

Agenda Item: 5.0

REPORT FROM THE FINANCE, AUDIT & RISK COMMITTEE (C-FAR)

Summary

Under IPPF new regulation # 5, policy 1.9, the Finance, Audit and Risk Committee (C-FAR) met on 26th March 2021 and 14th May 2021 to take note, approve, and agree on key matters presented to it. The Committee provided oversight and policy direction relating to the following key areas:

Reviewed and took note of

- 1) Special payments for the period 1st July to 31st December 2020.
- 2) Update provided by the WISH Programme team (Lot 1 and Lot 2).
- 3) Actions proposed by the management to Strengthen Fraud and Malpractices oversight.
- 4) Finance journey document highlighting actions being taken by management in improving financial systems across IPPF.
- 5) Incident reports received for the quarter ending 31st March 2021.
- 6) Financial Update for the first quarter ending 31st March 2021
- 7) Quarter 1 Financial forecast for 2021.
- 8) the proposal presented for strengthening the global oversight function.
- 9) the decision to provide loan to GPPA of US\$ 93,781 @ 2.3% annual interest, to be paid back in three years from the relevant designated fund.
- 10) Paper on IPPF's support to sex workers legal challenge.

Decisions/ Recommendation provided

- 1) *C-FAR agreed with the suggestion of the sub-committee on investments to:*
 - a) *Identify the fund manager through a closed tender and*
 - b) *recommend a two hour workshop/ training on risk management jointly conducted for the Board of Trustees and the CFAR members.*

Action Required

- 1) *The Board of Trustees **Note** the report submitted by the C-FAR chair.*
- 2) *On the recommendations of the C-FAR, **consider and approve***
 - a) *additional unrestricted core budget of US\$ 336,472 for the setup of Americas and Caribbean Regional offices in Columbia and Trinidad & Tobago.*
 - b) *additional unrestricted core budget of US\$ 350,000 for implementation of initiatives identified for strengthening/ building IPPF's much needed assurance mechanism.*
 - c) *designation of US\$ 400,000 from General reserves for Phase 1 of the strategy development process.*

- d) *additional draw down of US\$ 1,000,000 from the General reserves for solution 7, as on 31st December 2020*
- 3) *On the recommendations of the C-FAR, **consider and approve** closure of Global Gag rule designated funds after settlement of accounts with select list of MAs.*
- 4) *On the recommendations of the C-FAR, **consider and approve***
a) *the 2022 Indicative Planning Figure of unrestricted US\$64,962,000 and*
b) *an overall allocation to the three streams as presented in the IPF paper.*
- 5) *On the recommendations of the C-FAR, **consider and approve***
a) *Increase the current threshold levels of “Materiality” for reporting **special payments** from US\$ 1,000 to US\$ 5,000 and to report semi-annually with clear risk mitigation plans to avoid recurrence and*
b) *present a summary of the rest of the special payments annually.*
- 6) *On the recommendations of the C-FAR, **consider and approve***
a) *Draft investment policy*
b) *Draft treasury policy*
- 7) *On the recommendations of the C-FAR, **consider and approve***
a) *the Auditors recommendations and findings, as part of the audit update,*
b) *going concern note for the audit of financial statement for the year ending 31st December 2020*
c) *IPPF representation letter for 2020 to Deloitte and*
d) *delegation of authority to the C-FAR Chair to sign the representation letter for Deloitte.*

FINANCE, AUDIT & RISK COMMITTEE (C-FAR)

