

Integrated Partnership Board Audit, Finance and Risk Committee Terms of Reference¹

A. Purpose

1. The Integrated Partnership Board Audit, Finance and Risk Committee (“**IPB AFRC**”) is a committee of the Integrated Partnership Board (“**IPB**”).
2. The IPB AFRC assists and reports to the IPB in its responsibility for oversight for the CGIAR System Organization and the Integrated Partnership in areas that impact the collective interests of the IFA Parties. Those areas include:
 - a. Capacity and performance of internal audit;
 - b. Delivery of independent external audit;
 - c. Financial reporting process, financial performance and the integrity of financial information;
 - d. Systems of risk management;
 - e. Internal control framework;
 - f. Ethics and business conduct framework; and
 - g. Compliance with applicable laws, regulations and codes of conduct.
3. The IPB AFRC serves the IPB in all matters covered by these Terms of Reference.

B. Interpretation and operational context

4. Capitalized terms not defined in these Terms of Reference shall have the meanings attributed to them in the Charter of the CGIAR System Organization (“**Charter**”) and the CGIAR System Framework (“**Framework**”), as updated from time to time.
5. For the purpose of these Terms of Reference:
 - a. “**Center**” means a Center that is a party to the IFA;
 - b. “**IFA Party**” means a legal entity that is a party to the IFA;
 - c. “**Integrated Partnership**” means the enhanced collaboration between the IFA Parties, as set out in the IFA;

¹ Approved by decision of the CGIAR System Board (Decision Reference SB/M29/EDP10).

- d. **“Integration Framework Agreement”** or **“IFA”** means the agreement between the IFA Parties effective 1 January 2023;
- e. **“Internal Audit Arrangements”** means the internal audit arrangements in place to provide independent and objective assurance and advisory services to the respective IFA Parties; and
- f. **“System Organization”** means the international organization governed by the CGIAR System Charter, with its organs being the Integrated Partnership Board and the Executive Managing Director.
6. The System Organization, including the IPB and the IPB AFRC, work in consultation with the System Council, and its committees, in accordance with the terms of the Charter and the Framework, and in good faith in the interests of the Integrated Partnership.

C. Responsibilities relating to Audit & Assurance matters

7. The IPB AFRC shall undertake the following responsibilities, delegated to it by the IPB²:

Article:	Role	Integrated Partnership	System Organization
<i>External audit</i>			
a.	Guidance alignment of the output and quality of external audits to meet the needs of the Integrated Partnership	✓	
b.	Lead process to review the adequacy of external audit arrangements, select the external auditor, and evaluate their ongoing performance and effectiveness		✓
c.	Recommend to the IPB the appointment, retention, rotation and/or termination of the external auditor and approve their terms of engagement and compensation		✓
d.	Approve annual external audit plan and the scope of any non-audit services, and satisfy themselves as to the independence of the external auditor		✓
e.	Review and recommend to the IPB the approval of the annual financial statements, and report on significant financial reporting issues and judgments		✓
f.	Monitor and report to the IPB on management's response to and implementation of recommendations arising from external audit and audits conducted by/ on behalf of funders		✓
g.	Hold regular in-camera sessions with the external auditor		✓

² The CGIAR Integrated Partnership Board has oversight roles relating to the Integrated Partnership, and of the System Organization.

Article:	Role	Integrated Partnership	System Organization
<i>Internal audit</i>			
h.	Recommend to the IPB the criteria upon which they provide periodic assurance to the System Council Assurance Oversight Committee that effective Integrated Partnership internal audit arrangements are in place that are consistent with the risk management framework of the Integrated Partnership	✓	
i.	Provide recommendations on the completeness, effectiveness and resourcing of Integrated Partnership internal audit arrangements, taking into account the risk management framework of the Integrated Partnership	✓	
j.	Work with senior leadership to position the internal audit arrangements at appropriate levels, to enable the internal audit function's unrestricted access to data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate	✓	✓
k.	With consideration of the overall Integrated Partnership internal audit arrangements and structures, approve the risk-based work plans and budgets for the ongoing delivery of internal audit to address assurance needs	✓	✓
l.	Review internal audit reports and recommendations, and monitor implementation of these by management	✓	✓
m.	Approve the SO Internal Audit Charter that reflects the appropriate authority, role, and responsibilities of the internal audit function as agreed by the Integrated Partnership internal audit arrangements, the Chief Audit Executive and senior leadership. Regularly review the Internal Audit Charter regarding the internal audit arrangements and approve amendments as required		✓
n.	Review the requirements necessary for the Chief Audit Executive to manage the internal audit function as required by the International Professional Practice Standards of Internal Auditing including roles and responsibilities and necessary qualifications, experience, and competencies to carry out these roles and responsibilities		✓
o.	Set expectations for and review the completeness, effectiveness, quality and resourcing of the internal audit function within the wider Integrated Partnership internal audit arrangements, the risk profile, overall assurance needs, and the work of other assurance providers		✓

