

39th Board Meeting

Global Fund Ethics Office

Annual Report and Opinion 2017

GF/B39/14

09-10 May 2018, Skopje

Board Information

Purpose of the paper: The Board is requested to provide input and comment on this paper, which covers the Ethics Office's Annual Report and Opinion for 2017.

Executive Summary

Context

The Global Fund has ethics at its core. The mission—investing to end the three epidemics—is fundamentally just. The principles of transparency, country ownership, performance-based funding and partnership, and the multi-stakeholder structure create a sound basis for robust and sustainable strategy development and implementation. The Ethics and Integrity Framework¹ sets out values and standards of behaviour for individuals across the Global Fund’s Governance functions, the Secretariat and Operations at the Implementer level.

The ethics programme, established to embed the Ethics and Integrity Framework into day-to-day operations and decision-making, has been in place for 18 months. The Ethics Office drives the programme and focusses on: training and awareness raising; impartial advice on Codes of Conduct and ethical dilemmas; integrity due diligence and conflict of interest management; policy setting and standard support, and; response to misconduct.

Questions this paper addresses

- A. What is the Ethics Officer’s Opinion on the state of ethics and integrity across the Global Fund?
- B. What progress has the Global Fund made in ethics in 2017?
- C. What progress has been made with the Global Fund’s ethics programme during 2017?

Conclusions

- A. The Global Fund is the only organisation I know of that asks its Ethics Officer to provide an annual opinion on the state of ethics and integrity. This is a ‘best in class’ level of ambition, and providing that opinion is therefore both a privilege and a challenge. As noted above, a broad commitment to ethics, the core structures, principles, values and a majority of policies are in place. Progress has definitely been made, and this is described in the body of this report. However, given the breadth and complexity of the Global Fund and its activities, it will take significant time and effort for the ethics programme to become fully embedded. Therefore, using the OIG’s maturity scale, my opinion on the maturity of ethics and integrity across the Global Fund is that it remains at ‘initiated’. A task for 2018 is to further clarify the subjective and objective measures needed to form a more robust opinion – maturity will need to be measured in terms of how decisions taken and behaviours across Governance, Secretariat and Operations drive progress towards the Global Fund’s Vision.
- B. The Global Fund made progress in embedding ethical considerations into decision-making at multiple levels. Headlines include: integrity due diligence and deeper conflict of interest assessment were deployed in a number of contexts, including Board Leadership, Executive Director and Committee Leadership selection. The Board

¹ As approved by the Board in November 2017 under decision point GF/B38/DP09 and as set forth in Annex 4 to GF/B38/06-Revision 2.

approved the Policy to Combat Fraud and Corruption. The Code of Conduct for CCM Members (to be presented to the Board at its May 2018 meeting) and its enforcement became a core part of the CCM Evolution initiative and underwent significant consultation. There has been continued focus on upholding the accountability to behave in line with the Global Fund's existing codes of conduct: Case statistics show that many individuals from Governance and the Secretariat are approaching the Ethics Office for advice on conflicts of interest, code of conduct topics and ethical dilemmas.

- C. The Ethics Office has also made progress in 2017, becoming established and staffed. This has enabled us to set up case management and training activities. We have reached over 400 people with awareness raising and training activities, and handled over 150 advice and conflict of interest cases of widely varying complexity. In terms of outcomes, we played a small but significant role in the improvements to the Executive Director selection, and influenced a number of decisions that collectively protect the integrity and reputation of the Global Fund. We also took on significant unplanned work, notably relating to the cancelled Executive Director selection process and its successful re-run.

Input Sought

The Board's input is sought on the opinion and progress report, with a view to improving the focus and effectiveness of the Ethics programme going forward.

Input Received

The EGC and the MEC have reviewed this Paper and have provided their input to this Opinion.

Opinion on the Maturity of Ethics and Integrity

Introduction – the basis for forming an opinion

As noted in the Executive Summary, the Global Fund is the only organisation I know of that asks its Ethics Officer to provide an annual opinion on the state of ethics and integrity. In this section I summarise how the maturity level may be assessed, but it remains subject to development and refinement in 2018.