<u>Friday 26th March 2021</u> <u>14:00 hours (UK time)</u>	<u>Friday 14th May 2021</u> <u>15:00 hours (UK time)</u>
<u>Teleconference</u>	<u>Teleconference</u>
<p>In Attendance:</p> <p>Elected members: Elizabeth SCHAFFER (Chairperson, C-FAR) Lakshan SENEVIRATNE Nicolette LOONEN Judith MAFFON</p> <p>Staff: Dr Alvaro BERMEJO (Director General) Varun ANAND (Director - Finance & Technology) Jane DISBOROUGH (Financial Controller) Nisha GOHIL (note-taker)</p> <p>Joined for the relevant agenda items: Faeza Asad KHAN (WISH2ACTION Deputy Director Commercial)</p> <p>Internal Auditors: Mark SULLIVAN (Risk Assurance Director, RSM)</p>	<p>In Attendance:</p> <p>Elected members: Elizabeth SCHAFFER (Chairperson, C-FAR) Bience GAWANAS (Treasurer, IPPF) Lakshan SENEVIRATNE Nicolette LOONEN Judith MAFFON Maisarah AHMAD</p> <p>Staff: Dr Alvaro BERMEJO (Director General) Varun ANAND (Director - Finance & Technology) Mekbib T GEBREKIDAN (Manager, Financial Performance)</p> <p>Joined for relevant agenda items: Vanessa STANISLAS (Head of Safeguarding)</p> <p>Auditors Deloitte: Craig WISDOM (Partner, Audit & Assurance)</p> <p>Internal Auditors: Mark SULLIVAN (Risk Assurance Director, RSM)</p>
<p>1. Welcome and Introduction</p> <p>The Chair welcomed everyone to the meeting, updating members that at the recent Board meeting all CFAR recommendations and proposals were approved.</p>	<p>1. Welcome and Introduction</p> <p>The Chair welcomed everyone to the meeting. She highlighted that this meeting has a lot on the agenda and each of the items on the agenda is large enough to take the entire meeting to discuss. Keeping this in mind, she would try and keep a tight control on time and hopes to be able to cover the entire agenda, within the stipulated time.</p>

FINANCE, AUDIT & RISK COMMITTEE (C-FAR)

2. Agenda # 2 - Procedural Items

2.1. Apologies for Absence

Bience and Maisarah sent apologies as they were both unable to attend this meeting.

The committee was informed that there had been some technical difficulties in Maisarah being able to access the IPPF email account and this matter is being looked into by IPPF IT team.

External Auditor, Craig Wisdom was also unable to join today's meeting.

Elizabeth asked Varun that when minutes are circulated to reach out to Bience and Maisarah and inform them that if they have any questions to bring them to the rest of the committee.

2.2. Draft Agenda and Timetable

The committee was informed that under section 'Any Other Business', a paper on the financial loan granted to support Grenada Planned Parenthood Association (GPPA) was included for CFAR to record. As there were no further comments and the agenda was adopted.

Action: *The C-FAR members adopted the agenda*

2.3. Minutes of the Finance & Audit Committee Meeting

C-FAR were asked to approve the minutes of the previous meeting. As there were no comments, the minutes were approved unanimously.

Action: *The C-FAR members approved the minutes of the previous meeting held on 26th February 2021.*

2. Agenda # 2 - Procedural Items

2.1. Apologies for Absence

There were no apologies for absence.

2.2. Draft Agenda and Timetable

The committee was asked to review and adopt the agenda noting that the timing on the agenda paper, needed to be adjusted by one hour to accommodate the revised timing of the C-FAR meeting.

Action: *The C-FAR members adopted the agenda*

2.3. Minutes of the Finance & Audit Committee Meeting

The committee was asked to review and approve the minutes of the previous meeting. As there were no comments, the minutes were approved unanimously.

Action: *The C-FAR members approved the minutes of the previous meeting held on 26th March 2021*

2.4 Matters Arising

The following matters were presented for review and recommendation of the C-FAR under matters arising:

a) Additional budgetary allocation to the ACRO roll out

As communicated at the time of formulating the 2021 budget, an additional financial support to the tune of US\$336,472 has been requested to cover the costs of setting-up the two new offices in Colombia and Trinidad. Most of the proposed additional funding would be covered out of the projected surplus funds to the tune of US\$ 320k presented to the C-FAR meeting held on 26th February 21.

b) De-designation and closure of Global Gag rule designated funds

Given the decision of the DLT to close the Global Gag Rule fund, the C-FAR is requested to recommend closure of the Global Gag Rule fund to the Board of Trustees once all funds are settled with the MAs and move the balance to unrestricted funds. The current unspent balance held in the GGR designated funds as on 31st December 2020 amounted to US \$944k.

c) Designation of funds for strategy design

A paper on additional funding required for Phase 1 of the strategy development process was presented to the C-FAR. The request was for designation of US\$ 400,000 from unrestricted core reserves to fund the commissioned research, creative agency recruitment, and roundtable events, all scheduled to kick off before midyear.