Article:	Role	Integrated Partnership	System Organization
p.	Review the internal audit function quality assurance and improvement program and approve the internal audit function's performance objectives at least annually		✓
q.	In coordination with the Integrated Partnership internal audit arrangements, approve the appointment/renewal/termination of the Chief Audit Executive; set and review their objectives; satisfy itself as to the independence of internal audit; recommend the remuneration of the CAE; and conduct their annual performance assessments with inputs from senior leadership		✓

D. Responsibilities relating to Financial Oversight matters

8. The IPB AFRC shall undertake the following responsibilities, delegated to it by the IPB:

Article:	Role	Integrated Partnership	System Organization
<i>Financial oversight – policies, guidelines and processes</i>			
a.	Advise on policies and guidelines that prescribe formats for, and the periodicity of, financial management and budget reporting for the Integrated Partnership that align with internationally recognized financial standards	✓	
b.	Advise on effectiveness of the process for the preparation and approval of multi-year, consolidated business plans and budget projections for the administrative costs of the Integrated Partnership and the means by which such costs can be financed	✓	
c.	Periodically assess the appropriateness and application of financial policies and principles and recommend any necessary changes for them to align with the applicable accounting standards and financial reporting framework	✓	✓
d.	Periodically assess the appropriateness of investment and cash management policies and ongoing compliance with these policies, ensuring that they align with approved risk appetite statement, and make recommendations to the IPB as required	✓	✓
<i>Financial oversight – budget review/approval</i>			
e.	Review the proposed annual financing plans for the CGIAR Portfolio, alerting the IPB to any perceived risks in the proposed allocation of financial resources having regard to System Council approved uses of funding allocations	✓	

Article:	Role	Integrated Partnership	System Organization
f.	Review the annual budgets of the System entities and CGIAR Portfolio and its sufficiency to provide for delivery of the annual workplan and recommend to the IPB for approval	✓	✓
<i>Financial oversight – monitoring</i>			
g.	Review consolidated Integrated Partnership-level financial reporting as appropriate and in advance of submission of any such reports to the System Council	✓	
h.	Monitor and advise on financial position, performance and risk profile of investments	✓	✓
i.	Periodically review forecasts of available resources for the CGIAR Portfolio and monitor the financial position of the System entities, recommending appropriate corrective action to be taken in the circumstances of an adverse financial position	✓	✓
j.	Monitor the implementation of the approved budget and alert the IPB to any deviations, including possible corrective actions as required		✓

E. Responsibilities relating to Risk and Compliance matters

9. The IPB AFRC shall undertake the following responsibilities, delegated to it by the IPB:

Article:	Role	Integrated Partnership	System Organization
<i>Risk Management and Internal Control Systems – policies, procedures and guidelines</i>			
a.	Advise on appropriate Integrated Partnership risk management framework, risk appetite statement and escalation procedures for recommendation to, and approval by, the System Council	✓	
b.	Periodically assess the appropriateness and application of CGIAR policies and frameworks, having regard to how these align with CGIAR's risk appetite in the relevant area, and recommend appropriate changes	✓	
c.	Provide input into the IPB's framing of a risk appetite statement, ensuring alignment with CGIAR's overall risk appetite		✓
d.	Recommend to the IPB approval of the annual Statement on Risk Management for inclusion in the entity's annual financial statements		✓
<i>Risk Management and Internal Control Systems – monitoring</i>			

