



Good Practice Note No. 15

# Documenting Board-Center Reporting Arrangements and Delegations of Authority

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*Part of a series of notes to help Centers and their internal auditors review their own Center internal management processes from the point of view of managing risks and promoting 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 as not all may be applicable to every Center.*

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## SUMMARY

The purpose of this note is to provide benchmarks to Centers for documenting Board-Center reporting arrangements. This responds to some recent Center External Program and Management Reviews (EPMRs) that have recommended more formalization of what requires Board approvals and agreement on the extent of information which the Board must have if it is to deal competently with matters for which it must give approval.

This Good Practice Note identifies the following good practices in this regard and provides some suggestions as to how they might be implemented by Centers:

- Document Board-Center reporting requirements in a Board-approved schedule
- Document, in consolidated form, delegations of authority to staff below the Director General in a format that clearly shows, for each type of transaction, the type of delegation, to whom it is given and the established limits

## Acknowledgment

*This note has been prepared solely for use by CGIAR Centers and their internal auditors. The CGIAR IAU wishes to acknowledge the Center for International Forestry Research (CIFOR); the International Plant Genetic Resources Institute (IPGRI), and the International Water Management Institute (IWMI) for information which has assisted the preparation of this note. The note also draws on a guidance note for Trustees prepared some years ago by the CGIAR Secretariat.*



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## INTRODUCTION

The Centers are legally established as non-profit organizations with international status, as stipulated by the laws of (or special agreements with) the host country in which they are headquartered. The Center's establishment documents give a central place in the organization to the Board of Trustees<sup>1</sup>, and all powers are vested in them. Generally, it is the responsibility of the Trustees to set policies and to monitor and evaluate management's actions, though not to be involved in the day to day operations of the Centers. Therefore, with the exception of certain powers which the establishment documents reserve for the Board, the Board will have the power to delegate its powers to the Director General of the Center, to permit him or her to exercise day to day management of the Center.

The principal duties of the Boards of Trustees of the CGIAR Centers are to:

- Set the terms of employment for, select and appoint (or dismiss), and evaluate (usually annually) the Director General;
- Monitor the development of the Center's long range plans; scrutinize carefully the annual program of work and accompanying budget; ensure they conform with the Center's policies and take into account the counsel of the CGIAR, and approve them;
- Monitor the Center's progress toward achieving its objectives, and the internal and external risks that may have a major impact on this;

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<sup>1</sup> In some cases the Boards have different titles.



- Assure the Center’s financial integrity and accountability, including the appointment and remuneration of the external auditor;
- Exercise oversight of significant contracting activities;
- Approve personnel policies including salary and benefits scales;
- Approve administrative policies of the Center.

It is primarily in relation to (v) above that Boards delegate responsibilities.

Documentation of the extent of delegation of power given to the Director General, what the Board reserves for its own approval, and on what it requires to be consulted on or informed, varies among Centers. In some cases it is set out in a “Board Rules and Procedures” document or handbook, in other cases it is the accumulation of Board decisions or Board-Center management understandings over the years. What is actually delegated and what is reserved for Board approval, and the form in which this is delegation is made, also varies between Centers. Some recent Center External Program and Management Reviews (EPMRs) have recommended more formalization of what requires Board approval, and agreement on the extent of information which the Board must have if it is to deal competently with those matters for which it must give approval.

### Good practice

Document Board-Center reporting requirements in a Board approved schedule

The simplest way of addressing the need for documentation is to set the requirements out in a Board-approved schedule. This can indicate the extent of delegation of authority to the Director General, what the Board reserves for its own approval, and on what matters the Board requires consultation. This schedule should be reviewed by the Board from time to time.

Table 1 below provides examples of what could go into such a schedule, based on examples drawn from various Centers:



**Table 1**

<b>Type of transaction requiring Board submission</b>	<b>Purpose of submission to Board</b> (in some cases via Audit or other Board Committees)	<b>Examples of documentation that could be required</b>
Adoption of Center strategic, medium term and annual work plans	Approval	The plan plus an explanation of the planning process adopted
Board Statement on Risk Management and Internal Control	Approval	Management report on status of implementation of risk management framework, and supporting analysis of major internal and external risks and actual/planned preventive controls and/or mitigating measures
Adoption of Center annual income and expenditure budget	Approval	The budget, explanation of variance from previous year, assumptions relating to income projections.
Progress in achieving annual budget	Information	Analytical report or presentation, including any significant variations from plan expected
Adoption of Center annual financial statements (and acceptance of the external audit report)	Approval	The financial statements and external auditors' opinion and management letter; plus an analysis of results and financial position, and performance against key financial indicators
(Re-)Appointment and remuneration of external auditor	Approval	Statement on rationale for reappointment. Where opened for tender, an analysis of the bids of the shortlisted firms (comprising the written bids and usually presentations by the firms). The detailed review for the Board is usually made by the Audit Committee)