Action:

The C-FAR recommended to the Board of Trustees approval of:

- a) additional unrestricted core budget of US\$ 336,472 for the setup of Americas and Caribbean Regional offices in Columbia and Trinidad & Tobago.*
- b) closure of Global Gag rule designated funds after settlement of accounts with select list of MAs and*
- c) approval of designation of US\$ 400,000 from unrestricted core reserves for Phase 1 of the strategy development process.*

3. Special payments for the period 1st July to 31st December 2020

An overview of Special Payments, Compensations and Losses, made between July 2020 to December 2020 were presented to the C-FAR. This included four payments, ranging from US\$ 328 to US\$ 54,852. The committee noted these payments.

The committee deliberated in detail about the materiality levels for reporting currently at a threshold limit of US\$ 1000 for such exceptional payments. It considered all pros and cons, in recommending an increase to this threshold. The committee also took note of additional payments in the pipeline, that related to staff settlements, highlighted by Alvaro.

Action:

In terms of “Materiality” for reporting special payments, the C-FAR recommends to the Board of Trustees for approval to,

- a) Increase the current threshold levels from US\$ 1,000 to US\$ 5,000 and to report semi-annually with clear risk mitigation plans to avoid recurrence and*
- b) present a summary of the rest of the special payments annually.*

4. Status of WISH Programme

Faeza presented details of work undertaken in relation to the no-cost extension for the WISH programme with FCDO. This included submission of proposal for WISH 1 and WISH2Action making substantial cuts to the current programme from April 2021 onwards, in order to ensure available funding (including savings if any) is utilised to run a significantly reduced programme until March 2022. In terms of the details, she highlighted that:

- On the WISH2ACTION programme, the proposal was to close out in 7 countries for the no cost extension (Afghanistan, Bangladesh, Pakistan, Ethiopia, Mozambique, Zimbabwe and Zambia), with a discussion to agree to a delayed close out in Pakistan and Ethiopia, using their results savings to carry on the programme for a longer period.
- Lot 1 is slightly more pressed for funding, two of their operations in Cote d’Ivoire and Cameroon are due to close out in August and September 2021; and four of their operations will continue until March 2022 on a skeletal basis in Chad, Mauritania, Nigeria and DRC.
- IPPF’s services and activity levels will reduce however the staff on the programme will remain protected until December 2021.

She highlighted that this was primarily to give FCDO more time to take decisions around funding and to defer the requirement of initiating close out procedures in April this year.

Elizabeth asked about the impact on not being able to travel and how the programme was adapting. Faeza confirmed that there has been a lot of remote monitoring, in many countries including MAs being very responsive, however the oversight has been limited.

Alvaro added that IPPF is continuing to fight FCDO on the cuts that are taking place. Allies in Parliament have taken up the case and IPPF has spoken to the Guardian who will release an article soon.

Members thanked Faeza for the update.

Action: *C-FAR took note of the update provided by the WISH Programme team (Lot 1 and Lot 2)*

5. Investment Policy

Members deliberated the revised draft and agreed that now the draft policy was a strong working draft which could be used to begin the process of soliciting proposals from investment managers to take forward the investments on behalf of IPPF. They also acknowledged and agreed with the action plan presented along with the policy, that highlighted the next steps to be taken.

Members agreed to

- to appoint one member from C-FAR to support staff in developing the terms of reference for selection of the investment manager and
- than it will be valuable to have as many people involved in the interview process after the short list.

and recommended scheduling the interviews in a way so that more than one member of C-FAR could be engaged and participate on the interview panel.

