

**Point 6 de l'ordre du jour : RAPPORT DU COMITE DES FINANCES, D'AUDIT
& DES RISQUES**

Synthèse

Conformément au règlement E.1.b) de l'IPPF, le Comité des finances, d'audit et des risques (C-FAR) s'est réuni les 12 août, 5 novembre et 10 novembre 2021. Le Comité a assuré une surveillance et donné une orientation politique dans les domaines clés suivants :

Le C-FAR revoit et prend note :

- 1) *de l'actualisation financière pour la période finissant le 31 mai 2021 et des prévisions du 2nd trimestre 21.*
- 2) *de l'actualisation financière pour la période se terminant le 31 août 2021;*
- 3) *des prévisions financières du 3^{ème} trimestre et la position projetée pour la fin de l'exercice 2021*
- 4) *de la procédure de déplacement révisée pour le secrétariat unifié.*
- 5) *du rapport des mesures prises et du nouveau système de gestion des risques à mettre en place.*
- 6) *du process de consultation du Conseil proposé sur la socialisation des risques*
- 7) *de la mise à jour de l'audit interne et des travaux entrepris par RSM jusqu'au 31 juillet 2021*
- 8) *de la mise à jour de l'audit interne et des travaux entrepris par RSM jusqu'au 31 octobre 2021. Les membres se mettent d'accord pour qu'un rapport semestriel sur les mesures prises concernant les recommandations de l'audit interne soit présenté lors des réunions du Comité, en alignement avec celles du CA concernant l'approbation du BPA de l'exercice suivant et les états financiers audités de l'exercice précédent.*
- 9) *des mesures prises par le Bureau régional en réponse aux conclusions et recommandations de l'audit financier effectué par PwC.*
- 10) *des paiements spéciaux pour la période janvier-septembre 2021.*
- 11) *de la mise à jour sur le parcours financier : mesures prises, défis et prochaines étapes.*
- 12) *des rapports d'incidents pour mai/juin 21 et du rapport d'incident du 2nd trimestre 21 (se terminant le 30 juin 2021).*
- 13) *des rapports d'incidents pour septembre 21 et du rapport de gestion des incidents et de la protection pour le 3^{ème} trimestre 2021.*
- 14) *des plans et budgets annuels des Associations membres pour 2022*

Action requise

- 1) Le Conseil d'administration de **noter** le rapport soumis par la Présidente du C-FAR
- 2) Sur recommandation du C-FAR, le Conseil d'administration de **considérer et d'approuver** :
 - a) *la politique de déplacement actualisée de l'IPPF ;*
 - b) *la politique de réserves provisoire ;*

- l'objectif révisé des réserves entre \$ 19 et \$ 26 millions ; et
 - la délégation au Comité des finances, d'audit et des risques de la responsabilité de revoir, au moins une fois par an, et de mettre à jour le niveau des réserves de l'IPPF conformément à cette politique, et ensuite tenir de Conseil d'administration de toute révision de celle-ci.
- c) – la sélection de Crowe UK LLP comme cabinet d'audit externe de l'IPPF pour les exercices 2021 à 2023 ;
les honoraires d'audit étant de US\$ 154 000, et
la délégation au C-FAR du pouvoir d'approuver tout ajustement aux honoraires d'audit pour l'exercice en cours ainsi que les honoraires des exercices suivants, et d'en tenir le Conseil informé.
- d) L'affectation de fonds listés ci-dessous :
- i. Le passif du régime de retraite à prestations déterminées, coût de gestion inclus, estimé à US\$ 2 234 281.
 - ii. Les frais d'installation (couvrant l'installation du bureau et l'établissement d'une présence dans la région) du Bureau régional des Amériques et des Caraïbes, dus en 2022, s'élevant à \$ 259 690 dollars.
 - iii. Solde des fonds dans le cadre du Flux 2 de 2021
 - volet du consortium mondial : US\$1 753 583 ;
 - volet des centres & fonds : US\$ 210 500
 - volet de co-investissement (jusqu'à US\$ 500 000)
 - iv. US\$3 millions pour soutenir les dons individuels, dont la somme de 2 millions de dollars US sera conditionnée à la disponibilité d'un solde de réserve supérieur au seuil fixé plus tôt cette année au 31 décembre 2021.
- e) Le plan et budget du Secrétariat unifié (voir tableau ci-dessous) pour l'exercice 2022. Ce plan et ce budget ont été élaborés à la suite d'une année difficile due à la pandémie de COVID et à d'importantes coupes budgétaires de la part du FCDO. C'est la première fois que l'IPPF est en mesure de présenter un plan et un budget consolidés pour les Associations membres, les partenaires collaborateurs et le Secrétariat, grâce à un processus collaboratif ascendant. Nous avons ainsi été à même de voir, et partant, de concevoir et donner forme au portefeuille global de l'IPPF. En étant davantage centrée sur ses Associations membres, l'IPPF a ainsi été en mesure d'affecter 10 % supplémentaires des fonds de base non restreints aux AM et de réduire le budget global du Secrétariat de 33 % à 32 % des fonds non restreints.

