



Good Practice Note No. 27

# Audit Committee Agendas

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*Part of a series of notes to help Centers review their own internal management processes from the point of view of managing risks and promoting good governance and value for money, and to identify where improvement efforts could be focused. The good practices described in this series of notes should not be interpreted as minimum standards in every case, as not all may be appropriate to every Center.*

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As a supplement to the CGIAR IAU's Good Practice Note on Audit Committee Terms of Reference, this Good Practice Note provides suggestions for Audit Committees on structuring their meeting agendas. As most Audit Committees meet face to face twice per year, the Note also makes suggestions for dividing topics between meetings where this is possible.

When preparing timed agendas, Audit Committees are encouraged to schedule sufficient time for deliberations given the size of the agenda for that particular meeting, and include some time for discussions amongst members in private, if one or more agenda items at a particular meeting may be sensitive or require some interaction between members that would be facilitated by a closed session of the members only.

As with the Good Practice Note on Audit Committee Terms of Reference, this Note does not cover activities which are normally within the purview of a Finance Committee. The CGIAR Guideline on Center Governance No 1 (2007 update) promotes a separation of these Committees, though for practical reasons quite a few Centers have preferred to retain one Finance and Audit Committee.



<b>Agenda Item</b>	<b>Suggested coverage of Agenda Item</b>	<b>1st Meeting of year</b>	<b>2nd Meeting of year</b>
<b>Audited Financial Statements</b>	<ul style="list-style-type: none"><li>Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, developments in CGIAR and other applicable accounting and financial reporting policies, and understand their impact on the financial statements.</li></ul>	Yes	No
	<ul style="list-style-type: none"><li>Review with management and external auditors the results of the audit, including any difficulties encountered.</li></ul>	Yes	No
	<ul style="list-style-type: none"><li>Review the external auditor's report on the financial statement and any supplementary report (management letter) outlining the findings, observations and recommendations and management's responses, and the status of any action plans where implementation of agreed recommendations cannot be immediate.</li></ul>	Yes	No
	<ul style="list-style-type: none"><li>Review the annual financial statement, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting and disclosure policies, in particular the CGIAR accounting and financial reporting guidelines.</li></ul>	Yes	No



<b>Agenda Item</b>	<b>Suggested coverage of Agenda Item</b>	<b>1st Meeting of year</b>	<b>2nd Meeting of year</b>
<b>Audited Financial Statements</b> (cont'd)	<ul style="list-style-type: none"><li>Review with management and external auditors all matters required to be communicated to the Committee under international auditing standards.</li></ul>	Yes	No
	<ul style="list-style-type: none"><li>Recommend the acceptance of the audit report and the adoption of the annual financial statements to the Board.</li></ul>	Yes	No
	<ul style="list-style-type: none"><li>Review interim financial reports with management, including reports on cash flow, and budgeted versus actual income and expenditure and consider whether they are complete and consistent with the information known to Committee members.</li></ul>	No	Yes



<b>Agenda Item</b>	<b>Suggested coverage of Agenda Item</b>	<b>1st Meeting of year</b>	<b>2nd Meeting of year</b>
<b>Audited Financial Statements</b> (cont'd)	<ul style="list-style-type: none"><li>Meet separately with the external auditors in closed session to discuss any matters that the Committee or auditors believe should be discussed privately.</li></ul>	Yes	No unless requested by auditor or an issue arises during year warranting such meeting
<b>Appointment of External Auditors</b>	<ul style="list-style-type: none"><li>Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit, and its audit quality control/assurance processes</li></ul>	Either 1 <sup>st</sup> or 2 <sup>nd</sup> meeting	Either 1 <sup>st</sup> or 2 <sup>nd</sup> meeting
	<ul style="list-style-type: none"><li>Review the performance of external auditors and make recommendations to the Board of Trustees regarding their appointment, discharge, or rotation in accordance with CGIAR audit guidelines.</li></ul>	Yes	No
	<ul style="list-style-type: none"><li>Recommend to the Board the terms of engagement and remuneration of the external auditor.</li></ul>	Yes	No
	<ul style="list-style-type: none"><li>Where the external audit appointment is to be rotated, recommend to the Board the tendering process, including the process for evaluating the proposals, and recommend to the Board the selection decision.</li></ul>	Only in year prior to rotation	No



