

## Report from the Assurance Oversight Committee

### Activities undertaken during December 2024 – May 2025

#### Purpose

As a standing committee of the System Council, this document sets out a summary of the Assurance Oversight Committee's (AOC) activities and recommendations from December 2024 to May 2025.

#### Action Requested

The System Council is requested to: (a) review and comment on AOC's work and recommendations; (b) approve the extension of Muriel Uzan's term to 30 June 2028; and (c) approve the revised Terms of Reference for the AOC, set out in an annex to this document.

<p><b>Document category:</b> Working document of the System Council. There is no restriction on the circulation of this document</p>
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Prepared by: Assurance Oversight Committee

## AOC roles and responsibilities

1. As per its current [Terms of Reference](#), the AOC provides four key areas of system-wide level assurances to the System Council:
  - **Internal audit oversight** – Assurance that internal audit arrangements are fit for purpose.
  - **External audit oversight** – Assurance of the independence and quality of external audit functions and provision of a structured reporting line to the System Council on issues with potential system-wide impacts.
  - **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.
2. In 2024, the System Council requested that AOC assume additional tasks that continued into 2025. 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 and Internal Controls, Internal Audit, External Audit and Ethics & Business Conduct (EBC).
  - Providing advice regarding the proposed changes to the **Charter of the CGIAR System Organization and the CGIAR System Framework**. *Note: timing for AOC review was at the end of the approval process, so outstanding issues will be revisited during the next review process in Quarter 3 2025.*
  - Overseeing investigations and other matters where the Audit, Finance, and Risk Committee (AFRC) was conflicted, including as outlined in the **System Council Action Plan**.
3. In accordance with its mandate, the AOC also consulted with the Integrated Partnership Board Audit, Finance and Risk Committee (IPB-AFRC) to facilitate delivery on the respective mandates of the two committees and provide appropriate escalation and de-escalation of matters as relevant to the differing oversight responsibilities within the CGIAR System. In 2025, this included multiple calls between the two committees, as well as an in-person meeting in February.

## Key conclusions for December 2024 – May 2025

4. The AOC appreciates the ongoing efforts to implement the Risk & Oversight Plan and urges timely action on the workplan while adhering to the agreed principles of the integrated partnership.
5. Significant time and effort have been put into drafting the ethics policies, escalation framework, and the Terms of Reference for the three Integrated Partnership Functions. There is further work to do to ensure that ethics matters approached in the spirit of partnership and any issues (particularly those with potential system-wide risk) are channeled and escalated appropriately.

6. Progress continues to be made in risk management, and the AOC appreciates the collaboration of the Senior Advisor, Risk Management and the Head (a.i.), Internal Audit Function. Internal audit continues to face significant challenges, including delays in finalizing the 2024 Annual Plan and lack of implementation of many action plans. The lack of staff resources and extensive use of consultant support are also noted with concern by AOC. Close attention will continue as transitioning is undertaken including appointment of the IP Internal Audit Executive and as Centers recruit additional staff. For external audits, the System Organization received an unqualified/unmodified audit opinion and the IPB-AFRC Chair is not aware of any qualified opinions received for any Center.<sup>1</sup>
7. The AOC appreciates the support of the IPB-AFRC and System Council in resolving the matters raised in the SC Action Plan and related investigations. The AOC has worked closely with the Office of Ethics and Business Conduct in overseeing various investigations and has benefited from the support of a non-conflicted consultant.
8. Ensuring that gaps in the CGIAR Charter and Framework – as raised by AOC – are effectively resolved will be an important workstream during the proposed Q3 revision sessions.

### AOC oversight of the System Council Action Plan and related matters

9. In 2025, the AOC continued its work to close the remaining items of the System Council's Action Plan. To date, 11 of the 12 matters have been closed. For the remaining item on remuneration of governance officials, a review is being overseen by the Nominations Committee of the System Council, with results expected in mid-July 2025. The AOC notes that this will be a full year since the matter was first raised during SC20 in June 2024.
10. During the course of this work on the SC Action Plan, two further matters arose. One of these has been resolved and the other is in process.
11. The AOC submitted a report titled "System Council Action Plan and investigations: AOC conclusions and recommendations" to System Council Voting Members and Alternates on 21 March 2025, with an addendum on 14 April 2025.
12. The AOC provided an update on the System Council Action Plan to SC Voting Members and Alternates on 16 April 2025 and will provide a further update before the 22<sup>nd</sup> System Council meeting. SC Voting Members endorsed the recommendations proposed by the AOC for strengthening governance across CGIAR.