<b>Type of transaction requiring Board submission</b>	<b>Purpose of submission to Board</b> (in some cases via Audit or other Board Committees)	<b>Examples of documentation that could be required</b>
Annual Internal Audit Plan	Consultation and approval	Draft Internal Audit Plan. The detailed review for the Board is usually made by the Audit Committee
Internal Audit Activity	Information	Internal Audit Report (may be summary report, or also copies of reports of internal audit assignments). The detailed review for the Board is usually made by the Audit Committee)
Appointment of senior Center staff (to be defined in the schedule)	Consultation or approval	Position description, , analysis of CV against selection criteria; and selection process details
Staffing numbers and trends (including diversity information)	Information	Analytical report or presentation
Opening and closing of bank accounts	Information or approval (in general IAU recommends information only to Audit Committee, leaving to management approval authority)	Schedule of such accounts, reasons for opening/closing; brief assessment of risks relating to new accounts
Investment transactions over a specified amount or for certain types of investments	Information or approval	Schedule of such investments; brief assessment of risks
Procurement of goods and services (including consulting services) over a (significant) specified amount	Information or approval	Statement detailing the purpose, need and selection process (according to the Center's procurement or consultant selection policies)
Sales to Centers of assets by staff members	Approval	Statement detailing the purpose, need and justification for transactions



<b>Type of transaction requiring Board submission</b>	<b>Purpose of submission to Board</b> (in some cases via Audit or other Board Committees)	<b>Examples of documentation that could be required</b>
Leasing of premises and other assets whose cost over the lease term would exceed a specified (significant) amount	Information or approval	Statement detailing the purpose, need and selection process
Disposal of assets over a specified (significant) amount	Information or approval	Statement detailing the reasons for disposal and disposal process
Staff reduction plans and proposed packages	Approval	Reduction plan, financing method and impact analysis (on operations and finances).
Loans to staff	Information	Schedule of loans approved in the period.
Actual and potential litigation or claims against the Center	Consultation or Information	Report, with conclusions regarding expected outcome or proposals for resolution
Impact assessments	Information	Report or presentation on impact assessment activities and results
External Program and Management Review (EPMR), Center-commissioned External Review (CCER) and other major internal review activity planning and reporting	Consultation and approval of EPMR and CCER plans	Reports or presentations on plans and results of reviews
Annual report	Consultation or approval	Draft report or presentation on proposed outline and thrust of report
Transactions varying from Board approved policies e.g. Partner contracts with IP clauses which vary from Center policy; special staff benefits	Approval	Description of the transactions, and case for approval in the best interests of the Center.



### Good practice

Document in consolidated form, delegations of authority to staff below the Director General in a format that clearly shows, for each type of transaction, the type of delegation, to whom and the established limits

In some cases, the Board makes a general delegation to the Director General who then approves sub-delegations to other Center staff, and in some cases the Board itself approves the sub-delegations to various levels of staff.

Documentation of sub-delegations also varies across Centers. Elements of good practice drawn from various Centers are:

- The sub-delegations are in one consolidated document (tabular or matrix formats tend to be the clearest way to show this information);
- The sub-delegations are made to positions, rather than named individuals;
- The sub-delegations explicitly indicate that the person delegated may not approve transactions in which they themselves are a party (these should be approved by another delegate at a higher level, or by the Board Chair or Board as a whole in the case of the Director General);
- They are periodically reviewed for organizational changes, new policies or new activities;
- The document indicates any financial limits applicable to the sub-delegation, either numerical limits or (in relation to authorities only granted in respect of particular organization units or types of expenditures) the limit established by a unit budget or line item budget);
- The document includes not only approval sub-delegations but also any requirements for transactions to be checked/reviewed, recommended or cleared by others before approval
- The document is provided to new incumbents of the positions mentioned, as part of their orientation to the position
- The document is clear that persons with sub-delegations do not have power to extend this delegation to others (e.g. staff may not appoint others to act on their behalf);
- The document is readily accessible to all Center staff for reference.

Documentation of sub-delegations may also be included in the same document/schedule used to document transactions requiring Board approval, consultation or information.