Ethics is defined as “the practice of working out the right thing to do.” Decisions need to be put into action to have effect, so I would add “...and then doing it”. The “right thing to do” at the Global Fund is to carry out our Mission to achieve our Vision. Ethics is therefore about the impact of the choices we make and our behaviours as individuals and as an organisation. Its maturity can be assessed by whether the environment for decision-making and the resulting individual and organisational decisions are the best choices to bring us closer to sustainably ending the epidemics. The purpose of ‘being ethical’ is therefore to be sustainable – to deliver on our mission and maintain the trust of our stakeholders while doing it.

A basic level of ethical maturity is rule-based: whether appropriate rules are in place, whether they are routinely followed, and accountability is enforced. For example, do individuals comply with their respective codes of conduct, do they follow their respective procedures and policies, is their compliance monitored, and are they appropriately sanctioned when they don’t. However, a rules-only approach would fail in the Global Fund’s complex operating environment - we have limited funds and a broad ranges of stakeholders to serve, and therefore tough choices to make.

In our context, a more advanced level of maturity would be whether we consistently act as investors to end the epidemics, as required by our mission. Do we actively consider the return on our investments of time and money, do we prioritise those matters which have the biggest potential impact, and do we have and use quality data to assess the opportunity cost and returns of those different investment choices. This also requires ethical considerations to be taken into account: do we routinely assess and test the potential consequences of our decisions on all impacted stakeholder groups, and do we assess decisions in terms of how they align with core ethical values.

At its most mature, ethics also recognises that our context is continually evolving. This level requires a reflective culture where in addition we embrace change, are open to new ideas, are able to ask ourselves difficult questions before others do, learn from mistakes and adjust course quickly as necessary.

From a risk perspective, ethics risk is described in the Organisational Risk Register (ORR) as “Current or potential organizational beliefs, practices, or conduct that are in contravention of Global Fund Values, Codes of Conduct or applicable policies.” Ethics risk might materialise at Board, Secretariat or Operational level, the impact being “poor decision-making, potential fraud, financial loss, reputational damage, and/or failure to achieve strategic objectives.” Given the structures, policies and processes in place, the residual risk level is currently low to moderate, on a stable direction of travel. Effective management of ethics risk is a mitigating component of other risks including reputation, culture and governance oversight.

Opinion

My opinion on the maturity of ethics at the Global Fund is that progress has been made but it remains at 'initiated' across Governance, Secretariat and Operations. The reasons for this are as follows:

Governance level

Progress is being made, building on the foundations of the multi-stakeholder partnership model and framework of ethics and integrity policies. In particular, improved selection processes and due diligence for governance officials provides the potential to avoid those that present integrity issues, and select those with the time, commitment and skills to further advance strategic governance-level decision-making. Also, there is evidence of strengthened accountability for compliance with Code of Conduct for Governance Officials and an increased focus on managing conflicts of interest. Looking ahead, work is being initiated on Board culture within the ongoing implementation of the governance action plan.

Secretariat level

As the detailed ethics progress report shows, there has been good engagement in the ethics programme in the Secretariat, in particular in relation to code of conduct and conflict of interest advice. Looking ahead, the Code of Conduct briefings and certification currently rolling out to all staff should further increase awareness and adoption. Sound objective data to assess progress, in the form of the staff engagement survey results, will become available in early 2019.

Operations level

My assessment is that operations in aggregate are at the initiated level of maturity. Codes of conduct and robust contractual requirements are in place for implementers and there has been ad hoc training, due diligence and engagement. Many implementers, especially the INGOs and UN bodies, have their own established ethics and compliance programmes. There is extensive focus on risk management and assurance in our grants, with oversight by GMD, Risk and the OIG. However, we have yet to engage in a specific assessment of ethics across the implementer base and as such I could not confidently give a higher rating. Looking ahead, the CCM Evolution initiative is the main 'vehicle' to strengthen ethical conduct, conflict of interest management and grant oversight at the CCM level. Assuming Board approval, this will roll out from late 2018 onwards. Also, whilst the Global Fund has strong anti-corruption measures in place, the implementation of the Policy to Combat Fraud and Corruption provides the opportunity for continuous improvement in this important area.

Achieving Embedded Maturity

Assuming continued progress on the initiatives indicated above, I estimate that the Global Fund can achieve an 'embedded' level of maturity by the end of 2019. During 2018 we will work with stakeholders to further build and define the measures and indicators, outlined above, that can be used to determine when we have reached that level.