Action:

In line with the above discussions and agreements, the C-FAR agreed to approve the following next steps:

- *Adopt the current draft investment policy pending insight from investment professionals that IPPF proposes to engage as investment manager.*
- *Nicolette Loonen, Member C-FAR, to partner with staff on developing the tender and supporting the short-list process.*
- *Staff to provide updates through email to other members of the C-FAR and send invitation for participation on interviews with shortlisted investment management firm/ individuals.*

6. Treasury Policy

The draft Treasury policy was presented to the C-FAR by Jane. It was highlighted that the treasury policy was developed to optimise IPPF's cash management and minimise the inherent risks, particularly the foreign currency risk, and make use of surplus funds in accordance with the investment policy with the use of simple treasury instruments. Further it was highlighted that the key to good treasury management is having a reliable cash flow forecast, which we currently do not have and but hope to have in place soon.

Jane highlighted the need to look at dedicating resources on treasury, payments and forex management.

Action: *C-FAR reviewed and recommended approval of the treasury policy to the Board of Trustees.*

7. Internal Audit – Strengthen Fraud and Malpractices oversight

A paper of strengthening global oversight on fraud and malpractice incidents was presented to the C-FAR by Varun. He highlighted that the paper is only for information to C-FAR and would not require any additional allocation (as suggested in the paper) but would be draw down from the funding made available under the system strengthening budget designated by the Board in its previous meeting. He informed the committee that it is proposed that the role currently played by the Director – Finance & Technology in place of the Director, Legal, Risk and Compliance, will be played by the individual deployed by RSM Risk Assurance LLP for a short period of time. He highlighted that this will significantly improve IPPF's ability to respond to its donors; to the charity commission; and provide greater oversight to country level follow up.

Nicolette raised the issue whether IPPF would breach the three lines of defence (i) management; (ii) internal audit; (iii) external audit – by outsourcing this managerial responsibility to its internal auditor? Mark explained that to ensure there would be no conflict of interest, another member of RSM team has been brought in to undertake this function. He highlighted that RSM Risk Assurance internal audit team, will still at some point in time, want to audit the fraud response mechanism but this won't be for a year or more and this immediate action, will enable IPPF to better respond to its donor and regulatory requirements.

Elizabeth stated that she was happy that this item was brought forward to the committee as an information item for feedback. She was of the further opinion, that this primarily being a management function, it was for the management to decide on this.

Alvaro in response to Lakshan's question, stated that this outsourcing arrangement would carry on for a minimum of six months, as usually the oversight is provided by Director, Legal, Risk and Compliance, but the individual has been on long term leave.

Action: *The C-FAR took note of the proposal presented for strengthening the global oversight function.*

8. Finance Journey

Elizabeth invited Varun to update the committee, adding the document was an exciting vision for where we are going. She expressed her concern that there were too many high and immediate priorities, which may require some thought on what can be accomplished within the given time.

Varun accepted that there were too many high priorities however some of these are driven by the timebound actions that the organisation has already committed to deliver. These included the planning and budgeting tool which was planned to be ready:

- a) By the 1st quarter for the forecasting to be presented to the C-FAR, but now will be ready in time for quarter 2.
- b) for the Secretariat plans and budgets for 2022 and thereafter for 2023-25 to be ready by August 2021 and Jun 2022 respectively, for these budgets to be seamlessly compiled, collated and analysed.

He went onto state that the team will keep adjusting these timelines, as it progresses with implementation of tasks identified. He stated that one of the biggest constraints identified was internal capacity, as most of the work needed to be led by teams including the programme teams, that already have full time day jobs. For this to succeed the team was working on roping in regional and global team members, for whom adequate back up arrangements will need to be put in place.

Varun explained at a very high level what the finance journey has set out to achieve and informed the committee that the team, will keep the committee and the DLT informed of all actions taken, the progress in each of the areas and challenges, if any.

Varun confirmed that the current budgetary requirements were guestimates and will change, as the team starts to implement different parts of the journey. He highlighted that

the funds for the finance journey were to be drawn down from the system strengthening budget (Solution # 7) recommended by C-FAR and approved by the board in its 3-4th March 2021 meeting. He confirmed that as of now, there was no additional allocation of funds required.

