



SECTION A – INTRODUCTION TO AUDIT MANUAL

Purpose

The Institute of Internal Auditors (IIA)'s International Standards and Code of Ethics, which form part of the IIA's Professional Practice Framework, have been adopted by the CGIAR in July 2001 and have been incorporated in CGIAR Financial Guideline No. 3 – Audit. The Representatives of Internal Audit Services of United Nations Organizations, Multilateral Financial Institutions and Associated Organizations (of which the CGIAR Internal Auditing Unit is a member) reviewed the IIA's Professional Practice Framework for compatibility with internal audits of international public organizations and adopted it, without reservation, in June 2002. The Definition of Internal Auditing, the Code of Ethics, and the Standards for the Professional Practice of Internal Auditing contained in the Framework are therefore the basis for conducting internal audits by CGIAR internal auditors.

This Manual is prepared in response to IIA Standard 2040 - Policies and Procedures, by which “the chief audit executive must establish policies and procedures to guide the internal audit activity.”

The purpose of this Manual is to provide a common basis for all CGIAR internal auditors to carry out their work at a standard consistent with the IIA Professional Practice Framework. However, the Manual is not designed to be all-inclusive, or unduly restrictive. Its provisions and procedures are intended to supplement the experience, competencies, skills, and judgment of auditors in planning, conducting and reporting on audits and in managing the overall internal audit activity. The Audit Manual is meant to assist CGIAR internal auditors to effectively perform their auditing duties, to promote consistency of work across all Centers, to provide auditees with a reference guide as to how internal auditors work, and to provide the benchmarks for conducting internal and external quality assurance reviews of the internal audit activity.

Relationship to the IIA Standards

Internal audit practice in the CGIAR should be fully compatible with, and designed to implement in practice, the IIA Code of Conduct and Standards. It should also apply, where relevant, the IIA Practice Advisories. Throughout this Manual, the specific policies and requirements identified for CGIAR internal



auditors will be cross-referenced to the relevant parts of the Professional Practice Framework. The Manual will be updated whenever the Framework is amended.

Applicability

This Manual will apply to all internal audit activity carried out in the CGIAR System, whether for CGIAR Centers, for joint ventures led by Centers such as Challenge Programs, for System Office Units or other entities that form part of the CGIAR System.

The policies and practice requirements set out in the Manual will be observed by all CGIAR internal auditors. This comprises the internal auditors of the CGIAR Internal Auditing Unit (IAU) and all Center-hired internal auditors. The policies set out the basic principles and the practice requirements elaborate on what is necessary to apply these principles either generally or in certain, particular situations.

When internal audits are outsourced on short term consulting contracts, the contracted auditors should be made aware of the Manual, particularly those sections dealing with the Code of Conduct and with the management of the audit engagement cycle, and agree to perform their audits in conformity with the IIA Standards using these sections of the Manual as a guide. Where the contracted auditors have their own internal audit policies and requirements these may be followed provided they are compatible with the IIA Standards and this Manual.

Titles

Manual references to Boards of Trustees and Audit Committees also apply to those equivalent Center bodies which have other names.

This Manual refers to a Center's Head of Internal Audit. This is the person determined by the Board of Trustees or Audit Committee to be the chief audit executive for the Center. In many cases this will be the CGIAR IAU Director, or Associate Directors acting in his/her stead. In other cases this will be a Center-hired Internal Auditor. In such cases the CGIAR IAU Director and Associate Directors will backstop and support this Head of Internal Audit, according to the arrangements agreed between the Center and the CGIAR IAU.



Approval and Publication

The Manual has been developed in a consultative process involving all CGIAR internal auditors, and auditees as represented by the members of the CGIAR Internal Audit Consortium Board of Sponsors. The agreed Manual is published by the CGIAR IA Director by posting on the IA Website.

Update

This Manual is intended to be a living document and will be subject to a full review at least every two years. Ideally this can be done in conjunction with a biennial professional development event for CGIAR internal auditors, whereby significant amendments can be discussed and agreed among practitioners in a round table format.

Where a need for amendment is identified by any CGIAR internal auditor in between such full reviews, they may be put forward for consideration at any time.

The process that will be followed for the update of the Manual will be as follows:

- (a) Minor updates – e.g. reformatting, corrections of typographic errors, rewording for clarifications, adjustment of IIA or other references, or additions to discussion sections – will be reviewed by the CGIAR IAU Director and with his/her agreement will be adopted immediately, and the updated sections of the Manual posted on the IA website to replace the earlier versions
- (b) Other suggestions for update will be circulated electronically to all CGIAR internal auditors, by any CGIAR internal auditors, for comments and agreement.
- (c) After a period of one month, and if no objections or counter-proposals are made by any internal auditors, the suggestion will be adopted and the CGIAR IAU will publish a revised version of the Manual incorporating the suggestion.
- (d) If objections or counter-proposals are made, these will be subject to electronic discussion among the CGIAR internal auditors, moderated by the CGIAR IAU Director, for a period of another month after the end of the first month. If a consensus on the original or a revised version of the suggestion can be achieved by the end of the additional month, this will be adopted in the same manner as (a) above.



- (e) The step in (d) above may be waived if the counter-proposal is for minor changes, which can be accepted at the discretion of the CGIAR IAU Director.
- (f) If a consensus is not achieved after step (d), a vote of all CGIAR internal auditors will be taken during a further, third month, of the proposal or alternative proposals presented and the proposal that receives a 51% or greater majority of those voting by the end of that third month, and is compatible with the IIA Code of Ethics and Standards, will be adopted.
- (g) Where the change is substantive, the agreed changes will be circulated to the Centers through the members of the CGIAR Internal Audit Consortium Board of Sponsors. The same process as for steps (b-f) above will then apply in respect of the Sponsors. Substantive changes will be determined by the CGIAR IAU Director and will include (i) new sections; or (ii) sections where policy requirements are changed.

Version control

The CGIAR IAU Director is responsible for version control. The date of issue of each Section of the Manual will be indicated on the footer of each page. This date will be changed whenever there is a substantive change to content, but not for formatting changes. Electronic copies of old versions of Manual Sections will be archived in a CGIAR IAU file.