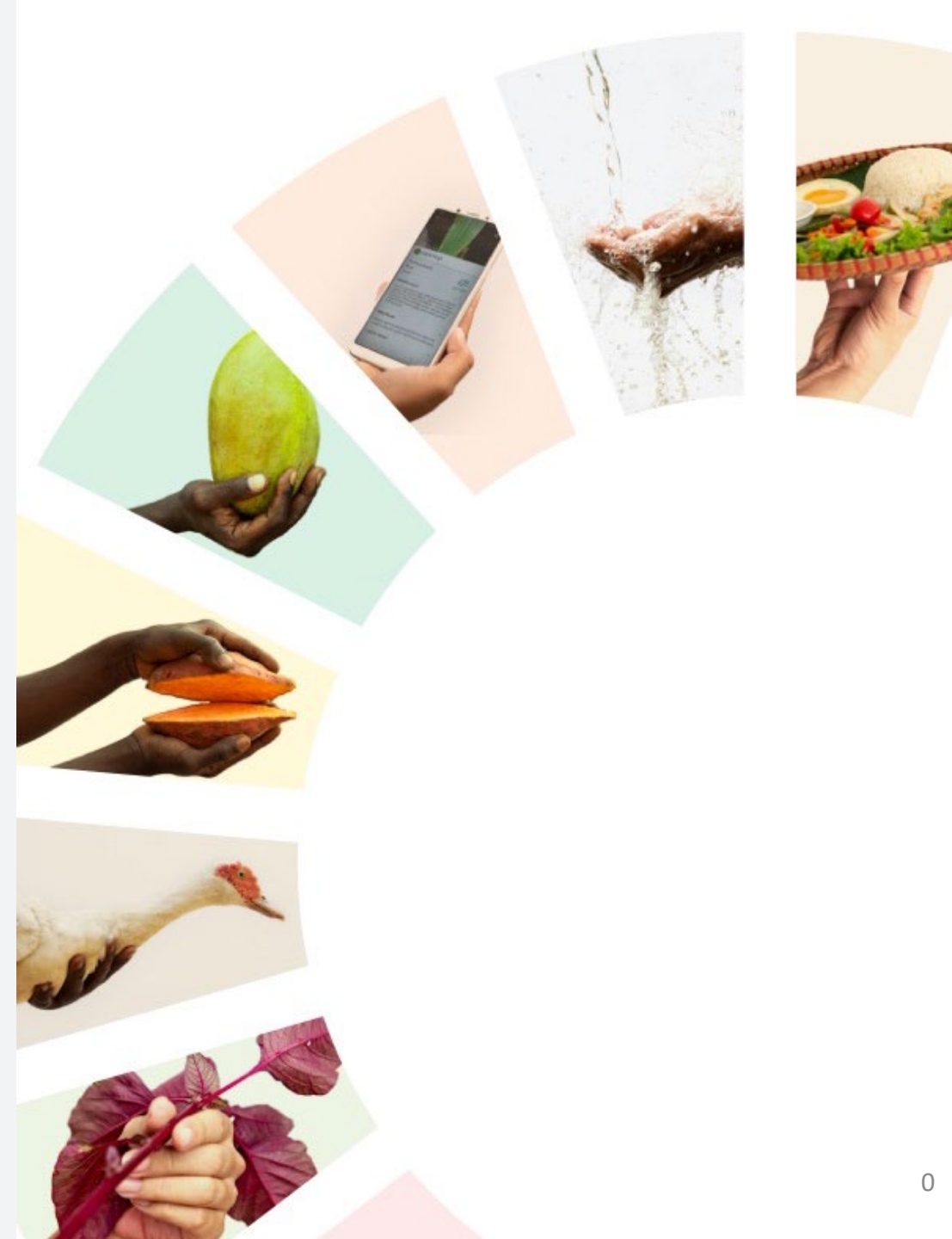


Report on operations of the Assurance Oversight Committee (AOC)

Purpose: For information: This document sets out an overview of the AOC's activities and assurance provided in CGIAR on its under its mandate during 2022.



Context of the AOC's functioning in 2022

AOC membership provisions from its TOR

Para 6: Composition

Membership of the AOC shall be composed of a maximum of five (5) persons, the majority of whom shall be independent members.

Other members shall be selected from amongst the Council's voting member constituencies.

- In April 2022, one independent member of the AOC (Maurice Goddard) stepped down from the AOC to take up employment in a senior assurance-related role with one of CGIAR's System Council members (thus, no longer satisfying the 'independence' test).
- As a result, the AOC membership did not meet the criteria of a majority of independent members and could not convene on a quorate basis. At this time, exploratory work had commenced on reviewing the AOC's mandate and membership alongside that of CGIAR's common Audit, Finance & Risk Committee (for Centers and System Organization). It was thus agreed with the remaining AOC members to pause recruitment of a replacement AOC member at that time, to leave space for those discussions to evolve.
- To ensure effective lines of communication and for the AOC members to be assured that oversight of key areas related to its mandate was being undertaken by appropriately qualified professionals during 2022, the AFRC Chair proposed, and AOC members agreed, that a standing invitation to observe AFRC meeting would be extended to the remaining two AOC members until a future membership decision was reached.
- AOC members also had access during the year to all AFRC meeting materials and resources and held periodic update discussions with the AFRC Chair and Secretary to the AOC including discussion on the future role of the AOC which will feed into continued exploration of this in the coming year.
- **By agreement with the AOC members and the AFRC Chair, the following slides thus set out an overview of assurance provided through activities of the AOC and AFRC on key elements of the AOC's TOR in 2022.**

