

Center-wide Risk management



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- International developments in corporate management and reporting
- Donor interest (e.g. DFID) as a way to promote unrestricted funding
- Board interest in improving oversight



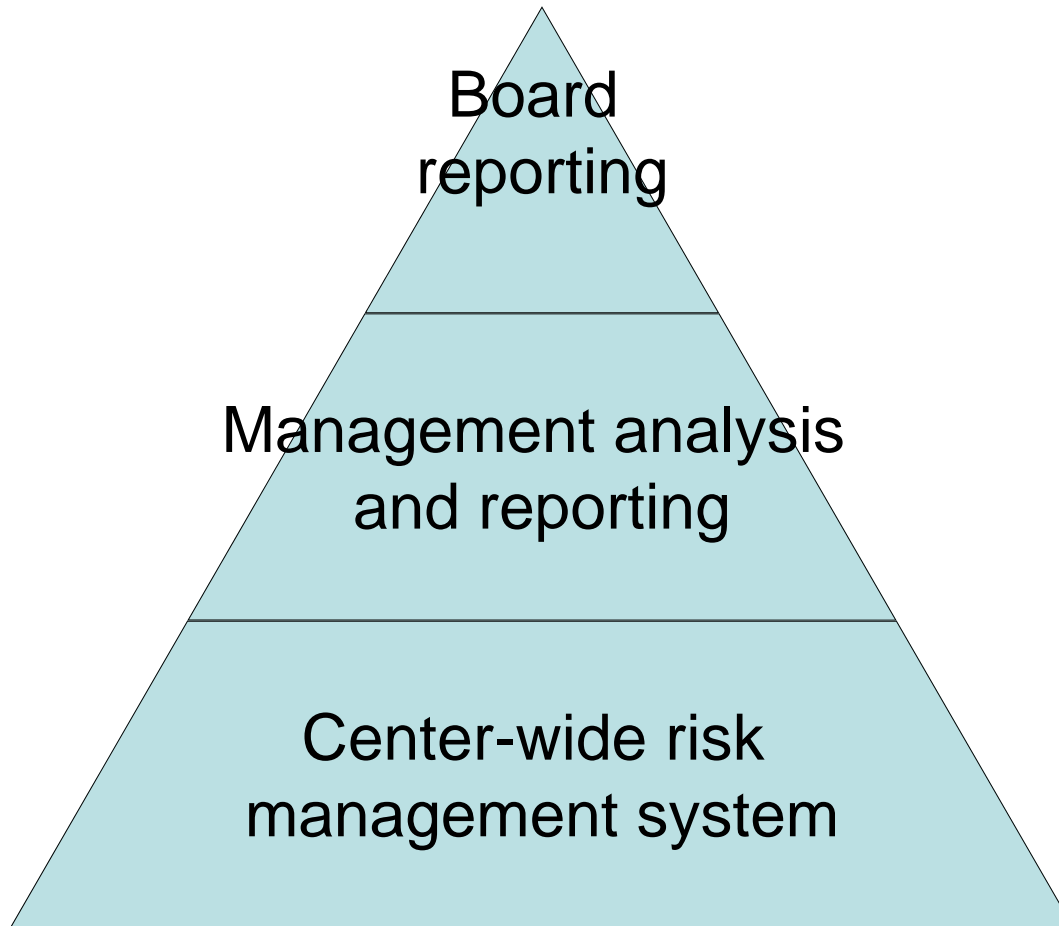
Drivers of increased focus on "enterprise" risk management and reporting

Center-wide Risk management

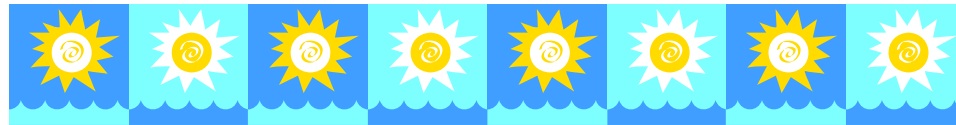
- “There is a patchy approach to risk assessment across Centre Boards. Boards do not provide shareholders with an overall statement on their management of risk, level of internal control or compliance with CGIAR principles and guidelines. Such a statement, in line with emerging practice in public and private sector organisations, could provide assurance to CGIAR donors and provide a basis for funding with fewer restrictions.”
- “The [DFID] Research Group should consider promoting Board statements on risk assessment and internal control.”