Members congratulated the finance team in developing such an ambitious and interesting document. They raised concern that the budget may not be enough to fulfil the ambition on paper but took note that progress and any additional requests will be presented to them, along the journey.

Alvaro too congratulated Varun and Jane, adding that the paper was a detailed and courageous proposal that had been extremely well received by DLT. He further stated that by presenting to DLT and C-FAR, the team demonstrated that it was ready to be held accountable for delivering on it. He highlighted that similar to the example of the C-FAR as a committee that can be used as a model for how other committees operate; he hoped that this document will get other teams to deliver similar roadmaps, like in the area of HR management.

Elizabeth offered her appreciation and excitement on behalf of the Committee road map for the next few years.

Jane agreed that the finance team had been ambitious, but this was going to only get IPPF to the minimum place that as an organisation it needs to be in terms of being a properly functioning, delivering finance team that continuously improves. She asked all to not underestimate the toll this will take on the finance team and the risk it carried of burn-out. She highlighted that all the finance colleagues (across the secretariat) were super excited and engaged. She also informed the committee about the 'the finance family' group that had been set up, which met fortnightly and is taking stock of progress being made under the finance journey. The finance team at London realised that the Secretariat finance teams were more focused on the MAs, however felt more part of a much bigger team as they came along us on this journey towards unifying finance in a unified Secretariat.

Elizabeth added that she encourages IPPF to ensure that they don't necessarily do things the same way that they have previously. She stated that the teams don't have to feel like the existing boundaries are the only ones they must work within. She encouraged the teams to be flexible and stated that the committee will support them. She committed to be a partner in bringing these changes to the Board so that we create a system and partnership that is fluid and responsive to what is needed with the changing times.

Action: *The C-FAR took note of the finance journey document.*

9. Confirm the next date of Finance, Audit and Risk Committee meeting

Action: *The committee confirmed the date of the next meeting on the 07th May 2021.*

10. Any Other Business

Varun presented the paper relating to allocating a sum of US\$ 93,781 to Grenada Planned Parenthood Association (GPPA) out of the designated funds of US\$ 500,000 allocated by the C-FAR and approved by the Board from the IPPF's general reserves to allow transition of existing WHRO loans to MAs that stay with IPPF from WHRO to IPPF. He informed the committee that as the fund was only for existing WHRO loans to MAs and GPPA neither had a loan nor was an MA, the management approached the IPPF Board Chair, C-FAR Chair and Treasurer for sign off for a loan to Grenada Planned Parenthood Association (GPPA). The proposal of loan @ 2.3% interest per annum payable within three years of the loan, i.e. 31st March 2024, was approved for GPPA.

Action: The CFAR took note of the decision to provide loan to GPPA of US\$ 93,781 @ 2.3% annual interest, to be paid back in three years from the relevant designated fund.

There was no other business and the meeting ended.

MINUTES OF FINANCE, AUDIT & RISK COMMITTEE (C-FAR)

14th May 2021

2.4 Matters Arising

As matters arising, there was only one that related to additional budgetary allocation to solution # 7 as provided below.

a) Additional budgetary allocation for Solution # 7

Further to the earlier draw down of funds from the General reserves, the Directors Leadership Team (DLT) agreed to request for an additional draw down of US\$ 1 M as on 31st December 2020, to ensure adequate funding is available for all the system strengthening initiatives planned under the solution # 7.

The C-FAR deliberated and agreed to recommend approval of this additional draw down of funding.

Action: *C-FAR Members recommends approval of additional draw down of US\$ 1,000,000 from the General reserves for solution 7, as on 31st December 2020*

3. Financial statement for the year ending 31st December 2020

Varun presented the following matters for review and recommendation of the C-FAR:

a) Going Concern

As one of the key requirements for the statutory audit of 2020, the management prepared and presented a detailed note reflecting that IPPF remains a going concern, despite the COVID 19 pandemic. Over the last two years, this note has been subject to greater scrutiny by Deloitte.