It is a good practice that the requirements for documenting the approval, recommendation or clearance, and the unit responsible for record retention, are set out either in the schedule of sub-delegations or in a related document or procedure manual.



Examples of transactions for which sub-delegations typically cover, indicating usual location of approval authority (headquarters/central units and other offices/divisions<sup>2</sup>), are shown in the table below:

**Table 2**

	HQ/Central Units	Other Offices/Divisions
<b>Finance and Administration</b>		
Host country agreements and amendments (recommended to BoT)	✓	
Opening and closing of bank accounts	✓	
Annual budgets (recommended to BoT)	✓	
Budget variations	✓	✓
Petty cash custodian appointments	✓	
Disbursements (checks, electronic funds transfers)	✓	✓
Disbursements (payments from petty cash funds)	✓	✓
Investment transactions (within BoT approved policies)	✓	
Requisitions	✓	✓
Purchase Orders	✓	✓
Purchase Orders (special classes of assets e.g. IT equipment and software, standard furniture, cameras, photocopiers, laboratory equipment)	✓	
Contracts for consultants	✓	✓
Contracts for other services (including maintenance contracts, agencies and utilities)	✓	✓

<sup>2</sup> Centers will vary according to the extent that authority is decentralized to offices outside headquarters or to divisions outside central units.



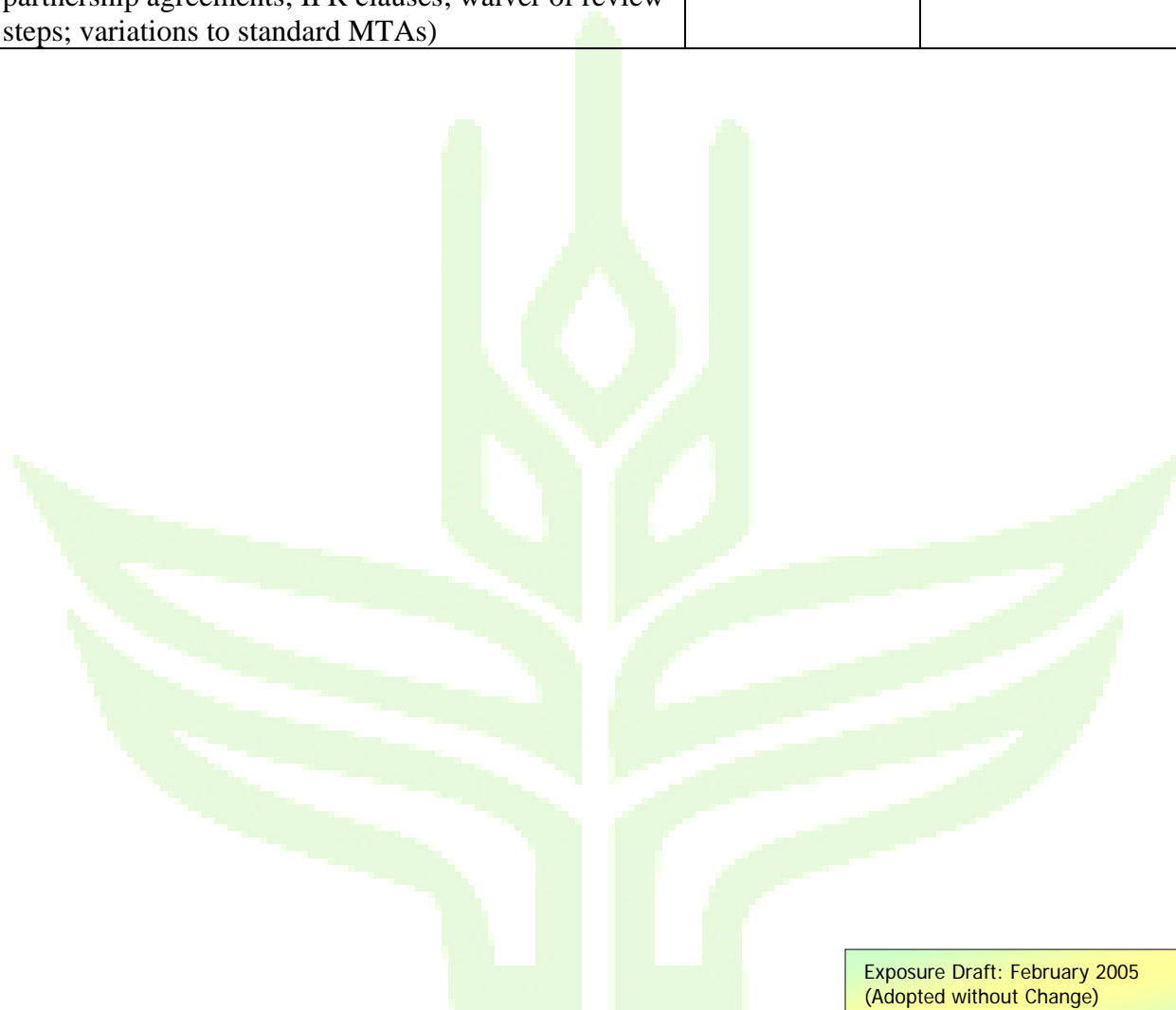
	HQ/Central Units	Other Offices/Divisions
Goods/Services received notes	✓	✓
Building construction/refurbishment acceptance notes	✓	
Lease agreements	✓	
Sub-lease agreements (sub-leasing of Center space)	✓	
Disposal (sale, donation, scrap) of fixed assets	✓	✓
Write off of (missing, stolen, erroneously recorded) fixed assets	✓	
Provisions for doubtful debts	✓	
Write off of bad debts	✓	
Internal chargeback tariffs (and exceptions)	✓	
Invoices (issued by Center)	✓	✓
Receipts (issued by Center)	✓	✓
Adjustments to accounting ledgers (e.g. for accounting errors, clean up of old unexplained balances, unexplained reconciliation items)	✓	
Monthly financial statements	✓	
Annual financial statements (recommended to BoT)	✓	
Hosting agreements (Center hosted by another organization)	✓	
Host agreements (Center hosting another organization)	✓	
Travel requests (staff and consultants)	✓	✓
Travel expense claims (staff and consultants)	✓	✓
Travel requests (workshop participants)	✓	✓
Travel expense claims (workshop participants)	✓	✓
Regional/country/other office imprest reports		✓
Issue of corporate credit cards	✓	
Official vehicle pool allocations (where provided by Center)	✓	✓
Staff housing allocations (where provided by Center)	✓	✓
Exceptions (e.g. payments without original invoices/receipts; variations to standard consultant contracts; waiver of purchasing quotation or bidding requirements)	✓	
<b>Human Resources</b>		
Appointments (including salary and benefits)	✓	✓
Promotions (including salary and benefits) Transfers	✓	✓



