

## Revised Terms of Reference

### Assurance Oversight Committee of the System Council

#### A. Committee Purpose and System-Wide Context

##### 1. Purpose:

The Assurance Oversight Committee (AOC) supports the System Council by providing system-wide oversight and assurance related to internal audit, external audit, ethics and business conduct, risk management and internal controls functions.

##### 2. Principles:

The AOC promotes an integrated, system-wide approach to governance, risk management, and internal controls, with a focus on effectiveness, independence, and alignment with the system's strategy and mission.

##### 3. Guiding Framework:

The AOC operates under the broader principles agreed upon by CGIAR's Funders and Centers, aligning with the overall governance and risk management structures within the CGIAR System. These include working in partnership to achieve the common goals of the CGIAR, respecting the autonomy of Centers, fostering transparency, and maintaining a clear line of communication between key oversight bodies (e.g., System Council, Integrated Partnership Board, and Management). The AOC fulfils a complementary role to CGIAR's Integrated Partnership Board Audit, Finance and Risk Committee (IPB-AFRC), actively collaborating with the IPB-AFRC so that the AOC can provide system-wide assurances to the System Council.

#### B. Roles and Responsibilities

##### 1. Internal and External Audit:

- Guiding Principle: The AOC supports the system-wide integrity and independence of internal and external audits, ensuring they align with the overarching risk management framework and provide adequate assurance for the CGIAR System.

- Core Activities: The Committee will periodically assess internal and external audit functions at the System level (including the System-wide assurance function). It will provide assurances that the internal audit function is effective, independent, risk-based, objective, and adequately staffed, that external audit providers meet quality and independence standards, and oversee responses to any material issues with system-wide impact.

## **2. Ethics and Business Conduct:**

- Guiding Principle: By embedding ethics into assurance processes, CGIAR ensures compliance with legal obligations, donor requirements, and industry standards while safeguarding against reputational damage and operational disruptions. AOC plays a key role in upholding the highest ethics and business conduct standards across the system, and in overseeing relevant issues when the IPB-AFRC is conflicted or at the System Council's request.
- Core Activities: The Committee will provide periodic assurance of the independence of the EBC function (including the System-wide assurance function) and review relevant, system-wide policies. When requested by the System Council, and in accordance with the IPB-AFRC, the AOC will oversee independent investigations as necessary, in line with the Escalation Framework.

## **3. Risk Management and Internal Controls:**

- Guiding Principle: The AOC provides assurances that system-wide risk management practices and functions (including the System-wide assurance function) are robust, transparent, and proactive.
- Core Activities: The Committee will review strategic-level risks to ensure that risks are being managed within the risk appetite and framework approved by the System Council. It will also provide guidance regarding the reasonableness of budget projections for the Council's advisory functions.

## **4. Other**

- Any other tasks as requested by the System Council.

# **C. Composition and Chair**

## **1. Membership:**

Membership of the AOC shall be composed of a maximum of five (5) persons. AOC members are appointed by the System Council for a three (3) year, renewable term.

## **2. Principle of Independence:**

The Committee's composition should consist predominantly of independent members who bring expertise in areas like governance, finance, risk management, internal controls, accounting, and internal/external audit. Other members shall be selected from amongst the

System Council's Voting Members. Independence is key to ensuring impartiality and integrity in decision-making. In line with good governance practices, independent members shall not have been involved in any capacity with the CGIAR System in the three years prior to their initial appointment date. As an advisory entity, the AOC has no management powers nor executive authority.

**3. Leadership:**

The AOC Chair will be elected by AOC members based on a consensus-driven process, ensuring leadership that supports the Committee's principles of transparency, accountability, and effective oversight. Whenever possible, the AOC Chair should be drawn from the independent members of the AOC and will rotate on a regular basis. AOC members may also elect a Deputy Chair to support the Chair role, if deemed necessary.

## D. Operations and Decision-Making

**1. Meetings:**

Regular meetings (at least three per year, including before System Council meetings) should be held to ensure ongoing oversight and consultation. Flexibility in meeting arrangements should be maintained, considering operational needs and the system-wide context. Any AOC member can call for a closed session of the Committee, in consultation with the Chair.

**2. Quorum:**

A majority of members, one of whom is the Chair (or a temporary Chair nominated by the Chair should circumstances require), shall constitute a quorum for the transaction of business.

**3. Decision-Making and Record-Keeping:**

The Committee strives for consensus in all its recommendations. Meeting summaries are drafted by the Secretary and approved by the Committee within one month of the meeting. An Executive Report is issued to the System Council after each meeting. Meeting summary files are maintained by the Secretariat and on Diligent Boards.

**4. Collaboration:**

The AOC will maintain regular communication with other key governance bodies, including the Audit, Finance, and Risk Committee of the Integrated Partnership Board and the Council's Strategic Impact, Monitoring and Evaluation Committee, to foster alignment and promote an integrated approach to assurance and risk management. The AOC may seek any information it considers necessary to fulfil its responsibilities and shall have direct access to all internal and external assurance providers and experts – or independent counsel – it considers necessary to fulfil its responsibilities.

## E. Accountability and Reporting

**1. Principle of Transparency:**

The AOC is accountable to the Council and will regularly report its activities, findings, and

recommendations. The Committee will ensure that relevant stakeholders are kept informed of critical decisions and actions.

**2. Principle of Continuous Improvement:**

The AOC will review its workplan and its effectiveness against its principles and objectives on an annual basis, as part of a self-assessment review including feedback from key stakeholders. It will make necessary adjustments to its practices or structure to align with evolving needs, risks, and the overall mission of the CGIAR System, in a manner consistent with the principles of good governance.

**3. Principle of Good Faith:**

AOC members, acting in good faith and in accordance with these Terms of Reference, shall not be held personally liable for any decisions, actions, or recommendations made in the course of their duties. CGIAR System and its affiliated entities shall indemnify and hold harmless the AOC members from any claims, liabilities, damages, or expenses arising from their service, except in cases of gross negligence, willful misconduct, or fraudulent behavior.

## **F. Declarations of Interests and Independence**

**1. Principle of Integrity:**

All AOC members must declare potential conflicts of interest, in line with a clear process for such disclosures. Independent members will annually sign declarations of independence to ensure the Committee's decisions remain objective and free from undue influence.

**2. Principle of Confidentiality:**

AOC shall maintain the confidentiality of all non-public information received, reviewed, or discussed in the course of their duties. All confidential documents and information submitted or obtained by AOC shall remain confidential. AOC members shall not disclose such information to unauthorized individuals or entities unless required by law or explicitly authorized by the System Council. This obligation of confidentiality shall remain in effect during and after an individual's tenure on the AOC.

## **G. Support and Remuneration**

**1. Principle of Fair Compensation:**

Independent members may receive appropriate compensation for their time and travel costs as outlined in their engagement letter and in line with the policies of the CGIAR System, but this should not influence their impartiality or decision-making.

## H. Amendments

The AOC will review these Terms of Reference every two years and recommend any proposed changes to the Council. The Council may amend these Terms of Reference in accordance with the provisions of the Framework.