(tous les chiffres en US\$ '000)

	Non restreints	Non restreint réservé	Restreints	Total
Dons des donateurs	64 757	-	10 220	74 977
Recouvrements des charges indirectes	1 629	-	-	1 629
Autres produits	1 059	-	-	1 059
Total des Produits	67 445	-	10 220	77 665
Subventions aux AM & AG	44 675	2 486	14 342	61 503
Dépenses du Secrétariat	21 545	4 290	12 661	38 496
Total des charges	66 220	6 776	27 003	99 999
Excédent	1 225	-6 776	-16 783	-22 334

Les dépenses totales budgétées pour chacun des bureaux du **Secrétariat** ventilées sur trois volets — fonds non restreints, fonds restreints et fonds réservés – sont présentées dans le tableau ci-dessous :

Sources de financement	ARO	AWRO	ENRO	ESEAOR	SARO	ACRO	Londres	Total
Non restreints	4 085 210	1 102 066	1 582 884	1 171 988	1 153 861	1 918 089	10 531 560	21,545,658
Restreints*	1 545 337	302 606	1 191 299	3 038 766	457 819	18 116	6 107 143	12,661,086
Non restreint - réservé	120 167	0	116 778	8 573	0	259 690	3 784 873	4,290,081
Total des charges	5,750,714	1,404,672	2,890,961	4,219,327	1,611,680	2,195,895	20,423,576	38,496,825

Incluses aux dépenses des projets restreints les dépenses des programmes hébergés :

Projet	Salaires	Autres risques	Total
FAASR	821 910	0	821,910
Nexus	467 996	362 900	830,896
She Decides	646 987	64 699	711,686
Total	1,936,893	427,599	2,364,492

Les dépenses totales en termes de **subventions payables aux AM & partenaires** budgétées en 2022 et ventilées sous différences sources sont présentées ci-dessous :

Sources de financement	ARO	AWRO	ENRO	ESEAORO	SARO	ACRO	Londres	Total
Non restreints*	0	0	0	0	0	0	44 674 672	44,674,672
Recettes restreintes	966 154	0	1 348 308	6 381 679	1 852 635	378 005	3 415 966	14,342,747
Prélèvement affecté	0	0	0	0	0	0	2 485 667	2,485,667
Total des subventions aux AM & partenaires	966 154	0	1,348,308	6,346,720	1,852,635	378,005	50,576,305	61,503,086

* Allocation par Flux	Montant (US\$)
Flux 1 – subvention allouée aux AM	32 190 451
Flux 1 – allocation au système de bons d’achat (<i>ventilation par région à l’annexe 2</i>)	1 694 234
Flux 1 – Subventions aux Associations membres / partenaires collaborateurs - Soutien des donateurs	202 987
Flux 2 – allocation aux pays à revenus élevés	1 500 000
Flux 2 – subvention basée sur le Consortium	4 250 000
Flux 2 – Fonds et Centres	1 980 000
Flux 2 – Subvention régionale rapide	540 000
Flux 2 – contre financement des AM	750 000
Flux 3 – soutien humanitaire	1 227 000
Total	44,481,685
Coûts de l’Assemblée générale	340 000
Coût total	44,674,672

Allocations aux bons d’achat : Le montant total disponible dans le cadre du système d’allocation de bons est de \$ 1 694 234. Sur ce montant, un total de 20% sera alloué et utilisé directement par les réseaux de jeunes (régionaux/nationaux, selon les disponibilités). Le solde du montant disponible sous forme de bons d’une valeur de 10 589 \$US (pour les AM/PC bénéficiaires de subventions) sera alloué aux :

i. AM & CP bénéficiaires de subventions : la valeur totale du bon d’achat.

ii. AM & CP non bénéficiaires de subventions : 50% de la valeur totale du bon d'achat.