2017 Global Fund Ethics Progress

Introduction

We should measure the success of ethics in the Global Fund in the way we measure our grants – in terms of inputs, outputs, outcomes and impact. Like our grants, it is easier to measure our inputs and outputs than the impact they ultimately have: the ethics programme will be one of many influences on a given outcome or impact. Equally, it is hard to know to what extent the *absence* of a negative event occurring is attributable to the Ethics programme. Nevertheless, if we are to be good at investing the world's money to end the epidemics, we must measure and maximise the return on all our investments.

Global Fund Ethics Outcomes and Impacts

In 2018 we plan to establish more systematic measurement of outcomes. Nevertheless, there is evidence that the inclusion of ethical considerations contributed to a number of successful decisions across the Global Fund. The ultimate impact of these on Global Fund performance is hard to quantify, but nevertheless they all contribute to maintaining the stakeholder trust that is essential for us to continue to operate.

In terms of outcomes, highlights include:

- The Board successfully selected a new Executive Director. This was in part enabled by strengthened due diligence and conflict of interest disclosures, as well as an improved balance between transparency and confidentiality;
- The Board approved the Policy to Combat Fraud and Corruption, which clearly positions anti-corruption as essential to achieving our mission;
- The Human Resources Department (HR) within the Secretariat established panels of independent investigators and mediators, further strengthening of the assessment of potential misconduct and more effective resolution of disputes and grievances;
- Due diligence, including conflict of interest assessment, resulted in a number of decisions. Examples include: The Secretariat chose not to recruit an applicant with ethical concerns identified through screening; a Country Team were able to assist an implementer to remove a finance officer who had forged their CV; nine requests from a mix of Technical Review Panel (TRP) members, Secretariat staff and Local Fund Agents (LFAs) to do work that would have caused an institutional or personal conflict of interest and compromised their independence were declined. We took a highly transparent approach to conducting due diligence in order to create a deterrent effect, discouraging those with integrity concerns from attempting to become involved with Global Fund activities.

Ethics Office Progress and Outputs

2017 enabled us to establish an Ethics team and understand the current drivers of workload for the Ethics function. Having established case management early in the year, we now have clarity on the level of effort to support the core 'ongoing' activity of providing advice, managing conflict of interest (Col) processes and delivering training. We also now understand the significant level of effort required to develop policies and codes of conduct, to consult with the Global Fund's broad stakeholder base, and

to 'steer' changes through our decision-making processes. We have a view on where efficiencies could be made.

There has been a significant volume of unplanned activities, such as the investigation into the leaks in the previous Executive Director selection process, and providing ethics support to the design and operation of the new process. Additional unplanned time was also spent on consultation for both the CCM Code of Conduct and the Policy to Combat Fraud and Corruption. Set against this context, we nevertheless made progress across all initiatives proposed in the 2017 Work Plan. Below is a brief summary of progress during 2017. Full details are presented in the Annexes.

Inputs

The Global Fund invests significant time and money in ethics matters: the Board and Secretariat have been engaged and have committed time to reviewing conflict of interest and due diligence matters in multiple selection and decision-making processes. They have participated in training. HR and line management have been engaged in upholding accountability for good conduct. Within the overall effort, it is possible to quantify the specific investment in the Global Fund Ethics Office during 2017:

- The Ethics Office had an average staffing of 3.1 Full Time Equivalent staff over the course of the year, and;
- In addition to salaries, the total spend for travel and professional services, including outsourced investigations, was just over \$430k.

Outputs

The above inputs delivered outputs in four areas:

- **Projects:** We coordinated the drafting and approval of the Policy to Combat Fraud and Corruption, participated in extensive consultation on the CCM Code of Conduct and its enforcement, initiated the Integrity Due Diligence Project and conducted a number of smaller projects to assist teams with their own conflict of interest management processes.
- **Cases, advice and investigations:** We handled 183 cases of widely varying complexity, including 123 conflict of interest assessments resulting from declarations or disclosures noted above. The remaining cases were a mixture of advice relating to ethical dilemmas, the relevant Code of Conduct, or policies / procedures. More complex cases included the detailed review of due diligence information on Board Leadership and Executive Director candidates, and a small number of Code of Conduct concerns that were referred to HR and followed up.
- **Proactive due diligence** assignments, including tasks such as collecting declarations and disclosures, screening against watch-lists and adverse media, and review of more detailed reports: A total of 438 disclosures and declarations were collected and reviewed. Those requiring follow-up were handled as cases, below;
- **Training and engagement:** 425 people from across Governance, Secretariat and Operations have been reached by face to face Ethics engagement activities. This was mostly awareness briefings and consultations, but roughly 10% participated in more detailed 2-3 hour sessions.

