



**SECTION G.2 – CENTER INTERNAL AUDIT ACTIVITY REPORTING**

Ref.	Policy and Practice Requirements	IIA Standards and Other References
G.2-1	<p><b>Policy:</b> The Head of Internal Audit shall report periodically (at least annually) to the Board (through the Audit Committee) and the Director General on the internal audit activity's organizational independence, purpose, authority, responsibility, and performance relative to its plan. Reporting should also include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board/Audit Committee and the Director General.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>▪ Reporting is done either annually or semi-annually ahead of the Board/Audit Committee meetings</li> <li>▪ Management's responsibility is to make decisions on the appropriate action to be taken regarding significant engagement observations and recommendations. Senior management may decide to assume the risk of not correcting the reported condition because of cost or other considerations. The board should be informed of senior management's decisions on all significant observations and recommendations.</li> <li>▪ The Head of Internal Audit should consider whether it is appropriate to inform the board regarding previously reported, significant observations and recommendations in those instances when senior management and the board assumed the risk of not correcting the reported condition. This may be particularly</li> </ul>	<p><b>Standard 1110 – Organizational Independence</b></p> <p>The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity</p> <p><b>Standard 2060 - Reporting to the Board and Senior Management</b></p> <p>The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, corporate governance issues, and other matters needed or requested by senior management and the board.</p>



	<p>necessary when there have been organization, board, senior management, or other changes.</p> <ul style="list-style-type: none"> <li>▪ In addition to subjects covered above, activity reports should also compare actual performance with the internal audit activity's goals and audit work schedules. Reports should explain the reason for major variances and indicate any action taken or needed.</li> <li>▪ Reporting should also identify the total budget for the IA activity, any major variations to this, and any associated staffing or other administrative changes relevant to the operation of the activity</li> <li>▪ Reporting should include a statement confirming that the IA activity has maintained organizational independence during the period being reported</li> </ul>	<p><b>Practice Advisory 2060-1</b> Reporting to Senior Management and the Board</p>
<p><b>G.2-1:1</b></p>	<p><b>Practice Requirement:</b></p> <p>The Head of Internal Audit shall establish and maintain an open, cooperative and trustful relationship with the Center Audit Committee</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>▪ There are three areas of activities that are key to an effective relationship between the audit committee and the internal audit function, chiefly through the Head of Internal Audit:             <ul style="list-style-type: none"> <li>○ Assisting the audit committee to ensure that its charter, activities, and processes are appropriate to fulfill its responsibilities.</li> <li>○ Ensuring that the charter, role, and activities of internal audit are clearly understood and responsive to the needs of the audit committee and the board.</li> <li>○ Maintaining open and effective communications with the audit</li> </ul> </li> </ul>	



	<p>committee and the chairperson.</p> <ul style="list-style-type: none"><li>▪ The Head of Internal Audit should periodically review the Audit Committee terms of reference to ensure that it stays updated for good practice. The CGIAR IAU has prepared a Good Practice Note on Audit Committee Terms of Reference and a template for a ToR. This provides for regular agenda items for internal audit activity reporting, and a closed session (without management) with the Head of Internal Audit</li><li>▪ Given the turnover of membership of the Center Audit Committees, the Head of Internal Audit should periodically refresh Audit Committee members with the contents of the Internal Audit Charter and internal audit arrangements</li><li>▪ The Head of Internal Audit is encouraged to provide, in addition to the formal reporting process, training and information updates on risk and internal control, good governance and accountability to Audit Committees. This may include facilitating Audit Committee inputs into the Center’s enterprise risk assessments.</li><li>▪ The Head of Internal Audit should review and provide advice on draft Audit Committee agendas and supporting documentation provided for the meeting, to promote the effectiveness of the meetings and ensure the Audit Committee adequately covers all the areas that it needs to at the meeting, in order to fulfill its terms of reference</li><li>▪ If the Head of Internal Audit is to be viewed as a trusted advisor by the Audit Committee, communications is the key element. Internal auditing, by definition, can help the audit committee accomplish its objectives by</li></ul>	
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	<p>bringing a systematic, disciplined approach to its activities, but unless there is appropriate communications, it is not possible for the committee to determine this.</p> <ul style="list-style-type: none"><li>▪ The Head of Internal Audit should consider providing communications to the audit committee in the following areas.<ul style="list-style-type: none"><li>○ Audit committees should meet privately with the CAE on a regular basis to ensure there is an opportunity to discuss sensitive issues (if any).</li><li>○ Provide an annual summary report or assessment on the results of the audit activities relating to the defined mission and scope of audit work.</li><li>○ Issue periodic reports to the audit committee and management summarizing results of audit activities.</li><li>○ Keep the audit committee informed of emerging trends and successful practices in internal auditing.</li><li>○ Together with external auditors, discuss fulfillment of committee information needs.</li><li>○ Review information submitted to the audit committee for completeness and accuracy.</li><li>○ Confirm there is effective and efficient work coordination of activities between internal and external auditors. Determine if there is any duplication between the work of the internal and external auditors and give the reasons for such duplication.</li></ul></li></ul>	
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<p>G.2-2</p>	<p><b>Policy:</b> The Head of Internal Audit should review the draft Audit Committee minutes, and provide suggested changes where necessary to ensure information conveyed and the decisions made are properly captured. This will also assist with Internal Audit follow up of requests by the Audit Committee</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"><li>▪ Normally, the Head of Internal Audit will not be the Secretary of the Audit Committee. This is usually a role assigned to a senior Center manager.</li><li>▪ The Head of Internal Audit should review the draft minutes with the Secretary before they are sent to the Audit Committee chair</li></ul>	
<p>G.2-2:1</p>	<p><b>Practice Requirement:</b></p> <p>The Head of Internal Audit shall track items arising from the Audit Committee meeting which require action by management or by Internal Audit directly. Where actions by management appear to be lagging, the Head of Internal Audit should alert management so that these are addressed on a timely basis and within any deadlines established at the meeting. For actions required by Internal Audit, the Head of Internal Audit should ensure these are taken on a timely basis to meet any deadlines established at the meeting. Where these deadlines relate to the next meeting, the practical deadline will be established for submission of material for the Board package ahead of the next meeting.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"><li>▪ A simple template for tracking items arising from the Audit Committee is included in this section of the Manual as Appendix 2</li></ul>	