**Extract from DFID Internal Audit Report
(Review of DFID's relationship with the CGIAR)**

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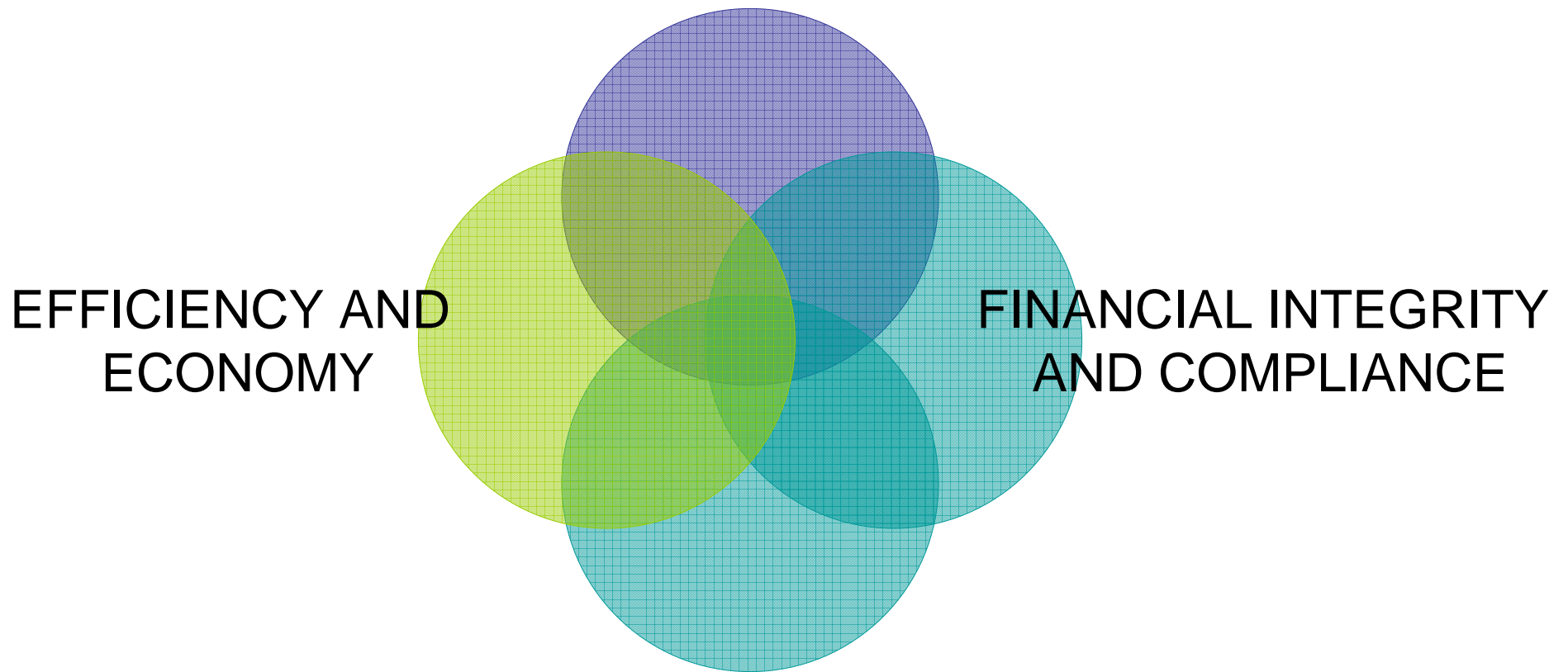


Centers manage risk (and opportunities). What is new?

- Systematic analysis across all activities
- Broad view of risk
- Integration of risk assessments within the organization
- More explicit documentation / reporting

Center-wide Risk management

EFFECTIVENESS



LEGAL COMPLIANCE AND REPUTATION

Center-wide Risk management

| | | | |
|------------------|--------------------|--------------------------|---------------------|
| Research quality | Research relevance | Research impact | Partners |
| Human resources | Research data | Dissemination of results | Business continuity |

Risk categories - Effectiveness (examples)

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| | | | |
|-------------|-----------------------------|---|---------------------------|
| Procurement | Research planning processes | Plant and property physical security | Cash flow management |
| Budgeting | Protection of IT resources | Outsourced services contract management | Regional/ country offices |

**Risk categories - efficiency and economy
(examples)**

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| | | | |
|-----------------------|------------------------------------|------------------------------|----------------------|
| Resource mobilization | Compliance with financial policies | “Overhead” recovery | Cash and Investments |
| Disbursements | Payroll management | Accounts payable/ receivable | Financial reporting |

Risk categories - financial integrity and compliance (examples)

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| | | | |
|---------------------------------|-----------------------------------|------------------------------|-----------------------|
| Donor agreement compliance | Host country agreement compliance | Software licensing | Intellectual Property |
| Research partnership management | Occupational Health & Safety | Research publication quality | Conflicts of interest |

Risk categories - Legal compliance and reputation (examples)

Center-wide Risk management

- Enterprise Risk Management Framework Exposure Draft - US
- Australia/New Zealand Risk Management Standard ANZS 4360:1995
- Integrated Risk Management Framework, Treasury Board of Canada
- UK Treasury Guidelines
- King Commission Code of Corporate Practices and Conduct, South Africa

External benchmarks for "enterprise" risk management systems

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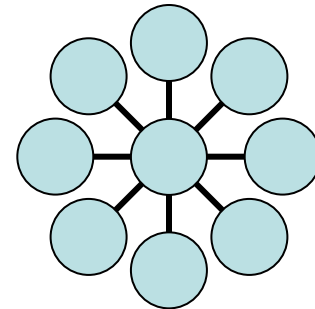


- Broad view of risk
- Clear policies and business objectives for activities (risk context)
- Coordinator or integrator of risk information
- Explicit risk identification, analysis and evaluation (top down and bottom up)
- Process for management responses
- Monitoring and follow up of decisions
- Internal reporting by unit / activity managers

Elements of good risk management

Center-wide Risk management

- Project risk assessments
- Unit/Center strategy reviews
- Quality assurance processes
- Impact evaluations
- Safety reviews
- Ad hoc special studies
- Internal audits
- External audits



Sources of risk analysis in Centers (examples)

Center-wide Risk management

- IAU Good Practice Note – summarize research on elements of a risk management system that would support a Board statement – discussion draft
- Joint work between IAU and group of Center executives and System Office on developing common approach, including format of Board statements
- Need to consider how to review shared risks
- Proposals by Center managements to their Boards



Proposed Next Steps