Nick Jackson
February 2018

Annex 1 – Ethics Office Mission, Vision and Contact Information

**The Ethics Office is committed to the principles of
accessibility, impartiality and confidentiality**

Queries may be sent to the **confidential mailbox**: globalfundethics@theglobalfund.org

Visit us in our **offices at the Global Health Campus 4th Floor**

Nick Jackson

Ethics Officer

nick.jackson@theglobalfund.org

Phone: +41-58-79 11 686

Aneta Wierzynska

Senior Specialist, Anti-corruption and Impact

Aneta.wierzynska@theglobalfund.org

Phone: +41-58-79 11 896

Petra F. de Leon

Specialist, Ethics and Integrity

petra.forsstromdeleon@theglobalfund.org

Phone: +41-58-79 11 409

Global Fund Ethics Vision

The Ethics Office operates under the authority of both the Ethics and Governance Committee and the Executive Director. The Ethics Office strives to **embed an ethical and integrity driven culture** where Global Fund Officials and all those involved in activities financed by the Global Fund apply and implement the core ethical values of the Global Fund: **integrity, duty of care, accountability, dignity and respect** and where **ethical decision making** is lived daily.

Our vision is a Global Fund where *how* we deliver our work enhances *what* we deliver, and where a strong ethics and integrity program inspires stakeholder trust and an integrated compliance and anti-corruption program safeguards resources dedicated to health.

“A Global Fund where our culture and governance accelerate achievement of our Mission”

Ethics Vision Statement

Ethics Office Mission

The Ethics Office is committed to the principles of accessibility, impartiality and confidentiality. We promote ethics and integrity-related values, systems and practices, and facilitate the prevention, detection and response to unethical practices at all levels of the Global Fund, through:

- Advice, guidance and support
- Training, outreach and advocacy
- Standard setting and policy support
- Monitoring compliance with ethics policies
- Facilitating the response to ethical misconduct
- Conflict of interest management

“Promoting excellence throughout the Global Fund by addressing ethical behaviour and values, leadership and organizational culture.”

Ethics Mission Statement

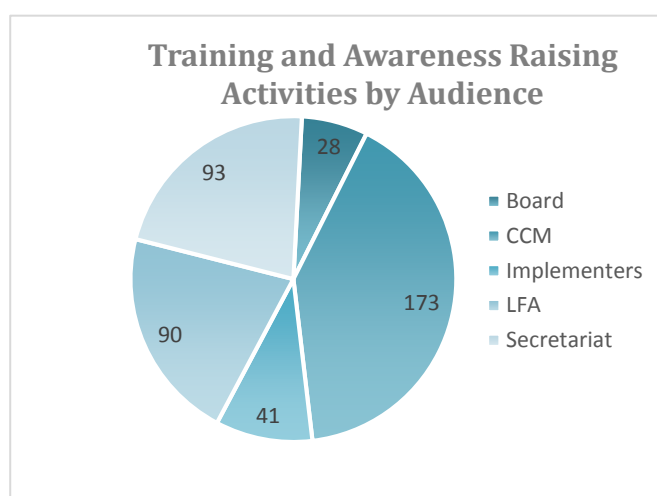


Annex 2 – Detailed Statistics and Status Update

2.1 Activities by Audience

A challenge for every Ethics Office is to work with the right audiences – identifying those that may be ‘quieter’ but need more attention and avoiding the temptation to focus only on those that are nearest or are already well engaged. While we have reached out to all Global Fund populations to some extent, we are aiming to measure what percentage of each population we are working with as a means of identifying if we are focusing on the right ones. However, there are challenges in estimating the total size of some populations, including for example constituency membership and implementers below Principal Recipient level. We plan to continue improving these statistics this year and include them in the next Annual Progress Report.