	HQ/Central Units	Other Offices/Divisions
Terminations	✓	✓
Separation payments	✓	✓
Expatriate shipping allowances	✓	✓
Consultant time sheets	✓	✓
Payroll (AIARC instructions)	✓	
Payroll (IRS where this is managed by the Center)	✓	
Payroll (NRS)	✓	✓
Overtime	✓	✓
Staff secondment agreements (to Center, Center staff to other organizations)	✓	
Intern agreements	✓	
Staff loans	✓	
Paid leave (annual, administrative, special, sick, family leave; days off in lieu of overtime)	✓	✓
Sabbatical leave	✓	
Leave without pay	✓	✓
Performance contracts and assessments	✓	✓
Annual salary merit increases	✓	✓
Cost of living salary adjustments	✓	✓
Salary grid updates	✓	
Visa and Residence Permit request letters	✓	✓
Medical evacuations	✓	✓
Training selections	✓	✓
Exceptions (e.g. variations to standard contracts, ex gratia payments to staff)	✓	
<b>Research Program (and related)</b>		
Strategy (draft recommended to BoT)	✓	
Medium Term Plans (draft recommended to BoT)	✓	
Annual Work Plans (draft recommended to BoT)	✓	
Research partnership agreements/MoAs (collaboration on Center research)	✓	✓
Research partnership agreements/MoAs (participation in research projects led by others)	✓	
Project concept notes	✓	✓
Project proposals to donors	✓	
Donor agreements (unrestricted/attributed funds)	✓	



	HQ/Central Units	Other Offices/Divisions
Donor agreements (restricted funds)	✓	
Donor reports (financial & technical)	✓	✓
Research publications	✓	
Research permits (including bioprospecting permits)	✓	
Material Transfer Agreements (incoming)	✓	
Material Transfer Agreements (outgoing)	✓	
Phytosanitary certificates	✓	
Experimental Station harvest reports	✓	✓
Sale of farm produce	✓	✓
Exceptions (e.g. variations to standard donor and partnership agreements; IPR clauses; waiver of review steps; variations to standard MTAs)	✓	



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