Agenda Item	Suggested coverage of Agenda Item	1st Meeting of year	2nd Meeting of year
<b>Appointment of External Auditors</b> (cont'd)	<ul style="list-style-type: none"> <li>Review the circumstances where an external auditor resigns an engagement and advise the Board if any action related to these circumstances is warranted.</li> </ul>	Only if this occurs	Only if this occurs
	<ul style="list-style-type: none"> <li>Review and confirm the independence of the external auditors by ascertaining with the auditors any relationships between the auditors (individuals, the audit firm or its network of firms) and the Center, including non-audit services, discussing the relationships and the firm's own internal procedures (including internal rotation policies) for maintaining the independence of its staff.</li> </ul>	Yes	No unless an issue arises during year
<b>Progress Report on Internal Audits</b>	<ul style="list-style-type: none"> <li>Review with management and the internal auditor the charter, plans, activities, staffing, and organizational structure of the internal audit function.</li> </ul>	Yes (annual) – plans, activities, staffing  Periodically – Charter	Yes (update)
	<ul style="list-style-type: none"> <li>Ensure that there are no unjustified restrictions or limitations</li> </ul>	Yes (included routinely in IA report)	Yes (included routinely in IA report)



<b>Agenda Item</b>	<b>Suggested coverage of Agenda Item</b>	<b>1st Meeting of year</b>	<b>2nd Meeting of year</b>
<b>Progress Report on Internal Audits</b> (cont'd)	<ul style="list-style-type: none"><li>Review and concur in the appointment, replacement, or dismissal of the head of the internal audit function.</li></ul>	When required	When required
	<ul style="list-style-type: none"><li>Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' <i>International Standards for the Professional Practice of Internal Auditing</i>.</li></ul>	Periodically (esp. in conjunction with 5 yearly external reviews of IA function) or if issues are raised by External Auditor	Periodically
	<ul style="list-style-type: none"><li>Meet separately with the head of internal audit in closed session to discuss any matters that the committee or internal audit believes should be discussed privately</li></ul>	Yes	Yes



<b>Agenda Item</b>	<b>Suggested coverage of Agenda Item</b>	<b>1st Meeting of year</b>	<b>2nd Meeting of year</b>
<b>Risk Management and Internal Control</b>	<ul style="list-style-type: none"><li>Review the implementation of the Board-approved risk management policies, consider any proposed amendments to these, review the assessment of risks matrix and provide input from the Board perspective, and in the light of this consider the effectiveness of the Center's risk management and internal control system.</li></ul>	1 <sup>st</sup> or 2 <sup>nd</sup> meeting each year	Review progress in other meeting
	<ul style="list-style-type: none"><li>Understand the scope of internal and external auditors' review of risk management and internal control systems, and obtain reports on significant findings and recommendations, together with management's responses.</li></ul>	Yes (as part of IA and EA agenda items)	Yes- IA
	<ul style="list-style-type: none"><li>Review the status of any audit recommendation action plans where implementation of agreed recommendations cannot be immediate, and assess management responsiveness.</li></ul>	Yes (could be one a year in depth)	Yes (could be one a year in depth)
	<ul style="list-style-type: none"><li>Review management reports on risk management and internal control and (annually) proposed public Board statements and advise the Board on the adoption of such statements.</li></ul>	1 <sup>st</sup> or 2 <sup>nd</sup> meeting each year (incl. Board Statement)	



<b>Agenda Item</b>	<b>Suggested coverage of Agenda Item</b>	<b>1st Meeting of year</b>	<b>2nd Meeting of year</b>
<b>Risk Management and Internal Control</b> (cont'd)	<ul style="list-style-type: none"><li>● Drill down on selected risks that are not being reviewed by other Committees such as the Program Committee or a separate Finance Committee, and seek management explanations of mitigating controls or plans to enhance these controls</li></ul>	Selected topics per meeting	Selected topics per meeting
<b>Compliance and Litigation</b>	<ul style="list-style-type: none"><li>● Review the findings of any examinations by host country regulatory agencies or donor audits and any auditor observations on compliance.</li></ul>	As needed	As needed
	<ul style="list-style-type: none"><li>● Review the process of communicating to staff and others the Center's code of conduct, including policies on (i) managing conflicts of interest and (ii) receiving and acting on confidential information from staff, suppliers, partners and others about noncompliance and misuse of Center resources; and review the Center's process for monitoring compliance therewith.</li></ul>	Periodic topic (not every meeting)	
<b>Self Assessment</b>	<ul style="list-style-type: none"><li>● Review self assessment instrument and results of previous assessments to track follow up of results</li></ul>	1 <sup>st</sup> or 2 <sup>nd</sup> meeting each year (annual)	1 <sup>st</sup> or 2 <sup>nd</sup> meeting each year (annual)

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Author: John Fitzsimon