2.2 Communications, training and awareness raising activities



While the development of ethics related e-learning modules had been originally planned for 2017, we decided to initially focus on face-to-face sessions in order to interact more directly with different audiences and raise awareness about ethics and the Ethics Office itself. This included activities for the Secretariat, Board, grant implementers, LFAs and CCMs. Lessons learned from these sessions will be incorporated into future training and awareness materials and programs.

Board: Ethics is now incorporated into all Board member on-boarding sessions. In 2017, 28 Board members, committee members, and/or constituency members have been briefed on ethics.

Staff: At the Secretariat, we have trained 93 staff, primarily people managers. This included the 20 managers nominated by MEC for the 18 month “360 Leadership program,” as well as the “Managing at the Global Fund” manager trainings. In addition, specific sessions were held for two Regional Teams (MENA and EECA).

LFAs: We ran a one hour engagement session with 90 LFA Experts and Central Coordination Team members from PwC, who provide LFA services in 82 LFA teams across 60% of grant implementing countries, including 85% of High Impact countries.

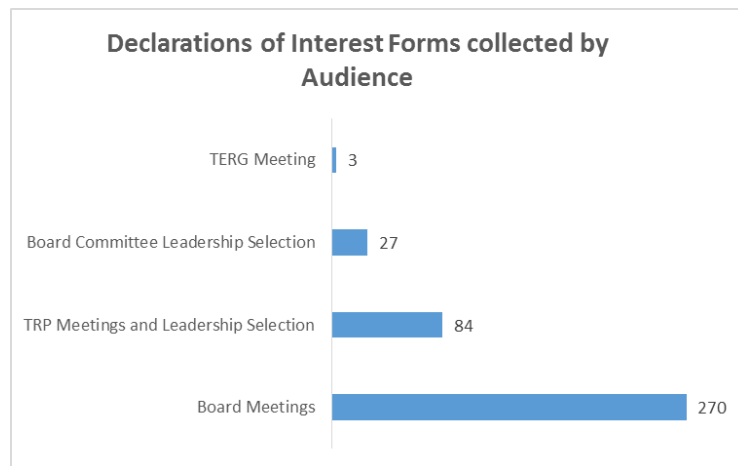
CCMs: As part of the consultations on the CCM Evolution initiative and the proposed Code of Conduct for CCM Members, we have provided awareness raising sessions to 173 CCM members and secretaries, covering 54% of grant implementing countries principally focusing on Francophone and Anglophone Africa, Asia and Latin America.

Implementers: Upon request from the Grant Management Division, we trained 41 representatives of PRs and SRs in Kenya.

We also planned the Secretariat-wide Code of Conduct for Global Fund Employees certification process involving code of conduct awareness raising activities for all Global Fund employees. This launched in February 2018 and remains in progress.

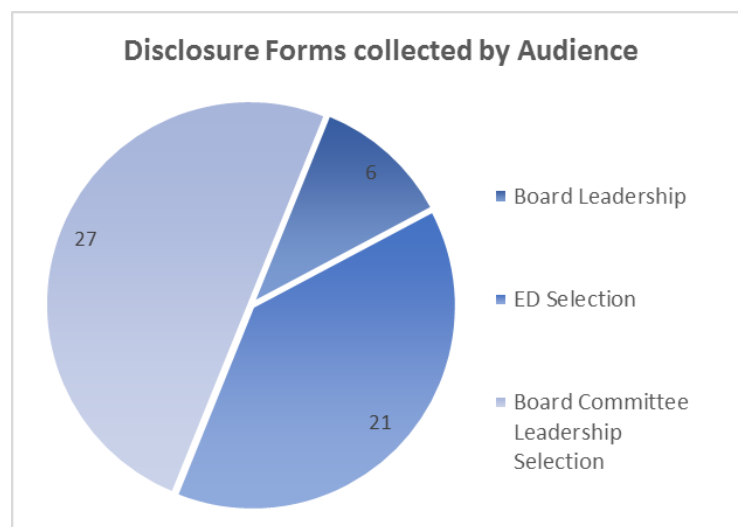
2.2 Assignments

In 2017, the Ethics Office collected declarations of interest from a total of 384 individuals for the two Board meetings, three TRP Meetings and the Board Committee Leadership Selection.