Article:	Role	Integrated Partnership	System Organization
e.	Periodically review compliance with the Integrated Partnership risk management framework across IFA Parties and report annually to the IPB	✓	
f.	Oversee the efficiency and effectiveness of risk management, internal compliance and control systems and make recommendations to the IPB as required	✓	✓
g.	Recommend a process by which the IPB may continually obtain reasonable assurance from management teams that all known and emerging risks have been identified and are being appropriately mitigated or managed	✓	✓
h.	Review and report on significant financial and operational risk exposures and the steps taken by management to monitor and control such exposures	✓	✓
<i>Ethics/Code of conduct/Whistleblowing and investigations</i>			
i.	Monitor overall compliance with the CGIAR Ethics Framework and related policies, report on significant areas of non-compliance and provide consolidated reporting to the IPB and the System Council's Assurance Oversight Committee on matters arising	✓	✓
j.	Advise on the appropriateness and timing of any further escalation to the System Council of significant events raised through audit, risk and/or whistleblowing processes	✓	✓
k.	Oversee the process of investigation of credible concerns of fraud, financial irregularity or other matters presenting material risk exposure to the Integrated Partnership (including those reported through the collective whistleblowing mechanisms) and advise the IPB of the outcome of such investigations as required	✓	✓
<i>Business Continuity Planning and Cybersecurity</i>			
l.	Advise on effective business continuity planning and incident response reporting as part of CGIAR's risk management approach and internal control framework, aligned to CGIAR's risk appetite, and monitor its implementation	✓	✓
m.	Advise on effective business continuity planning, including effective cybersecurity strategy, data protection and privacy, and incident response planning and be kept apprised of the threat landscape and management's processes for monitoring and identifying vulnerabilities	✓	✓
<i>Tax & Legal Compliance</i>			

Article:	Role	Integrated Partnership	System Organization
n.	Receive updates on material compliance and/or litigation matters that have potential to affect the Integrated Partnership as a whole and advise the IPB as required	✓	
o.	Monitor the effectiveness of systems of compliance with host country obligations and laws/regulations, make recommendations as relevant and receive updates on material compliance matters advising the IPB as required		✓
p.	Receive updates on litigation including assessments of contingent liabilities associated with such litigation in the event of judgements and advise the IPB as required		✓
<i>Environmental, Social and Governance (ESG)</i>			
q.	Advise the IPB and senior leadership on high-level ESG related risks	✓	✓

F. Other Responsibilities

10. The IPB AFRC may, on request or at its own initiative, provide advice on any matter under its mandate to the IPB.
11. IPB AFRC members, with the exception of the IPB AFRC Chair, shall serve as a voting member on at least one Center Board and serve on their respective Center AFRC. The IPB AFRC shall nominate the members to be appointed to each Center Board/AFRC in consultation with Center Boards, having regard to the number of Centers each member has been appointed to. (UGR 6e&f)
12. Without prejudice to its formal reporting lines to the IPB, the IPB AFRC shall establish and maintain effective coordination and communications with the System Council’s Assurance Oversight Committee, or any other standing committees as may be established, to facilitate delivery on the respective mandates of the committees, thus ensuring open and transparent communications, and the appropriate escalation and de-escalation of matters as relevant to the differing bodies with oversight responsibilities within the Integrated Partnership.