### AOC involvement in the evolution of the Risk & Oversight Plan

13. The AOC has continued to provide feedback on the Terms of Reference for the Internal Audit, Risk Management and Internal Controls, and Ethics and Business Conduct functions under the new, combined assurance model. The AOC also provided feedback on the proposed Internal Rules Framework; while the Committee welcomes greater consultation on further development of this Framework, it also stresses the importance of developing internal rules (policies and

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<sup>1</sup> This report was drafted while Center AFRC meetings were ongoing. The AOC Chair will provide a verbal update during SC22 if any qualified opinions are received.

procedures) beyond a general framework.

14. AOC provided substantive comments on the Terms of Reference for the three functions. These were largely taken up by the ICI Committee, though some points proposed as solutions are unclear or do not address AOC's concerns.
15. AOC has observed a tendency within CGIAR to make exceptions based on the requests of one or two Centers. Such exceptions should not shape the overall partnership or delay the implementation of the Risk and Oversight Plan, thereby risking further funding losses.

### Assurance functions related to internal audit

16. The most recent update was provided by the Head (a.i.) of CGIAR's Internal Audit Function on 13 May 2025. He provided an update on the delivery of the 2025 and 2024 internal audit plans, including two cross-Center engagements on board modalities and funding risks, and preliminary assessments on open access artificial intelligence and ethics and business conduct. The Head (a.i.), Internal Audit Function, also updated AOC on the status of outstanding management actions (including any material concerns) and the quality assessment and improvement plan and Charter revision process. The AOC probed into several issues, including the significant delay in finalizing the 2024 Annual Plan and the lack of implementation of many action plans outstanding for over 12 months (such as the four Centers with a combined total of 78 management actions past their original due date, 71 of which are deemed 'high' or 'significant' risk). The lack of staff resources and extensive use of consultant support are also noted with concern by AOC.
17. AOC notes that the human resources of CGIAR's Internal Audit Function are currently stretched quite thin, with just one full-time staff (the Head, a.i.) plus consultants. The Head, a.i., collaborates with Center Internal Audit Heads to deliver assurances, but capacity is stretched (including at the Center level). It is hoped that this will be resolved once the new Integrated Partnership Internal Audit Function is in place.

### Oversight of system-wide governance

18. AOC provided comments on multiple versions of the four revised ethics policies:
  - Code of Ethics and Business Conduct for CGIAR Staff
  - Policy on Whistleblowing and Protection from Retaliation
  - Policy on Protection Against and Prevention of Harassment and Discrimination
  - Safeguarding Policy
19. The AOC appreciates the progress that has been made in collaboratively revising the ethics policies but has identified several points lacking clarity and has flagged these to the ICI committee.
20. In addition, AOC provided multiple rounds of comments on the proposed Ethics & Business Conduct Escalation Framework. The most recent round of comments, submitted on 25 April and again on 14 May, identified the following material issues with the Escalation Framework. These comments have now been addressed in the latest version sighted by the AOC:
  - The Principles section should clearly indicate why the escalation framework is needed.

CGIAR Centers and the SO are bound together by the partnership – common funding, common science programs, and a common reputation, all of which depend on the ability of all constituent parts to handle ethical, integrity and other issues properly. If one partner fails to appropriately engage the framework at the appropriate time, the whole partnership risks being affected. The Principles should therefore articulate the responsibility of Centers and the SO to each other and to the partnership as a whole – to share information on what cases they are handling, and to accept the authority of the IP EBC Executive / IPB-AFRC and/or AOC to oversee cases where such oversight is needed.

- SC cannot be included in the definition of governing bodies. Some funders have legal prohibitions against sitting on governing bodies of institutions they fund. In addition, most if not all SC members representing organizations are bound by the EBC policies of those organizations, and they cannot be covered by two potentially conflicting policies. Similarly, AOC provides assurance oversight and not specific assurance services. In the event of any concern regarding independent SC Committee members, ethical and integrity provisions can be reviewed and if necessary, strengthened in their engagement contracts.
- The escalation matrix is missing AOC involvement for the highest level of cases. AOC should systematically be informed of such cases and, if the IPB is conflicted, AOC should oversee the matter. This is a critical point.
- There is an excessive focus on legal liabilities. This text risks preventing governance officials from doing their work by alluding to spurious and hypothetical liability concerns. Every precaution should be taken to respect confidentiality, but the liability text could be replaced with reference to the best practices of investigations. AOC proposes replacing it with a statement that governing bodies have a responsibility to ensure that they oversee these matters and discharge their responsibilities to the full extent of their mandates, in the interests of the partnership. If, in the course of doing so, they are held liable in some way, they will be protected by CGIAR as an organization, including through insurance. Governing bodies' functions are essential to the proper governing of CGIAR and the safeguarding of the partnership, and they need to be able to exercise these responsibilities without the threat of legal liability.
- Staff should not be limited to reporting complaints through their own Center channels. They should also be able to go directly to the IP EBC Executive.
- The current draft fails to clearly articulate who determines if “a case involves systemic ethical risks that could impact multiple Centers”. In the event a Center AFRC does not agree with escalating the matter, if the IP EBC Executive determines that it rises to level where the escalation framework process needs to be employed, it is critical that the IP EBC Executive (after consulting with the IPB-AFRC) is empowered to make that call.
- The escalation framework needs to be clear on the role of the IP EBC assurance function.