Among the 270 declarations collected for the two Board meetings, 48 contained disclosures. Fourteen of the 84 declarations collected for the TRP meetings contained disclosures and six of the 27 declarations from the Board committee leadership selection contained disclosures. All disclosures were reviewed and assessed further for potential conflicts of interest. These have been included in the case statistics reported below.

The Ethics Office also undertook integrity due diligence to facilitate the recruitment of the Executive Director, the Board Leadership as well as the Board Committee Leadership. In these exercises financial and personal disclosure statements were collected and reviewed from a total of 54 candidates.



2.3 Cases and advice to Governance Officials and Secretariat

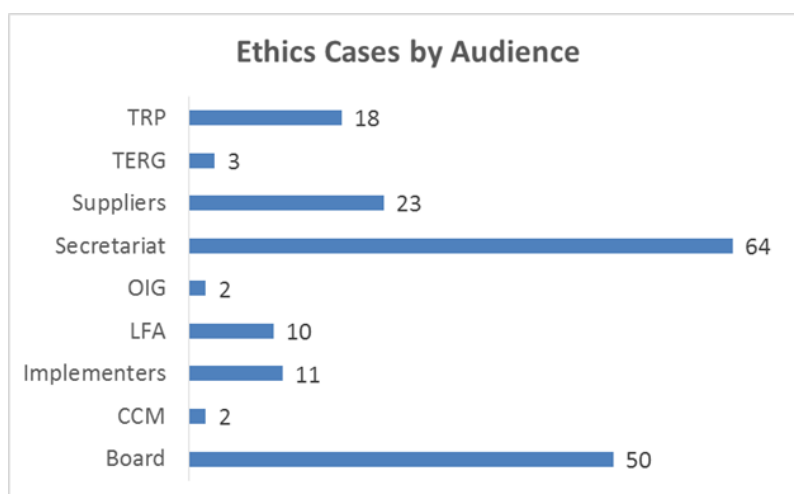
Between January and December 2017, the Ethics Office handled a total of 183 cases. These numbers contain a broad spectrum from complex cases such as the Executive Director selection, to inappropriate behaviours, and much simpler situations such as responding to an individual conflict of interest or disclosing the receipt of a gift. We coordinate with Human Resources and the OIG. Cases related to prohibited practices, misconduct and human right violations in grants are referred to the OIG, while alleged staff misconduct is referred to Human Resources, and in certain cases the Executive Director. The Ethics Office monitors progress on referred cases and may be asked to provide protection from retaliation where concerns are raised in good faith.

Cases are classified as follows:

- *Conflicts of interest*, covering advice, assessment and mitigation of individual and institutional conflicts of interest;
- *Other code of conduct*, covering all code of conduct matters that are not conflicts of interest, across the codes of conduct for governance officials, employees, suppliers and recipients;
- *Ethics advice*, on ethical dilemmas and matters such as procurement, partnerships and research, and;
- *Policy, procedure and contract advice*, where it has an impact on our remit.

By Audience

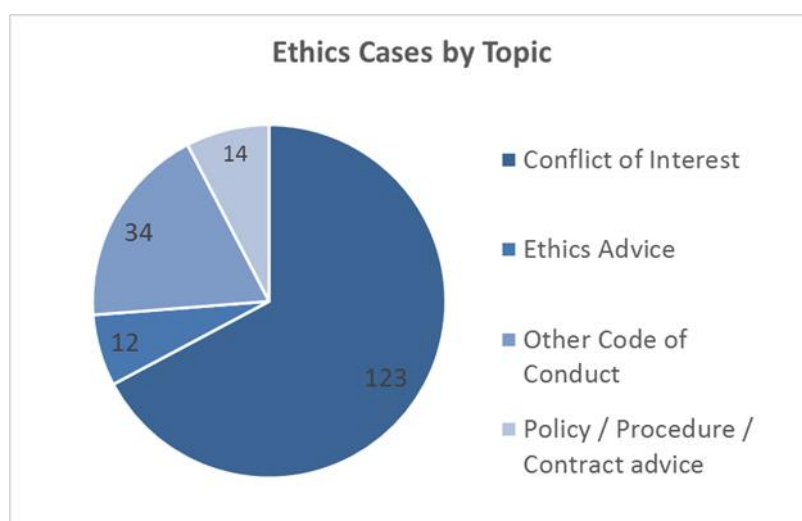
The table below shows the breakdown of cases by audience – those affected by the case. Cases are arising from across Secretariat, Governance (Board, TRP, TERG, OIG) and Operations (Suppliers, LFA, CCM and Implementers) - 35%, 40% and 25% respectively. The CCMs Evolution initiative gives the opportunity to increase our focus on operations in 2018 and beyond.



