



CGIAR Consortium Financial Governance Framework

This Financial Governance Framework incorporates recommendations from Phase 1 of the CGIAR Governance Review¹ and is based on a recommendation made by the Consortium Board’s Governance, Risk and Compliance Committee (GRCC)² which was approved at a meeting of the Consortium Board and the CGIAR Consortium Members on 13 June 2013.

This Financial Governance Framework is effective as of 13 June 2013.

1. Background

There is an overriding expectation that the Consortium Board must govern the CGIAR Consortium to ensure that the CGIAR Consortium is financially viable and able to fulfill its purpose effectively.

The recent incident involving a Center’s investment issues, and the subsequent suspension of disbursements of Window 1 & 2 funds by the Fund Council, has underscored the requirement for mechanisms to ensure that internal controls within a Center, and accordingly used in CGIAR Research Programs, are both compliant with standards and can be relied upon for accuracy.

Constant presence of Consortium Board members, Center Board members or auditors at a Center to provide this assurance is neither desirable nor practical. Monthly reporting is onerous for the Centers’ finance departments.

The CGIAR Consortium and its members therefore agree that CGIAR Consortium members will provide to the CGIAR Consortium the reports and certifications listed in the table below, which are based upon existing reporting already done by the Centers to the CGIAR Consortium and to Centers’ own Boards.

This framework represents a starting point from which the governance relationship between the CGIAR Consortium and its members can evolve in the light of experience, and as policies presently under development are finalized. As the schedule of required governance activities will be completed, additions may be made. Meanwhile, this is the minimum schedule required.

2. Reporting and Certification Requirements

No	Report	Format	Origin	Frequency (i.e. within 6 weeks)
1.	CRP Financial Report	As agreed with CO	Lead Center DG and CFO	Quarterly
2.	Center Statement of Activities and Statement of Financial Position	Center standard format	Center DG and CFO	Quarterly
3.	Center Assurance of Compliance	In narrative format, as set forth in Annex “A”	Center DG	Annual

¹ Refer. Phase 1 report dated 18 February 2013

² Refer. GRCC’s memo to the Consortium Board dated 25 April 2013

No	Report	Format	Origin	Frequency (i.e. within 6 weeks)
4.	CRP Substantive Report	As agreed with CO (February 2013)	Lead Center	Six monthly
5.	Internal Audit Department Reports ¹	Standard report with rating	IAU	Per schedule
6.	In-house audit report executive summary ²	Standard Executive summary with rating	Center In-house auditor	Per Center schedule
7.	External Audited Financial Statements	IFRS Statements	Center	Annual
8.	Center Board Chair Certification	As set forth in Annex "B"	Board Chair	Annual
9.	CRP Forecast to year end made at the end of Quarter ³ , Center Revenue & Expenditure Forecast to year end at made at the end of Quarter 3.	Standard CRP, Center format	Center DG and CFO to Lead Center Lead Center DG and CFO	1ce or 2ce pa, Q2, Q3
10.	CRPs to prepare 2 year budget/cash flow forecasts	Standard CRP format	Ditto	Q3
11.	Centers to prepare 2 year budget/cash flow forecasts	Standard Center format	DG and CFO	Q3
12.	Material change in risk profile	Brief written report, or Heat Map with reasons for material change discussed	DG and CFO	As needed
13.	Trouble-shooting as needed	Brief written report	CO CFO	As needed

In addition, and for mutual communication, one member of the Consortium Board is to attend a Center Board meeting annually.

Annex “A” – Director General annual statement of assurance

To place on letter head of Center

Date

**Statement of Assurance to the CGIAR Consortium for operations
during [year] Calendar Year**

I, [name], Director General of [name of Center] (“the Center”) provide this Statement of Assurance to the CGIAR Consortium.

This Statement of Assurance applies to the Center’s own operations, including in relation to its role as Lead Center or Program Participant in any CGIAR Research Program(s) (“CRP”).

The Center is committed to a strong control environment based on integrity, ethical values and open communication. I acknowledge that such an environment is supported by our risk management process and control activities, and is validated by independent monitoring activities.

In particular, I acknowledge that to the best of my knowledge there are adequate internal control systems, including risk management policies, in place to ensure that the Center:

Management Responsibilities and Internal Control

- Used funds received during [year] for their intended purposes and complied with all applicable and material grants and funding agreements;
- Complied with the CGIAR Financial Guidelines and the Center’s internal financial policies and procedures;
- Implements adequate internal financial controls and risk management policies;
- Complies with the Center’s procurement policies and procedures;
- Complies with the Center’s investment policy and receives independent external financial investment advice as deemed appropriate;
- Complies with the Center’s policies related to staff security, physical security of Center assets, data management and integrity, financial fraud, and that any material detected issues have been reported and acted upon in accordance with the Center’s policies; and
- Has carried out due diligence of partners to the extent deemed necessary or appropriate by the Center, in accordance with the Center’s background check or due diligence process.

Contingent Liabilities

The Center acknowledges that, to the best of its knowledge, it:

- Is not confronted with un-asserted material claims or assessments; if there are any, reference is made to them at the bottom of this document;
- Is not aware of any material or possible material violations under applicable laws or regulations in any jurisdiction in which the Center operates, or under any of the Center's agreements with national authorities; if there are any with material impact, reference is made to them at the bottom of this document;
- Has not received communications of significance from regulatory agencies or government representatives concerning investigations for, or allegations of, non-compliance with any material laws or regulations or with the Center's agreements with national authorities; if there are any which could materially impact, reference is made to them at the bottom of the document;

Fraud

- Has no knowledge of any fraud or suspected fraud (including scientific) of materiality beyond any case that has already been brought to the attention of the audit and risk committee of the Center's board.

Yours sincerely,

Printed Name:
Director General

The following references Contingent Liabilities of material impact, if any, as stated above.

1. *Un-asserted claims or assessments:*
2. *Violation or noncompliance with laws or regulations:*
3. *Information or communication from agencies or government representatives concerning investigations or allegations:*

Annex “B”

[Placed on Center Letterhead and signed by Board Chair]

[Date]

Chair of the Board of Trustees’ annual certification for [year] calendar year

I certify that, to the best of my knowledge and belief,

- All members of the Board of Trustees, and any Center staff as may be required under the Center’s policies, have made a signed declaration of conflicts of interests --- whether perceived or actual ---- and appropriate action has been taken to manage any such conflicts;
- The Board of Trustees has carries out an annual evaluation of the Director General’s performance in accordance with the Center’s human resource policies;
- The Board of Trustees has carried out an annual evaluation of the performance of the Board Chair, the members of the Board of Trustees, the Board Secretary and the overall functioning of the Board and its committees; and
- The Board of Trustees and each of its committees have complied with their respective mandate and terms of reference.

Yours sincerely,

Printed name:

Chair of the Board of Trustees