The committee was informed that this note is being presented to Deloitte as an assessment undertaken by the management and board based on the current information available about the future.

b) Financial statement for the year ending 31st December 2020

Craig presented the auditor's report to C-FAR highlighting the following key messages:

- **Status of Audit:** Whilst the audit was close to completion, there were still some work that has not been completed. The delay was attributable to actions both by IPPF and Deloitte. He highlighted that although he is unable to sign off the audit, as per information available today, there were no concerns raised, that could materially impact the numbers. He stated that Deloitte, aims to give final sign off by the 21st May 2021.

- **Significant risk:** that were initially communicated remained the same and were investigated in detail as part of the audit procedures. Deloitte had identified two unadjusted items however there were no material issues noted as of now.
- Other areas of focus
 - **Valuation of the Pension Liability** – whilst we did note that the mortality assumption was outside the expected range, however in aggregate we are comfortable that the assumptions are appropriate and within a materially correct range.
 - **Nexus** – due to the way the Nexus MOU had been signed off, Deloitte took a view that IPPF was acting as an agent for Nexus. This was concurred by the legal advice received by the management. This is why the receipts and expenditure on account of this was treated as such in the financial statements this year. A signed version of the **new MOU** has now been shared by the management with Deloitte. However as this is a **new MOU** (and not an update of the old one) therefore, it is what Deloitte calls a non-adjusting balance sheet event and thus will require no change in the accounts. However next year for Nexus, you will see income and expenditure figures as gross in the financial statements.
- Recommendations included for previous years and this year, along with the follow up action taken by management.
- Finally some unadjusted items have been presented on page 53. The audit has not been concluded fully however, as it stands the final lists does not have a material impact on the accounts and management have indicated that there will be no adjustment.

Members were invited to raise any comments or questions. Nicolette asked about the 2018/19 issues that were identified and still open in 2020, and if this affected the audit and if there are any recommendations to move forwards on these issues. Craig responded that he was satisfied with the actions taken by the management in all the issues and a majority of the items had already been addressed and closed. The remaining areas did not have any material impact on the audit.

Varun added that if you look at the numbers at a very high level the income trend showed that despite the COVID year, IPPF had ended the year with a slightly higher income than last year. He further highlighted that on the expenditure side the trend was that IPPF had transferred higher amounts to MAs and partners in 2020 as compared to 2019, which was 73% in 2020 as compared to 68% in 2019 and in the same way the expenditure at the Secretariat level had reduced to 27% in 2020 from 33% in 2019. The trend highlighted the efforts of moving towards a more MA-centric organization were bearing results. He further highlighted that IPPF had closed the year, financially stronger, with higher reserves, which were well within the approved levels of US\$ 18 M to US\$ 24 M.

There were no further comments or questions. The following decisions were taken by C-FAR.

Action: *C-FAR recommended approval to the Board of Trustees*

- a) The Auditors recommendations and findings, as part of the audit update,
- b) *going concern note for the audit of financial statement for the year ending 31st December 2020 and*
- c) *the draft audited financial statement for the year ending 31st December 2020.*

Action: C-FAR approved delegation of authority to the IPPF Treasurer, C-FAR chair and the Director General to review the final audited financial statement, seek agreement from C-FAR of any/all material changes, and recommend the final version of the financial statement to the Board for its approval.

4. Strengthening Assurance Mechanism

A plan to upgrade IPPF's Assurance mechanism highlighting the initiatives to be taken up in the short, medium and long term was presented to the C-FAR. The ask was to review the initiatives and recommend for approval to the Board funding a sum of US\$ 350,000 to support these initiatives through the year.

Alvaro highlighted that given the context of immense scrutiny from both the Charity Commission (CC) and the Donors on IPPF, due to the large number of incidents of fraud and malpractices that have recently come to light, IPPF does not have a choice but to proactively put in place a strong assurance mechanism. He highlighted that recently the Board Chair, the Treasurer, C-FAR chair and the DG, had to attend a compliance visit and inspection meeting conducted by the CC on progress made in relation to one such case. He mentioned that in case the CC is not satisfied by the steps taken by IPPF, it could also set up a formal enquiry against IPPF.