By Topic

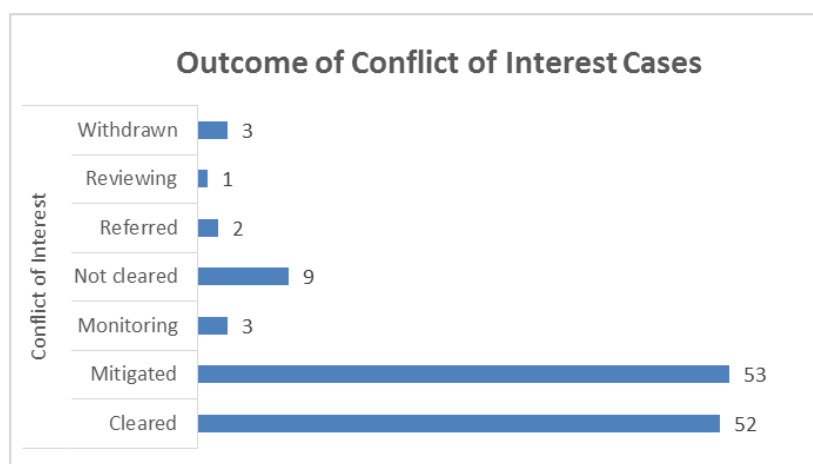
The table below shows the breakdown of cases by type. Breaking down the largest category, conflicts of interest: 43 related to the Board, 32 to the Secretariat, 21 to Suppliers (including LFAs), 17 to the TRP, 5 to implementers, 3 to the TERG and 2 to the OIG. It is important to note that while the Ethics Office directly handles conflict of interest cases from most departments and governance bodies, in the case of the TRP, LFA Coordination Team and the Private Sector Engagement Risk Committee, robust procedures exist and the Ethics Office handles cases escalated from these entities while still remaining available for advice.

The second largest group was other code of conduct: 21 cases related to the Secretariat, 7 the Board and 6 to other entities (implementers, TRP, CCM and suppliers).



Conflict of Interest Case Outcomes

The table below shows the outcome of conflict of interest cases. 52 were cleared (review found no conflict of interest and activity could go ahead), 53 cases were cleared with mitigating measures (measures were put in place to mitigate the potential or perceived conflict and the activity went ahead), 9 were not cleared (conflict of interest that could not be mitigated, therefore leading to an individual or an institution e.g. staff member or supplier, not being considered or able to take up an assignment or position, or having to step down from that position or assignment). Three cases are closed but being monitored to ensure no conflict develops, while another 5 cases have been either referred to appropriate entity or withdrawn. At 31 January there was one open case from 2017 under review.