### Oversight of system-wide risk management

21. AOC engages with the risk management unit to review strategic-level risk exposures. In February and May, the Senior Advisor, Risk Management provided an update to AOC (together with the IPB-AFRC) on progress and planned areas of action/focus.

22. Significant progress has been made in identifying, managing, and reporting on risks through a standardized single process across CGIAR. The Global Leadership Team also held a meeting to collectively identify the top risks.
23. Further work remains on agreeing specific timelines and detailed actions to address identified risks.
24. In a joint meeting with the AFRC in February, AOC members reviewed and provided comments on the Risk Management & Internal Controls Framework, the Risk Management & Internal Controls Policy, and the Risk Appetite Statement. AOC members noted that the Framework and Policy will continue to evolve under the ROP. For the Risk Appetite, committee members emphasized that this is an important tool for both mitigating and taking calculated risks and should be owned by management. The Risk Appetite was approved by the Integrated Partnership Board in April 2025.
25. The AOC recommends approval of the Risk Appetite and supports the IPB-AFRC recommendation that the Risk Appetite be owned by the Global Leadership Team to inform its decision-making and is regularly adapted as required.

### AOC priorities for the remainder of 2025

26. During December 2024 – May 2025 AOC continued to have a materially increased workload. The Committee held one formal meeting in February 2025 (in-person) and one in May 2025 (virtual). This is in addition to numerous (30+) ad hoc calls and intensive email communications to discuss agreed positions, prepare for meetings with the ICI Committee, IPB-AFRC, and System Council, and for following up and commenting on plans and documents.
27. Priorities for the remainder of 2025 include:
  - Overseeing matters related to ethics and business conduct, as required.
  - Providing inputs to the next round of Charter and Framework revisions.
  - Providing assurances on the implementation of the Risk & Oversight Plan and the recommendations relating to the SC Action Plan, as endorsed by the System Council.
  - Provision of advice on the reasonableness of business plans and budget projections for the Council's advisory functions, in collaboration with the Strategic Monitoring, Impact and Evaluation Committee.

### AOC Terms of Reference

28. As a standing committee of the System Council, AOC welcomes the Council's input on how it can best provide the level of assurance oversight required by the Council.
29. The AOC has revised its Terms of Reference using a principles-based approach. The System Council is requested to approve these revised Terms of Reference.

### Membership

30. Honore Ndoko was appointed by the System Council as an independent member of the AOC

until 31 January 2028.

31. The term of Muriel Uzan (Chair) is set to expire on 30 June 2025. While best practice is for committee members to complete two, three-year terms, the System Council is asked to recognize that the AOC only became fully active in 2022 and therefore re-appoint Muriel Uzan until 30 June 2028.

### AOC support

32. AOC wishes to acknowledge the excellent support provided by the System Council Secretariat on the multiple complex and sensitive matters it had to deal with. It is also working with the System Organization to complement this ongoing support with the ad hoc recruitment of specialized expertise on an “as needed” basis.

## Annex 1: Current AOC membership

Member	Member type	Date appointed	Term expiration
<b>Muriel Uzan (Chair)</b>	Independent member	1 August, 2018	30 June, 2025
<b>Honore Ndoko</b>	Independent member	24 January, 2025	31 January, 2028
<b>Rita O’Sullivan</b>	Independent member	15 February, 2023	30 June, 2027
<b>Sarah Schmidt</b>	SC Member (Germany)	3 November, 2022	30 June, 2026
<b>Renaud Seligmann</b>	SC Member (World Bank)	12 September, 2024	11 September, 2027

AOC Secretary: Emma Quilligan