



ANNEX 2 - CGIAR INTERNAL AUDIT CONSORTIUM PRINCIPLES

Introduction:

The CGIAR Internal Audit Consortium comprises those Centers and the CGIAR Secretariat that sponsor the CGIAR Internal Auditing Unit (IAU). In so doing, the consortium partners recognize that a professional internal audit function is an essential element of their governance and management structures. The IAU was set up to provide internal auditing services, in whole or in part, to the participating Centers, at an international standard. The CGIAR Secretariat is a financial and organizational partner in the operation with status equivalent to a Center.

The consortium is a joint venture that is self-governing by the participating partners, who organize, plan, and pay for 100% of the operation, and have the authority, within boundaries set by Centers' Board of Trustees, to monitor and modify, as required, the basic rules of operation of the IAU. This includes agreement on the objectives and staffing of the unit, and the establishment of operating style and mode. The venture is flexible and is administered pragmatically, with due attention to changing realities of financing and other aspects of the external environment. The IAU is a formal part of participating Centers' governance structure, albeit one whose services are provided by a shared resource including staff whose contracts and terms of reference are established as a common good by and for the partners. The Unit therefore has official status in all participating Centers, and changes to modify the relationship with the Unit must be agreed and endorsed by the Board of Trustees of the Center.

Consortium Governance:

- Day to day governance responsibilities are delegated to a senior staff member at each Center by the Director General, and to the Lead Financial Officer in the CGIAR Secretariat by the CGIAR Director. This group of partner representatives constitutes the Board of Sponsors of the CGIAR Internal Audit Consortium. The Board is co-chaired by the Sponsor from the CGIAR Secretariat (Lead Financial Officer) and by the Sponsor from the Center hosting the Unit's head office.
- The Board of Sponsors approves consortium strategies; changes in consortium membership; Unit strategy, organization and budgets; selects the IAU Director; approves other Unit staffing decisions; ensures appropriate accountability of the Unit; and provides guidance related to developments of any kind that can affect the operation of the Unit.
- The decisions reached by the Board of Sponsors are binding for all partners in the consortium. It requires that the representatives of the partners have the authority to make planning and financial commitments necessary for the smooth functioning of the scheme.



- Sponsors meet formally at least annually with the IAU Director. As required, the Sponsors can meet on an ad hoc or interim basis to ensure operations are proceeding smoothly.
- Electronic conferencing and communication is an ongoing mechanism employed to ensure that any issues are transparently dealt with, as the year proceeds.
- The reporting lines of the IAU Director in each Center will be determined by the Board of Trustees, and be consistent with CGIAR Financial Guideline No. 3. In the case of Centers headquartered outside the region where the IAU Director is based, the IAU Director is supported in this reporting function by Associate Directors. The IAU's services to a particular Center will be governed by an Internal Audit Charter approved by the Board of Trustees and by medium/annual work plans approved in accordance with the Internal Audit Charter.
- Admission of new consortium partners must be agreed by the current partners. Centers requesting to join will confirm their adherence to the principles of the Consortium as outlined in this document.
- Each partner Center ensures that their Board of Trustees provides appropriate organizational recognition to the Internal Audit Unit.
- The Director (or Associate Director) meets regularly with the Directors General of partner Centers and at least annually with the Board of Trustees of each partner Center (usually through the Audit Committee or equivalent).

Access to Information and Confidentiality:

- IA staff shall have full access to information necessary to fulfill their mandate at each partner and will manage this information according to prevailing professional standards.
- Specifically, information related to any partners must not be disclosed to any other party, including other members of the consortium, without the specific prior approval of that partner.

Financing:

- Participation in the consortium is voluntary, but once a commitment is made there are long-term financial commitments for the partners involved. Budgets are annual but staff contracts are long-term (up to 3 years) which means that a guarantee of support is required over that horizon.
- Annual shares for financial participation must always provide the total funding guarantee.
- There should be a financial planning mechanism to ensure that sudden changes in any partners' plans (severe funding problems, change of Center management resulting in a reduction in financial buy-in, etc.) do not disrupt the smooth functioning of the venture. For example, the three year business plan should be considered a framework within which annual detailed budgets are agreed by the



partners, and the framework itself will be a rolling plan, subject to annual adjustment.

Work Plan Development:

- Work plans are developed in two stages. The first step is the overall and multi-year allocation of IAU staff to each partner in proportion to the percentage share of each partner's financial commitment. These allocations are incorporated in the IAU business plan.
- The second step is the detailed work plans which are partner-specific, and which are developed within the resources allocated to each partner. These work plans are agreed with the concerned partner.
- Work plans for each partner also take into account Center resources, such as the availability of Center's own internal audit staff (either Center staff and/or contracted staff from external providers). Thus, the total audit effort at some Centers may actually exceed the investment in only the IA Consortium.

Administration:

- The IAU's "head office" will be hosted at one of the sponsoring Centers. The host Center provides permanent office space, housing, transport, and use of Center facilities such as computer networking facilities, access to accounting, travel, and other logistical systems, and with financial costs of such facilities apportioned among participants according to agreed terms and conditions. Other sponsoring Centers may host decentralized staff of the unit on similar terms.
- Contracts of IAU staff are issued by the unit's host Center, and are coterminous with the current funding cycle for the unit as agreed by the Board of Sponsors (usually a 3 year period). The contracts may be international or national depending on the position and location of the staff. The IAU staff members are not contracted on the same basis as the host Center staff but, for international recruits, their contracts must ensure that long term visa status and tax exempt status for expatriates, and international insurance, can be obtained in the same way as internationally recruited Center staff.
- Financial, budgetary and ICT standards such as rules governing travel, short term consultant hire, ordering of office supplies and services and ICT network usage are those prevailing in the IAU staff member's host Center.
- The IAU is a designated part of the CGIAR System Office (SO). As such it will prepare its Unit budgets and SO annual report contributions in line with the formats adopted for all SO units, and will participate in the coordinating and integrating activities of the SO. Details of specific audits carried out for partners will not be disclosed in SO discussions and annual report contributions.