2.4 Projects

1. **CCM Code of Conduct and enforcement:** As per the Board's request in May 2017, we have consulted on the Code of Conduct for CCM Members and accompanying ethics reforms for CCMs with the CCM community and Board constituencies. This effort has been integrated into the CCM Evolution initiative. The Code of Conduct and associated enforcement mechanisms are planned to be brought to EGC for review, and for Board approval along with the CCM Evolution proposals for the May 2018 Board meeting.
2. **Integrity Due Diligence Project:** In 2017 we began to standardize the risk-based approach to Integrity Due Diligence and support the development of an organisation-wide framework. With the view to assess its suitability for the organisation, the Ethics Office rolled out a number of pilot IDD assignments and tested different approaches including outsourced third party screening, targeted media research and self-disclosure. A risk assessment is currently underway, and the team has intensified its efforts to ensure alignment of objectives with business divisions and embed into existing processes. In addition to its advisory role, the Ethics Office also continued managing escalations from stakeholders and monitoring the compliance of existing third party populations.
3. **Anti-Corruption Framework:** In November 2017, the Board approved the Global Fund Policy to Combat Fraud and Corruption. While the Global Fund has always taken a strong stance against corruption, the Policy sets a strategic direction in this area by explicitly stating that fraud and corruption is a "program and mission risk" and instructing the organization to "prioritize prevention, detection and response to advance the Global Fund's mission". It also instructs the Global Fund to operationalize a comprehensive Anti-Corruption Framework. The work on this is progressing in 2018: It will include harmonization of existing policies, procedures, codes, and enforcement mechanisms with the PCFC; finalization of a framework for proactive risk-based integrity due diligence; and evolving our fraud risk assessment.
4. **Managing and Streamlining Conflict of Interest:** In addition to conflict of interest case management, the Ethics Office has supported the development, strengthening and updating of conflict of interest procedures in collaboration with different audiences. This includes conflict of interest procedures for LFAs, Health Facility Assessment providers, fiscal agents, external auditors, suppliers (Sourcing), and TRP members. Going forward the Ethics Office plans to revise the conflict of interest management processes of the Global Fund through updating and streamlining policies, procedures, guidelines and related tools, with a view to moving towards a risk-based disclosure approach, ideally supported by appropriate IT systems.
5. **Secretariat Culture:** The Ethics Office contributes to establishing an ethical culture in the Global Fund with a view to creating an environment where different ideas and opinions are expressed and heard; where staff know what is expected of them in terms of conduct and how they can expect to be treated by others; where staff can feel comfortable to express their concerns; and know where they can go for support and guidance when needed. In 2017 the Ethics Office planned the annual certification of the Code of Conduct for Global Fund Employees, including training to raise awareness and to ensure understanding of expectations by all staff. This started in February 2018 and will conclude in April 2018. Work started with Human Resources, the Staff Counsellor, Ombudsman, Staff Council, OIG and Communications to develop a 'Road Map' for Global Fund staff on where to go for support and advice, to raise a concern, or to report wrongdoing. The work is in progress and planned to be finalised and published during 2018.

6. **Monitoring and Oversight:** We have established an Ethics case management process and log, which as it matures will enable more effective oversight by the Executive Director, EGC and Board. The statistics in this update are drawn from that log. In July and August, the Risk Management Department facilitated the Ethics Office through a robust assessment of risks and controls in the ethics case management process. This was part of Risk's broader programme of reviews using the COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management) Framework. The outcome of the assessment has been documented in the Ethics & Integrity Case Management Risk and Control Matrix. The exercise has resulted in an action item to document ethics case management standard operating procedures, which will include protocols on when to engage the Executive Director, EGC, OIG and Board Leadership for various types of cases. We are also beginning to align more effectively with the Human Resources Department and OIG in avoiding 'gaps and overlaps' in the cases that we handle, and a more consistent approach to the case management process.
7. **Policies, Procedures, & Codes:** Following approval of the Policy to Combat Fraud and Corruption at the November 2017 Board Meeting, initial implementation planning activities are underway to align other codes, policies, procedures and enforcement mechanisms to the new Policy.

Annex 4 – Organisational Maturity Scale

Rating	Definition
Optimized	Internal controls, governance and risk management processes are optimized to ensure that the organization's operational and strategic objectives are met.
Actively managed and formalized	Internal controls, governance and risk management processes are actively managed and overseen with clear lines of accountability. Decision making is based on reliable data sets with sufficient due diligence, leading to assurance mechanisms that are robust and fit for purpose to enable the organization's operational and strategic objectives to be met.
Embedded	Internal controls, governance and risk management processes have been defined and are embedded in everyday management practice. However, there is insufficient close supervision or active management of these processes and/or they are not consistently measurable. It is likely but uncertain that they will allow the organization's operational and strategic objectives will be fully met.
Initiated	Internal controls, governance and risk management processes have been defined through institutional policies approved by executive management and/or the Board. However, they are not applied consistently and are not fully embedded in everyday management practice. They are unlikely to ensure that the organization's operational and strategic objectives will be fully met.
Ad hoc	Internal controls, governance and risk management processes are inchoate or ad hoc. They have not been fully defined and/or not approved by executive management or the Board. Processes are insufficient to ensure that the organization's operational or strategic objectives will be met.
Nonexistent	Internal controls, governance and risk management processes are absent.