G. Composition, Qualifications and Terms

Composition and qualifications

13. The IPB AFRC shall have no more than eight members one of whom shall be the IPB AFRC Chair. (UGR6c)

14. In case the number of IFA Parties increases with a new party joining the IFA or decreases with a current Party withdrawing from the IFA, the number of IPB AFRC members shall be reviewed and may be adapted as appropriate.
15. The members of the IPB AFRC, with the exception of the Chair who shall be appointed by the System Council as set forth in paragraph 24, shall be appointed by the IPB, based on nominations received from an ad hoc nomination committee comprised of two members of the IPB (or their delegates), two Center Board Chairs (or their delegates), two System Council members (or their delegates), and one external member to be appointed by the other members of the committee. (UGR6a)
16. The process of nominations and selection is anticipated to happen no more than annually and shall be supported by the IPB AFRC Secretariat team.
17. The IPB AFRC membership shall include:
 - a. At least two external independent persons, with no affiliation to the CGIAR in the three years prior to their appointment as a member of the IPB AFRC; and
 - b. Additional members as required who bring the relevant expertise and experience as set forth in the paragraph below.
18. Relevant expertise and experience of the IPB AFRC members means:
 - a. Solid financial acumen and experience;
 - b. Experience serving on an audit/risk/finance/ethics/assurance committee of a complex organization similar to CGIAR;
 - c. At least 50% of members holding professional qualifications in accounting, finance, risk and/or business administration with minimum of 10 years' expertise; and
 - d. Risk, ethics, legal compliance, investment/treasury, cyber and ESG expertise are considered desirable.
19. Due consideration shall be given to the complementary skills and experience necessary to address the complex audit, finance and risk landscape of the Integrated Partnership and the IFA Parties. (UGR6i) Selection of members shall be guided by the IPB AFRC Member Profile.
20. Taking note of the independence element of the IPB AFRC's mandate set out in the Charter, no Center or System Organization staff member shall be appointed as a member of or expert advisor to the IPB AFRC. Additionally, any person serving as a Chair of a CGIAR Board shall not be appointed as a member of or expert advisor to the IPB AFRC.
21. The Chair of the System Council's Assurance Oversight Committee, or their delegate, shall have a standing invitation to all formal meetings as an Active Observer.

Terms

22. Members of the IPB AFRC shall be appointed to serve a term of up to three years and shall serve until their successors shall be duly appointed or until such member's earlier resignation or removal. Members may be reappointed provided that no member shall serve in excess of six years in aggregate. The precise appointment term shall be determined taking into account the desirability of achieving a staggered rotation of IPB AFRC members. Resulting membership terms on CGIAR Boards shall be aligned with membership terms on the IPB AFRC.
23. An effective rotation shall take into account the following principles where possible:
 - a. Ensure continuity (do not change all members at same time); and
 - b. Ensure diversity of members (e.g. region, gender, skills and expertise).

H. Chair

24. The IPB AFRC Chair shall be appointed by the System Council following nomination by the System Council's Nominations Committee for a term of up to three years. The IPB AFRC Chair may be re-appointed by the System Council as guided by IPB membership terms.
25. The IPB AFRC Chair serves as a voting member on the IPB but typically does not serve as a member of any Center Board/AFRC. ([UGR 6c&d](#))
26. In the event of an unanticipated departure of the IPB AFRC Chair, the IPB may appoint an interim IPB AFRC Chair until a new IPB AFRC Chair has been appointed by the System Council.
27. It shall be the responsibility of the IPB AFRC Chair to ensure that channels for regular and open communication among IPB AFRC members and with the IPB are in place as well as determining the most effective way to ensure strong links with key management staff and establish such protocols.
28. It shall be the responsibility of each IPB AFRC member to ensure regular and open information sharing of relevant Center AFRC matters with all IPB AFRC members keeping in mind confidentiality where necessary.

I. Operations

The IPB AFRC shall be governed by the following provisions:

29. **Meetings:** The IPB AFRC shall typically meet quarterly, and more often as determined by the IPB AFRC Chair in consultation with the members. Meetings may be held in person or by virtual means.
30. **Secretariat:** A representative of the CGIAR Governance Team shall serve as Secretary to the IPB AFRC, support the IPB AFRC Chair in preparation of the meetings and

maintain all records of the IPB AFRC.

