

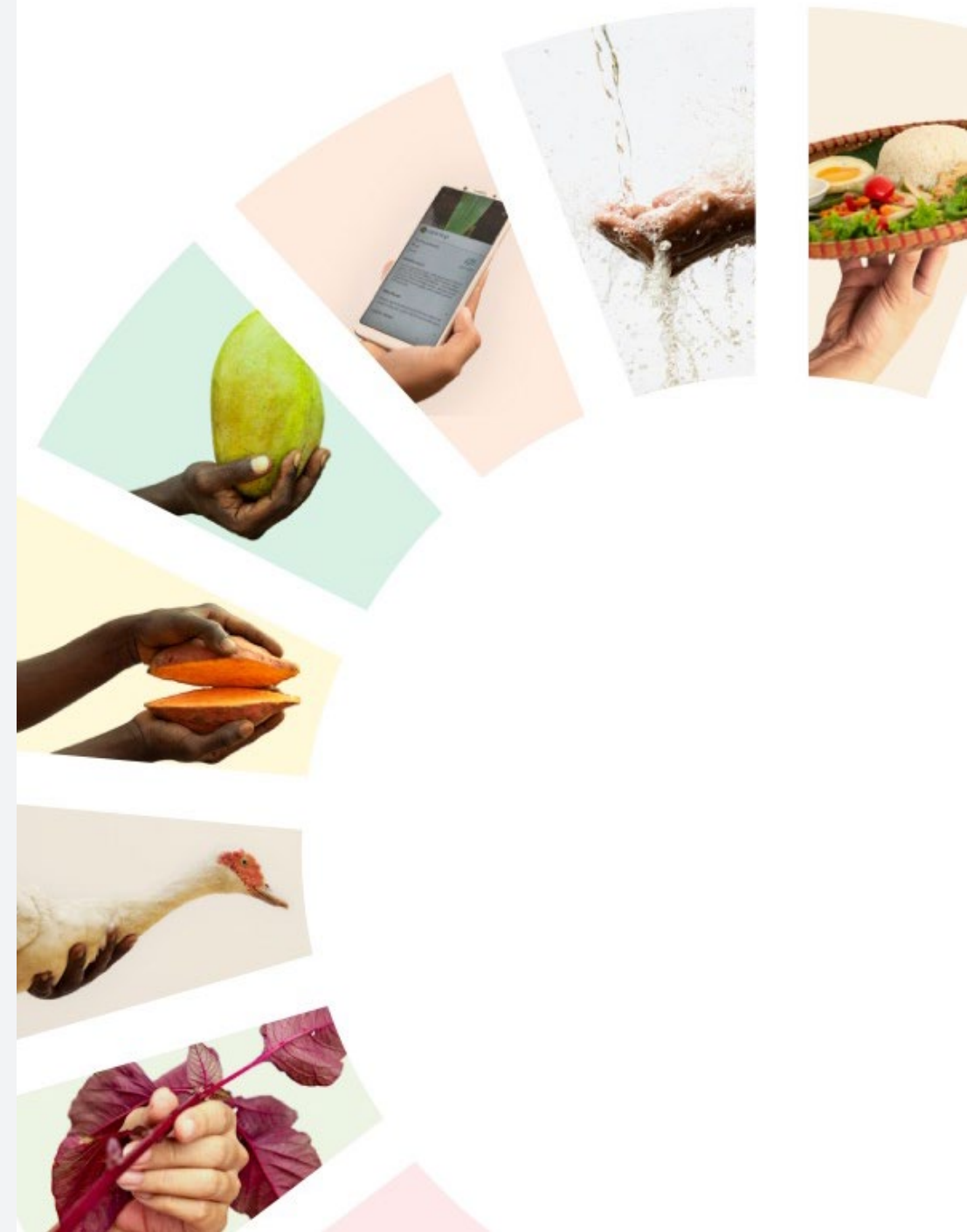


Agenda Item 09
Document SC21-09
For information
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Report from the Assurance Oversight Committee (AOC)

Presented by: Renaud Seligmann and Sarah Schmidt
(AOC members)

Supporting documentation: SC21-09 AOC report



Recap of AOC roles and responsibilities

The AOC provides four key areas of system-wide level assurances to the SC:

Internal Audit Oversight

Assurance that internal audit arrangements are fit for purpose

Risk Management Framework Oversight

Assurance that the risk framework is adequate, fit for purpose, and appropriately supported and funded

Governance and Internal Controls Oversight

Advice regarding CGIAR policies related to System-wide governance and risk management

External Audit Oversight

Assurance of the independence and quality of external audit functions and provision of a structured reporting line to the SC on issues with potential system-wide impacts

Additional responsibilities undertaken in 2024

In 2024, the System Council asked the AOC to assume additional tasks. These included:

- Consulting with the Integrated, Coordinated, and remain Independent (ICI) forum on the proposed **Risk and Oversight Plan** to ensure that a reasonable level of assurance will be achieved with the roles and responsibilities defined for Risk Management, Internal Audit, External Audit, internal controls and EBC.
- Providing advice regarding the proposed changes to the **Charter of the CGIAR System Organization** and the **CGIAR System Framework**.
- Overseeing investigations where the AFRC was conflicted, including as outlined in the **System Council Action Plan**.
- Joining the **IPB-AFRC Nominations Committee** (two independent members).