*Appendix 1 - Section G.2*

**TEMPLATE FOR INTERNAL AUDIT ACTIVITY REPORT TO THE  
DIRECTOR GENERAL AND AUDIT COMMITTEE (CGIAR IAU)**

**INTERNAL AUDIT ACTIVITY REPORT – MONTH 20XX**

**SUMMARY**

(This should be mainly a set of bullet points with the key highlights of the report. Usually no more than one page, preferably half a page, and able to be reproduced on Audit Committee Agenda Information Sheets)

**DETAIL**

**A. Status of Center’s 200X IA Annual Work Plan**

(Includes results of any facilitation or review of the Center’s enterprise risk management framework. For the first report of the year, the table below will analyze the status of the annual plan for the year just completed. It is assumed all previous year work carried over to the next year will have been completed or rescheduled into the following years annual plan. For the second report of the year, this table will analyze the status of the current year annual plan.)

<b>Audit Title</b>	<b>Status</b> -Completed -In Progress -Pending -Cancelled -Deferred -Added	<b>Report Reference</b> (if final report issued)	<b>Summary of Results of Audit / Comments on Status</b>



**B. Results of Completed Internal Audits in the period**

(This section covers audits completed since the last IA Status Report and not previously reported. Supplements the table above. This section may be dispensed if the results can be adequately summarized in the Table in Section A. However this Section should be used for recording any information to be conveyed on the assumption by management of significant risks, and any disagreement or concern IA has on this)

**C. Status of Previous Audit Recommendations**

(This section may be added if not adequately covered in Section A above, or not covered in a separate stand alone audit report. If there is a separate IA report, this section could provide a brief summary of the report. Ideally management should prepare a separate report, which could also cover external audit recommendations also, on which IA can comment on here, but this is not the current practice in any Center. Should be encouraged if possible).

**D. Proposed (Update of) 20XY Audit plan**

(For the first IA status report of the year this should refer to the plan for the current year. For the second IA status report of the year this should refer to the plan for next year. This section can be used to note the associated annual financial budget for the Unit to which this annual plan relates, and any significant proposed or actual budget changes or issues which need to be put on record)

Audit Task	Status/Comments



### **E. Update of the Medium Term Internal Audit Work Plan**

(Note here any actual or proposed changes to the medium term plan based on the proposed or updated annual audit plan referred to in Section D above. A revised medium term IA plan incorporating these actual or proposed changes should be presented in tabular form as an Annex – see Annex below. This table is the one described in more detail in Section G.1 of this Manual)

### **F. Statement on Independence**

(Anticipating adoption in 2008 of proposed amendments to the IIA standards, the IA status report should include a statement as to whether IA has maintained organizational independence during the period just completed, and note any exceptions or caveats in this regard. The section can also note management cooperation and comment on whether there are any long outstanding comments due from auditees)

### **G. Internal Audit Staffing and other Developments**

(Note here any changes in the IAU staffing, modus operandi, business plan, IA Sponsor meetings) over the period being reported

### **H. Status of IAU Good Practice Notes Program**

(Note here any new GPNs or GPN updates issued over the period being reported, and GPNs planned for the next period or 12 months).