After detailed deliberation, the C-FAR members agreed to take the following action.

Action: *The C-FAR recommends to the Board of Trustees to approve an additional funding of US\$ 350,000 for implementation of initiatives identified for strengthening/ building IPPF's much needed assurance mechanism.*

5. Investment Policy Update

All key actions taken by the sub-committee set up by C-FAR, were deliberated. As part of its work in developing the Terms of Reference, the sub-committee highlighted some changes required to the draft investment policy. These changes were discussed. It was agreed that the edited draft investment policy would be recommended for approval to the Board, with a caveat that in case the fund manager who will be identified, suggests any amendments to the policy, these will be taken to the board in its next meeting for approval.

It was further highlighted that there is a need to organise one or two hour workshop with the Board to get a sense of its risk-attitude and build a greater risk-awareness. Elizabeth suggested that the workshop could be organised with the Board, where the C-FAR members could also be invited. All agreed, stating that the workshop should not just cover financial risks, but talk about the overarching risks for the organisation as a whole.

Alvaro added that Kate is going to be proposing an extraordinary meeting of the Board of Trustees in September with a two-hour joint-meeting with the Strategy, Investment and

Policy Committee (C-SIP) on the new strategic framework. He suggested that it may be possible that at the same meeting an additional two-hours session could be organised jointly with C-FAR on the broader risk assessment for the organisation.

In line with the above, the C-FAR agreed to the following actions.

Action:

C-FAR recommends to the Board to approve the draft investment policy.

C-FAR agreed to the suggestion of the sub-committee to:

- a) Identify the fund manager through a closed tender and
- b) recommend a two hour workshop/ training on risk management jointly conducted for the Board of Trustees and the CFAR members.

6. Incident Report ending March 2021

Vanessa Stanislas presented two papers on incident management reporting. She drew members' attention to the new quarterly report requesting inputs from the members. She highlighted the significant work done by the Arab World Region in closing 37 cases during the period, of which 15 related to 2019.

It was further highlighted that the new safe report system was successfully launched on 28th April and is live now along with launch of the new incident management and safeguarding microsite/hub of resources.

On being enquired about the reason on how such large number of cases were closed, Vanessa highlighted the change in leadership in the region that prioritised this work. Alvaro further highlighted the decision of this committee to ask not to accept anonymous complaints for the next six months for that region, so that the management could focus on ensuring early closure of all outstanding incidents.

C-FAR thanked Vanessa for the report and work undertaken.

Information item: *The C-FAR took note of the incident reports received.*

7. Finance Update as on 31st March 2021 and Quarter 1 Forecast Budget

Varun presented highlights of the first ever unified secretariat financial update for the quarter ending 31st March 2021 and financial forecast for Quarter 1 of 2021. He thanked the committee for continue to push the team, which made this happen. He highlighted that more work was required on both the reports, including building capacity of the budget holders.

Both the financial update and the quarterly forecast were deliberated in detail. Some of the key highlights of the financial update for the 1st quarter ending 31st March 2021, included:

- a) IPPF was ahead of the budgeted income in 2021 largely due to receipt of some advanced donor funds; and was behind the expenditure trends which included slow secretariat spending and MA grant releases.
- b) For the second instalment to MAs, given the ongoing COVID situation in a lot of countries, similar to the previous year the management had agreed to allow MAs to receive 50% of their second unrestricted core grant instalment, irrespective of them having to submit their audit reports. This is expected to boost the spending over the next couple of months.
- c) Japan supplementary fund grant of US\$1million each for Afghanistan and Iran had been received. Of this, it could be possible that IPPF may have to return US\$ 1 M, in case it is unable to find a secure mechanisms to release funds to Iran due to the ongoing sanctions.
- d) IPPF had taken a small loan of US\$ 3 M loan from the CIFF (Children's Investment Fund Foundation) to support the WISH programme. One of the financial covenants to this loan is that IPPF maintains a minimum of 1½ times the loan in cash either in designated and/or general funds. The current cash flow trends show that this would not be a challenge.