Sur la base de ce qui précède, le tableau ci-dessous récapitule l'allocation de bons d'achat à chaque région et aux jeunes/réseaux de jeunes :

REGION	Nombre d'AM/PC1			Valeur totale du bon	Allocation aux jeunes/réseaux de jeunes
	Bénéficiaires de subventions	Non bénéficiaires de subventions	Total		
Afrique	39	0	39	412 971	103 245
Monde arabe	15	1	16	164 129	41 033
ESEAOR	20	6	26	243 544	60 887
Europe	13	20	33	243 537	60 885
Asie du Sud	8	0	8	84 712	21 178
Amériques & Caraïbes	19	1	20	206 485	51 622
Total	114	28	142	1 355 378	338,850

Le registre des risques du Secrétariat unifié de l'IPPF

FINANCE, AUDIT & RISK COMMITTEE (C-FAR)

<u>Thursday, 12th August, 2021</u> <u>14:00 hours (UK time)</u>	<u>Friday, 05th November 2021</u> <u>14:00 hours (UK time)</u>	<u>Wednesday, 10th November 2021</u> <u>14:00 hours (UK time)</u>
<u>Teleconference</u>	<u>Teleconference</u>	<u>Teleconference</u>
<p><u>In Attendance:</u> <u>C-FAR members:</u> Elizabeth SCHAFFER, Chair, C-FAR Lakshan SENEVIRATNE, Member, C-FAR Judith MAFFON, Member, C-FAR Bience GAWANAS, Treasurer, IPPF & Member, C-FAR</p> <p><u>Staff:</u> Alvaro BERMEJO, Director General Varun ANAND, Director – Finance & Technology Jane DISBOROUGH, Financial Controller Nisha GOHIL (note-taker)</p> <p><u>Internal Auditors:</u> Mark SULLIVAN, Risk Assurance Director, RSM Risk Assurance Services LLP</p> <p><u>Joined for the relevant agenda items:</u> Vanessa STANISLAS, Head of Safeguarding Neville VAN SITTERT, Incoming Director, Risk, Legal and Compliance Fadoua BAKHADDA, Regional Director, Arab World Region</p> <p><u>Members Unable to Attend:</u> Maisarah AHMAD, Member, C-FAR Nicolette LOONEN, Member, C-FAR</p>	<p><u>In Attendance:</u> <u>C-FAR members:</u> Elizabeth SCHAFFER, Chair, C-FAR Judith MAFFON, Member, C-FAR Nicolette LOONEN, Member, C-FAR</p> <p><u>Staff:</u> Alvaro BERMEJO, Director General Varun ANAND, Director – Finance & Technology Jane DISBOROUGH, Financial Controller Neville VAN SITTERT, Director, Risk, Legal and Compliance Nisha GOHIL (note-taker)</p> <p><u>Internal Auditors:</u> Mark SULLIVAN, Risk Assurance Director, RSM Risk Assurance Services LLP</p> <p><u>Joined for the relevant agenda items:</u> Vanessa STANISLAS, Head of Safeguarding Casper ERICHSEN, Head of Strategy and Planning Sam GREENBERG, Redstone Michael CHIEN, Redstone</p> <p><u>Members unable to attend:</u> Maisarah AHMAD, Member, C-FAR Lakshan SENEVIRATNE, Member, C-FAR Bience GAWANAS, Treasurer, IPPF & Member, C-FAR</p>	<p><u>In Attendance:</u> <u>C-FAR members:</u> Elizabeth SCHAFFER, Chair, C-FAR Bience GAWANAS, Treasurer, IPPF & Member, C-FAR Judith MAFFON, Member, C-FAR Lakshan SENEVIRATNE, Member, C-FAR Nicolette LOONEN, Member, C-FAR</p> <p><u>Staff:</u> Alvaro BERMEJO, Director General Varun ANAND, Director – Finance & Technology Jane DISBOROUGH, Financial Controller Neville VAN SITTERT, Director, Risk, Legal and Compliance Nisha GOHIL (note-taker)</p> <p><u>Internal Auditors:</u> Mark SULLIVAN, Risk Assurance Director, RSM Risk Assurance Services LLP</p> <p><u>Joined for the relevant agenda items:</u> Casper ERICHSEN, Head of Strategy and Planning Riva ESKINAZI, Director, Strategic Partnerships and Development</p> <p><u>Members unable to attend:</u> Maisarah AHMAD, Member, C-FAR</p>