Assurance functions related to internal audit across CGIAR

AOC role from its TOR

Para 5: Provision of:

- a. Input on behalf of the Council into the periodic review and approval by the Board of terms of reference and a process for fulfilling the Internal Audit Function arrangements for the CGIAR System
- b. Advice on the System's Internal Audit Function arrangements; whether they provide sufficient system-wide assurance consistent with the risk management framework of the CGIAR System and whether such arrangements are appropriately funded

Internal audit 2022 priorities

- Recruitment of a whole of CGIAR Chief Audit Executive ('CAE'):
 - Diverse Panel chaired by AFRC Chair
 - Appointment anticipated to commence in early 2023
- Ensuring effective interim IA leadership: Supporting Acting Co-CAEs in driving closer collaboration among Center Heads of Internal Audit, alignment in planning and audit approaches

AFRC Reflections on internal audit arrangements in 2022

- Improved visibility across CGIAR risk landscape and audit coverage
- Improvements observed in coordination/consistency across all audit functions, recognizing that there remains scope for improved maturity and to embed a true 'business partner' approach in some areas
- Revised streamlined audit rating system approved to support better understanding/implementation of audit findings by management

Assurance functions related to external audit across CGIAR

AOC role from its TOR

Para 5: Provision of
d. Consideration of consolidated metrics on the quality and independence of internal audit arrangements and external audit providers throughout the System, and offer recommendations to the Council regarding any System-wide assurance risks or gaps which may arise

AFRC Reflections on external audit provision and activities in 2022

- For the first time, the AFRC had visibility across all external audits undertaken on CGIAR entities' annual financial statements
- Meetings were held with each entity's senior management and the external audit partners, including in camera sessions with auditors
- AFRC satisfied in all cases with auditor independence – and recommended that a tender be prepared to explore use of a single audit firm with global coverage for future years
- Opportunities exist to improve common presentation of financial statements in future years

Oversight of CGIAR-wide governance, risk management and internal controls (1/2)



AOC role from its TOR

Para 5g: Review of strategic-level risk exposures and the steps taken to monitor and control such exposures

Para 5h: Review of consolidated information on corrective actions taken under funding agreements and the risk management framework of the CGIAR System, providing observations on the adequacy and relevance of those actions

Management of risks and opportunities during transition to One CGIAR

- The AOC8 meeting (Jan 2022) and an ad hoc call together with the AFRC Chair in July 2022 focused on risk management and ethics & business conduct matters
 - Discussion with EMT on overall process of risk identification, monitoring and management;
 - Key transition risks and mitigation strategies, including how these have evolved between each meeting
- Quarterly meetings of the AFRC during 2022 have had risk management as a key focus – across CGIAR through interaction with the EMT (and Executive Managing Director since September 2022); and through consolidation/heat-mapping of top risks across all CGIAR Centers on a bi-annual basis.

Confirmed though annual letters of assurance that no corrective actions were required in 2021 under funding agreements with Centers and the Risk Management Framework of the CGIAR System.

Oversight of CGIAR-wide governance, risk management and internal controls (2/2)



AOC role from its TOR

Para 5i: Provision of advice on the reasonableness of business plans and budget projections for the Council's advisory functions to inform the Board's submission to the Council of consolidated System entity multi-year and/or annual work programs and budgets

Para 5k: Provision of advice to the Council regarding its approval of CGIAR policies relating to System-wide governance and risk management

Plans and budgets for CGIAR's Advisory Services

- *Anticipated to be covered at AFRC8 (17-18 November 2022) when W1 budgets for 2023 for all System entities will be reviewed by the AFRC prior to presentation for approval*

Implementation of CGIAR Ethics Framework as key System-wide policy

- October 2022 saw delivery of the enhanced 'CGIAR Ethics & Business Conduct Annual Report July 2021-July 2022', building on earlier periodic 'Integrity Reports' in prior years. The October 2022 report focuses on CGIAR's implementation of a holistic 'ethics-first' culture and approach
- Reviewed by the AFRC and System Board in recent meetings, this is also included on the main SC17 agenda

AOC Membership and AFRC membership during 2022

AOC Member Name	Member Type	Term
Daniel van Gilst	System Council member (Norway)	Current member
Muriel Uzan	Independent member	Current member
<i>Maurice Goddard</i>	<i>Independent member (also on AFRC)</i>	<i>Until April 2022</i>

AFRC Member Name	Role
Clarissa van Heerden	Independent Chair
Nancy Andrews	Member
Esteban Chong	Member
Richard Golding	Member
Chemutai Murgor	Member
Hilary Wild	Member
<i>Maurice Goddard</i>	<i>Member (also on AOC) – until April 2022</i>

Looking ahead to 2023

- **Short-Medium term:** Filling vacancies arising on AOC to mid-2023 to permit more regular Committee operations; selection of AOC Chair
- **Medium-Longer term:** Reflections on future TOR/role in context of overall assurance provision of oversight needs
- **Ongoing:** Continued close interaction with Chair of AFRC