Executive Report

Assurance Oversight Committee (AOC) 11th Meeting
Wednesday 6 December 2023, 14:00-18:00 CEST
Virtual

Introduction

1. The 11th meeting of the System Council's Assurance Oversight Committee (AOC) was held virtually on 6 December 2023, and was attended by all AOC members (see Annex 1 for participant list).

Unified Governance Review (TOR ref: B.5.k)

2. AOC members discussed the *CGIAR memorandum on the implementation of governance recommendations* with the Global General Counsel. Their reflections were summarized in an advisory note submitted to the System Council on 12 December 2023.

Internal controls oversight (TOR ref: B.5.g)

3. The Global Director, Business Operations and Finance, provided an update on the internal controls framework, which focuses on identifying and mitigating financial controls to improve the compliance environment, ensuring that CGIAR aligns with regulatory requirements, and enhancing financial information flows across Centers. This is a pilot project so far being tested in three Centers (the International Institute for Tropical Agriculture, AfricaRice, and the Alliance of Bioversity and CIAT). Related issues of standardizing key financial processes and the analyses that had been undertaken of moving to a shared service center were also discussed.

4. AOC members emphasized the importance of ensuring that these initiatives be properly sequenced, and in view of the interrelationships, that the overall implementation plan be carefully designed and resourced. The AOC observed that the process thus far could have benefitted from a more robust methodology with guardrails. They discussed the process, timeframe, collaboration with internal audit, buy-in from Centers, and the deep change management expertise required for implementing initiatives of this nature.

5. **Recommendation:** The AOC suggests that Business Operations and Finance conduct a lessons learned exercise and present this to the Audit, Finance, and Risk Committee (AFRC) before expanding the pilot project and moving ahead with the related initiatives.

External audit (TOR ref: B.5.d-e)

6. The Global Director, Business Operations and Finance, explained that the process to recruit a common external auditor has been stopped for now as the cost of moving to a new external audit model would be excessive. AOC members were disappointed with this outcome as they felt that a common firm would likely have improved overall quality of the external audits.

7. **Recommendation:** The AOC suggests that Business Operations and Finance conduct a lessons learned exercise and present this to the AFRC so that, if the process is resumed, it will have a greater chance of success. In addition, if the process is re-initiatives, drawing on the experience of other comparable entities in the bidding process would be beneficial.

Risk management (TOR ref: B.5.f-h)

8. AOC members received a presentation from the Senior Advisor, Risk Management, and discussed ongoing work to develop a system-wide risk framework, risk appetite, and risk policy.

9. AOC members commended the clear and systematic approach taken, and the progress made to date. It emphasized the importance of linking system-wide risks to the top risks at the Center-level; of ensuring a clear, independent locus for monitoring the effectiveness of risk mitigation actions; and for clear escalation processes so that informed decisions are taken at the appropriate level.

Internal audit (TOR ref: B.5.a-e)

10. The Acting Co-Chief Audit Executives presented with a focus on three aspects: 1) Update on the level of completion of the 2023 internal audit plan; 2) Update on the level of implementation of due action plans by level of risk; and 3) 2024 internal audit plan.

11. **Recommendation:** The AOC recommends that Internal Audit work with the AFRC to set a target level for implementation (currently at 37%) and convey this to management.

Ethics and business conduct (TOR ref: B.5.g)

12. AOC members received an update from the Director (a.i.), Office of Ethics and Business Conduct (EBC) on the development of the EBC function, including demand, staffing, and future plans. Modalities for reporting ethics concerns and adoption of system-wide ethics policies were discussed.

13. AOC members commended the work done since the office was established. They highlighted the risks associated with the absence of a central whistleblowing hotline and expressed support for conflict-of-interest policies to mitigate the conflicts of interest generated by the many dual-hatted CGIAR roles and complex governance. In particular, the AOC suggested that ethics policies be viewed from the lens of which particular policies needed to be governed by local laws and regulations of the host country of a Center, and which were more susceptible to standardization based on best practice and the values of the CGIAR organization as a whole.

14. A closed session was held to discuss any investigations with potential system-wide impacts.

AOC/AFRC collaboration

15. The AOC and AFRC Chairs updated committee members on their recent meeting and further discussed issues raised during AOC11. The AFRC Chair and AOC members agreed to align their messaging and feedback on certain issues such as the internal controls framework.

16. The AFRC Chair and AOC members agreed to work together to improve communications and develop a common approach on specific topics.

Any other business

17. Committee members discussed communications between the AFRC, AOC, and System Council, and how to ensure that issues are escalated when necessary and relevant. It was suggested that the AOC could produce a short executive report for the System Council after each of its meetings.

18. The next AOC meeting will be held in-person on March 14-15 in Rome, Italy. It will include a half-day meeting with the Strategic Impact, Monitoring, and Evaluation Committee (SIMEC).

Annex 1: Participation

AOC Members

Fayezul Choudhury	Independent Member
Flora Mak	System Council Member (Canada)
Rita O'Sullivan	Independent Member
Sarah Schmidt	System Council Member (Germany)
Muriel Uzan (Chair)	Independent Member

Session-specific invitees

Agenda item 2	Rutger de Witt Wijnen, Managing Director, Institutional Strategy and Systems (a.i.) and Global General Counsel
Agenda items 3-4	Marion Barriskell, Global Director, Business Operations and Finance
Agenda item 5	Georgios Solomos, Senior Advisor, Risk Management Michael Odhiambo, Consultant, Board and Council Relations
Agenda item 6	Madina Bazarova, Acting Co-Chief Audit Executive Jamila Ntege, Acting Co-Chief Audit Executive Elbert Hidding, Internal Audit Support Service Senior Officer
Agenda item 7	Steve Korir, Chief Investigations Officer, Office of Ethics and Business Conduct Joelle Leboffe, Associate, Office of Ethics and Business Conduct Alexandra Moyas, Director (a.i.), Office of Ethics and Business Conduct
Agenda items 7-8	Clarissa van Heerden, Chair, Audit, Finance and Risk Committee

System Council Secretariat

Emma Quilligan, Senior Manager, System Council Support (AOC Secretary)

Sylvia Oyinlola, Global Head, System Council Support