31. **Quorum:** A simple majority of members shall constitute a quorum for the transaction of business provided such majority includes the IPB AFRC Chair or their designate.
32. **Workplan and Agendas:** The IPB AFRC Chair and Secretariat shall maintain an annual workplan, and a draft Agenda will be developed for each meeting and distributed to IPB AFRC members ten days before the meeting.
33. **Meeting documents:** Documents for each meeting shall, to the extent practicable, be posted on the IPB AFRC meeting site by the Secretariat seven days prior to each meeting to permit meaningful review in advance of the meeting.
34. **Decision-making on matters for recommendation to the IPB:** The IPB AFRC Chair shall aim for consensus on all decisions. If consensus cannot be reached on a recommendation being formally put to the IPB, both the majority and minority positions shall be reported to the IPB.
35. **Invited guests and subject matter experts:** Guests or subject matter experts may be invited to participate in IPB AFRC meetings or sessions as relevant, at the invitation of the Chair. Those persons may include, but are not limited to:
 - a. Integrated Partnership Board Chair
 - b. Executive Managing Director/Deputy Executive Managing Director
 - c. Senior management roles responsible for Risk, Finance, Governance, Legal, Ethics, Operations and other assurance-related functions
 - d. Chief Audit Executive
 - e. External auditor

Other participants may attend sessions/meetings as determined appropriate by the IPB AFRC Chair who may choose to consult with other members where necessary.
36. **Authority:** The IPB AFRC shall have unrestricted access to information, records, data and reports it considers necessary to fulfil its responsibilities. In discharging its responsibilities, the IPB AFRC has unrestricted access to (including in closed sessions without management present, as relevant):
 - a. Executive leadership, other management and staff of CGIAR and the System Organization;
 - b. Chief Audit Executive; and
 - c. External auditors to seek explanations and information from them.
37. **Access to expertise, including consultants:** The IPB AFRC in fulfilling its duties under these Terms of Reference may draw on CGIAR staff expertise, and may engage external resources for legal and/or investigation work required to fulfill its mandate.
38. **Reporting:**
 - a. Summaries of IPB AFRC meetings shall be made available to the IPB after each regular meeting.
 - b. Communication of IPB AFRC deliberations regarding topics relevant to the

Integrated Partnership and on cross system issues shall be communicated to Center Boards via the Center Board Chairs/AFRC. (UGR6g)

39. **Meeting summary:** To the extent possible, meeting summaries shall be prepared as follows:
- a. Provided to the IPB AFRC Chair by the Secretariat within ten days after the close of the meeting;
 - b. Reviewed by the IPB AFRC Chair and circulated to the IPB AFRC members for consultation within four days thereafter;
 - c. Finalized between the IPB AFRC Chair and the Secretariat within a further seven days of receiving member inputs; and
 - d. Sent by the Secretariat to the IPB within three days of finalization.
40. **Delegation of Authority:** The IPB AFRC shall have the power to delegate on an exceptional basis its authority and duties to the IPB AFRC Chair or individual members as it deems appropriate.

J. Declarations of interests and independence

41. **Declarations of interests:** All IPB AFRC members must act in accordance with CGIAR's Code of Conduct for Governance Officials³, and self-identify and declare actual, potential or perceived conflicts of interest as and when they become aware of them including through annual declarations, on the receipt of agendas for each meeting and during meetings as new information becomes available.
42. **Declarations of independence:** All external independent members shall be required to sign a declaration of independence upon joining the IPB AFRC.

K. Remuneration

43. **Honorarium:** Members of the IPB AFRC shall receive an honorarium for service on the IPB AFRC according to the honorarium framework applicable to the IPB.
44. **Travel expenses:** Travel and out of pocket expenses related to in-person meetings shall be reimbursed according to the travel and expenses policy applicable to the IPB.

L. Performance Evaluation

45. **Performance:** The IPB AFRC shall evaluate its own performance on an annual basis having regard to the principles and responsibilities set out in these Terms of Reference and report the outcome of such to the IPB. An external evaluation every three years shall be considered by the IPB AFRC.

M. IPB AFRC Terms of Reference

³ <https://storage.googleapis.com/cgiarorg/2020/11/CGIAR-Code-of-Conduct-Gov-Officials-Approved-03.11.20.pdf>

46. The Terms of Reference of the IPB AFRC have been developed and approved by the IPB with input from the Centers. [\(UGR6b\)](#)
47. The IPB AFRC and Center AFRCs shall agree on fundamental requirements in the Terms of Reference, which may be supplemented by Center Boards and the IPB to reflect any requirements related to the mandate and risk profile of the Centers or Integrated Partnership. [\(UGR6h\)](#)
48. The IPB AFRC shall review these Terms of Reference every two to three years and recommend any proposed changes for approval by the IPB.