taking a strategic System-level consolidated view to support the System Management Board and through it, the System Council to discharge their responsibilities effectively.
6. The mission of the Internal Audit Function is, as a trusted advisor, to enhance and protect CGIAR value as an agricultural research partner of choice and to help accomplish CGIAR objectives by identifying strategic solution-focused recommendations helping to improve cross-System arrangements.

Standards for the Professional Practice of Internal Auditing

7. The Internal Audit Function will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Head, the Internal Audit Function will report periodically to management and the Audit and Risk Committee of the System Management Board regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

Authority

8. The Head, Internal Audit Function reports functionally to the Audit and Risk Committee of the System Management Board and administratively (i.e., day-to-day operations) to the Executive Director of the System Organization. Through the Audit and Risk Committee of the System Management Board, Internal Audit Function supports the Audit Oversight Committee of the System Council.
9. To establish, maintain, and assure that the Internal Audit Function has sufficient authority to fulfill its duties, the Audit and Risk Committee of the System Management Board will:
 - Endorse and the System Management Board will approve the Internal Audit Function's charter.
 - Endorse and the System Management Board will approve the risk-based internal audit plan, informed by Center audit plans.
 - Endorse and the System Management Board will approve the Internal Audit Function's budget and resource plan.
 - Receive communications from the Head, Internal Audit Function on the Internal Audit Function's performance relative to its plan and other matters.
 - Approve decisions regarding the appointment and removal of the Head, Internal Audit Function and/or the provider of the Internal Audit Function arrangements.
 - Approve the remuneration and annual performance appraisal of the Head, Internal Audit Function.
 - Make appropriate inquiries of management and the Head, Internal Audit Function to determine whether there are appropriate and adequate scope and resources for the Internal Audit Function to fulfil its mandate.
10. The Head, Internal Audit Function will have unrestricted access to, and communicate and interact directly with, the Audit and Risk Committee of the System Management Board, including in private meetings without management present.
11. The Audit and Risk Committee of the System Management Board authorizes the Internal Audit Function to:
 - Have full, free, and unrestricted access to functions, records, property, and personnel pertinent to carrying out an engagement, subject to Internal Audit Function's mandate, accountability for confidentiality and safeguarding of records and information.
 - Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
 - Obtain assistance from the necessary personnel of the System Organization, as well as other specialized services from within or outside the organization, in order to complete the engagement.
 - The Internal Audit Function works closely and collaboratively with other Heads of Internal Audit in CGIAR for learning and quality assurance purposes.

Position

12. The Head, Internal Audit Function will ensure that the Internal Audit Function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.

13. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.
14. The Head, Internal Audit Function will confirm to the Audit and Risk Committee, at least annually, the organizational independence of the Internal Audit Function.
15. The Head, Internal Audit Function will ensure that risks facing the Internal Audit Functions ability to achieve its mandate are assessed regularly and are addressed.

Scope of internal audit activities

16. The scope of Internal Audit Function encompasses governance, risk management and control arrangements pertaining to CGIAR System-level risks and activities.
17. Risks under the purview of Center management and governing bodies are provided assurance on by Center-led arrangements. If, in the course of work, Internal Audit Function finds significant deficiencies related to entities outside of its mandate, an appropriate disclosure will be made to the respective internal audit assurance providers.
18. Generally, Internal Audit Function delivers value through consolidating, summarizing and synthesizing cross-System information to generate insights benefitting the System as a whole. This is achieved by leaning on existing information and data and through engaging with wide range of stakeholders across the System.
19. In addition, internal audit assessments include (but are not limited to) evaluating whether:
 - System-level risks are identified and effectively managed.
 - Adequate mechanisms are in place to provide assurance over the controls, policies, procedures, processes and systems to manage the System-level risks.
 - The System established appropriate standards for conduct and professional practice, and holds its managers, staff and units accountable to adhere to the standards.
 - The System established expectations for performance and set out adequate frameworks to monitor whether the results achieved meet performance expectations.
 - Frameworks are established to achieve efficiencies across the System.
 - Applicable legal frameworks pertaining to the System are being considered and measures put in place to adhere to them.
 - System governing bodies receive timely, accurate and complete information to fulfil their duties.
20. The Head, Internal Audit Function will report periodically to senior management and the Audit and Risk Committee regarding:
 - The Internal Audit Function's purpose, authority, and responsibility.
 - The Internal Audit Function's plan and performance relative to its plan.
 - The Internal Audit Function's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
 - Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit and Risk Committee.

- Results of audit engagements or other activities.
 - Resource requirements.
 - Any response to risk by management that may be unacceptable to the System Management Board.
21. The Internal Audit Function will perform advisory work, the nature and scope of which will be agreed with the stakeholders at the System level, provided the internal audit activity does not assume management responsibility.
22. The Internal Audit Function may be asked to conduct investigations of fraud and misconduct when appropriate to do so relative to its mandate.

Working with other assurance providers

23. The Internal Audit Function coordinates its activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers.
24. The Internal Audit Function benefits from a close collaboration with the Internal Audit Community of practice as its non-voting member for the purposes of:
- Coordinating assurance activities
 - Consolidating information on overall assurance activities for the System Management Board's purview
 - Supporting System Management Board's internal audit oversight responsibilities
25. The Internal Audit Function works closely with the Internal Audit Support Services as a conduit to the Internal Audit Community of Practice to stay apprised of the community's activities and developments.

Responsibility

26. The Head, Internal Audit Function has the responsibility to:
- Submit, at least annually, to senior management and the Audit and Risk Committee a risk-based multi-year rolling internal audit plan for review and approval.
 - Communicate to senior management and the Audit and Risk Committee the impact of resource limitations on the internal audit plan.
 - Review and adjust the internal audit plan, as necessary, in response to changes in the System's objectives, structures, operations, programs, systems, and controls.
 - Communicate to senior management and the Audit and Risk Committee any significant interim changes to the internal audit plan.
 - Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
 - Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit and Risk Committee any corrective actions not effectively implemented.

- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit Function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact the CGIAR System are considered and communicated to senior management and, the Audit and Risk Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit activity.
- Ensure adherence to the System's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise
- communicated to senior management and the Audit and Risk Committee.
- Ensure conformance of the Internal Audit Function with the Standards.

Quality assurance and improvement program

27. The Internal Audit Function will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the Internal Audit Function's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Function and identify opportunities for improvement.
28. The Head, Internal Audit Function will communicate to senior management and the Audit and Risk Committee on the Internal Audit Function's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the System Organization.

Signatures

Position	On behalf of System Council	On behalf of System Management Board	Executive Director	Head, Internal Audit Function
Name				
Signature				
Date				