C-FAR congratulated the team on the delivery of these report, adding there is a lot of information, it will be good to get an at a glance report with key KPIs along with the full report. It was agreed to bring a more concise report to the C-FAR and the BoT, with precise messaging, with additional information, for the senior management and the regions as we go along.

On the quarter one forecast, the following key points were discussed:

- a) The first Q1 forecast takes into account 2 months expenditure and 10 months projection.
- b) All approvals made by the C-FAR/ BoT and the DLT have been taken into account.
- c) Currently a lot of manual effort is required to generate this report. It is hoped that as we move forward, putting together the report would become easier and more emphasis would be laid on analysis.
- d) The key trends included:
 - An additional funding of US\$5.1million available under unrestricted core..
 - Adjustments made across different parts of the budgets due to changes in restricted projects.
 - However, FCDO/DFID cancelled our Access Project, the impact of this has not been reflected in this quarterly forecast.

The first quarterly forecast report was deliberated in detail by the committee. It was agreed that the

- a) C-FAR would not be recommending the forecasted numbers for approval by the Board,
- b) forecasted budget numbers would be uploaded into the NetSuite system to enable budgetary controls at the transactional level and
- c) management will present the budgetary variance in the next set of management accounts against the original and forecasted budgetary numbers.

Action: C-FAR took note of the

- a) the Financial Update for the first quarter ending 31st March 2021 and
- b) Quarter 1 Financial forecast for 2021.

8. Indicative Planning Figure 2022

IPPF's estimated total unrestricted income for the year 2022 and its indicative allocation to the Member Associations/ Collaborative Partners and Secretariat based in line with the three streams of funding as approved in New Delhi, was presented to the C-FAR. The key highlights of the report included:

- a) IPPF is projecting a significantly better project numbers for 2022, thanks to the efforts of the fundraising team.
- b) Restricted project overhead recovery is projected to drop due to lesser number of restricted projects.
- c) Grants available to Member Association in Stream 1 is reflecting a drop, as the grants to high income countries (to the tune of US\$ 1.5M) have now been allocated under stream 2 (as compared to stream 1 earlier).
- d) Higher allocation under stream 2 has been made to easily adjust allocations in the eventuality of a drop in Government funding.

Bience enquired if the impact of the GGR being lifted was taken into account, whilst projecting the unrestricted core income for 2022. Varun responded by stating that the USAID provides more restricted funding rather than unrestricted core funds. This is why no additional funding has been included from USAID, as part of the current projections.

There were no further questions from the Committee and C-FAR moved to recommend.

Action: The C-FAR recommends to the Board of Trustees approval of the 2022 Indicative Planning Figure of unrestricted US\$64,962,000 and an overall allocation to the three streams as presented in the IPF paper.

9. Confirm the next date of Finance, Audit and Risk Committee meeting

Bience requested if the C-FAR meetings could be held on a day other than Friday, to ensure weekend travel by members could easily be undertaken. Varun agreed that this would be explored for the next meeting.

Action: Varun to confirm the date of the next meeting with the Committee

10. Any Other Business (AoB)

As part of the AoB, an additional paper on 'IPPF's support to sex workers legal challenge' was discussed. Alvaro, informed the committee that this was about a case by 261 sex workers in France, which was not upheld by the courts in France. However it has now been taken up by the European Court of Human Rights. The sex workers had approached IPPF for a letter of support. Alvaro alerted the committee, that this matter may take its own course, given that similar issues exist across a lot of other countries and also that there was less unanimity on this issue across the Membership.

IPPF in consultation with the Board Chair, the Treasurer and the CSIP Chair have agreed to provide the support. Kate had asked for this to be raised with C-FAR as one possible risk, going forward.

C-FAR noted the paper and agreed that these are matters where IPPF should be willing to take the additional risk.

There was no other business and the meeting ended.