AOC key conclusions for 2024

- Underscored the critical importance of accountability, transparency, and integrity for the successful operation of CGIAR.
- AOC has significantly stepped up its roles to address the 'red flag' issues and contribute to the Risk & Oversight Plan. Material time investments and support have been (and will continue to be) required.
- While good progress has been made to evolve the proposed Risk & Oversight Plan, some key areas are pending specific details and/or clarification. AOC will continue to watch implementation closely, in collaboration with the ICI Forum and IPB-AFRC.

AOC oversight of the System Council Action Plan

- In September, SC voting members agreed that the AOC should investigate and oversee (where applicable) the allegations made against CGIAR and report back to the SC voting members.
- Details of the Action Plan were discussed during closed session. At this point, 9 of 12 items under the Action Plan have been closed. The following items are pending:
 - A.1 – Dismissal of a senior scientist by CIMMYT
 - A.2 – EBC independence was affected
 - B.3 – Renumeration of governance officials
- **Decision request:** The System Council is requested to endorse the Action Plan status update provided by the AOC.

AOC involvement in the evolution of the Risk & Oversight Plan

- AOC worked with the ICI Forum to provide recommendations relating to internal and external audit, risk management, internal controls, and Ethics & Business Conduct functions within the Risk & Oversight Plan.
- Most of the AOC recommendations were taken up and incorporated into the Plan.
- As detailed in the AOC advisory note to the SC, the AOC **endorsed the comments provided by the AFRC, has highlighted areas for careful monitoring during implementation, and endorses the ROP.**

Assurance functions related to internal and external audit

Updates during June-Nov 2024

- In November, the (new) Acting Chief Audit Executive provided an update to the AOC on Center-specific and thematic internal audit reports (highlighting potential system-wide impacts) and an update on the level of implementation of action plans. The Acting CAE informed that, as of 30 October, 77% of action plans are past their due date and that this number is high but reducing.
- The Acting CAE confirmed that management have committed to implementing audit recommendations, though some may take time to implement. The internal audit community were involved in the ROP development and are supportive of the final document, which they feel is a realistic plan.
- **AOC is supportive of the independent and professional exercise of the internal audit function and have advocated for an empowered IP-IAE under the ROP.**
- **The AOC recommended that CGIAR work towards a single external audit firm for quality assurance, in line with international standards. Under the ROP, this is proposed by 2027.**

Oversight of System-wide governance

Updates during June-Nov 2024

- AOC provided **advice regarding the proposed changes to the Charter of the CGIAR System Organization and the CGIAR System Framework**. Further feedback will be provided for the next round of revisions beginning in Q1 2025.
- AOC notes that the **EBC function** needs sufficient budget, staff, and management support to effectively fulfil its role. A commitment to transparency for the reporting and escalation of governance issues is also needed.
- In collaboration with SIMEC, AOC provided **feedback to the Independent Advisory and Evaluation Service (IAES) on the consolidated 2025-2027 budget**. AOC found the base budget to be reasonable and provided an opinion to the IPB on the IAES business plans and budget projections.

Oversight of System-wide risk management and internal controls

Updates during June-Nov 2024

- AOC engages with the risk management unit to **review strategic-level risk exposures.**
- AOC members are strongly supportive of the risk unit being empowered and resourced to perform its function professionally and in a way that assists management in focusing on key material risks. **AOC recommends that the multi-layered committee review for funding of programs be examined and limited** with overall responsibility lying with the GLT.

AOC priorities for 2025

- Closure of issues “in progress”, as relates to the SC Action Plan
- Oversee that the ROP is implemented in line with the agreed plan
- Develop constructive partnership with newly constituted IPB-AFRC
- Ensure next version of revisions to the CGIAR Charter and Framework appropriately reflects key governance, ethics and oversight issues (Q1 2025)
- Update AOC TOR to clarify its roles and responsibilities (will be presented to SC for approval)
- Other activities as requested by the System Council

AOC membership



Current membership:

Member	Member type	Date appointed	Term expiration
Renaud Seligmann	SC Member (World Bank)	12 September, 2024	11 September, 2027
Rita O’Sullivan	Independent Member (Acting Chair)	15 February, 2023	30 June, 2027
Sarah Schmidt	SC Member (Germany)	3 November, 2022	30 June, 2026
Muriel Uzan	Independent Member (Chair)	1 August, 2018	30 June, 2025

The AOC ad hoc nominations committee (AOC members + SC delegate Manfred Kaufmann) are actively recruiting a new independent member to replace Fayezul Choudhury, who left the Committee at the end of October 2024.