FINANCE, AUDIT & RISK COMMITTEE (C-FAR)

<p>1. Welcome and Introduction The Chair welcomed all committee members to the meeting of the Finance, Audit and Risk (C-FAR). The committee members introduced themselves to each other and were briefly introduced to staff.</p> <p>The Chair explained that due the fact that members are based in multiple-time-zones, going forwards her suggestion was to have shorter and more frequent C-FAR meetings. She hoped that this will allow for better focus, especially in the next two months leading up to the Board of Trustee meeting.</p> <p>2. Agenda # 2 - Procedural Items 2.1. Apologies for Absence Apologies for absence received from Nicolette and Craig. Maisarah too was unable to join the meeting.</p>	<p>1. Welcome and Introduction The Chair welcomed all committee members and staff to the meeting.</p> <p>2. Agenda # 2 - Procedural Items 2.1. Apologies for Absence Apologies from Bience was noted. Maisarah and Lakshan were unable to attend. This led to the meeting not having a quorum.</p> <p>As adequate number of members could not attend, the meeting was inquorate. Advise was sought. Following which the members who attended, agreed to carry on with the meeting with the agreement to circulate all actions taken by those present with all committee members and get them to approve these by circulation. The decisions noted in this paper, have been approved by circulation by four members and by one additional member, during the meeting held on 10th November.</p>	<p>1. Welcome and Introduction The Chair welcomed all committee members and staff to the meeting of the Finance, Audit and Risk (C-FAR).</p> <p>2. Agenda # 2 - Procedural Items 2.1. Apologies for Absence There were apologies for absence from Maisarah. The Chair asked Varun and Alvaro to check with Maisarah about her availability to attend future C-FAR meetings. Nicolette added that C-FAR members can send their written remarks and questions up front if they're unable to join so we have their inputs for discussion. The Chair agreed, adding that it is a two-step process and that C-FAR members can nominate another member with a proxy to vote on their behalf if they are unable to attend a meeting.</p>
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FINANCE, AUDIT & RISK COMMITTEE (C-FAR)

2.2. Draft Agenda and Timetable

The committee was asked to note a correction in the agenda. The date for the session with the Board of Trustees was 23rd September 2021 and not 30th September 2021 as currently provided at Agenda item # 9.

Action: The C-FAR members reviewed and adopted the agenda with the amendment

2.3. Minutes of the Finance & Audit Committee Meeting

The committee reviewed the minutes of the previous meeting held on 14th May 2021. The Chair expressed her happiness with the new format which summarised the decisions taken at the beginning of the minutes. No further comments were received.

There were no further comments.

Action: The CFAR members approved the minutes of the previous meeting held on 14th May 2021.

2.4. Matters Arising

There were no matters arising.

2.2. Draft Agenda and Timetable

The Chair advised that although the meeting was inquorate and was unable to formally adopt the agenda, the C-FAR will proceed on the assumption that no objections or issues were raised when the agenda was shared. Also approval of decisions taken by those present would be approved by circulation by at least a majority of members of the committee.

Action: The C-FAR members adopted the agenda (by circulation and in person, as noted above).

2.3. Minutes of the Finance & Audit Committee Meeting

The committee was asked to review and approve the minutes of the previous meeting. No comments were raised, the minutes were approved.

Action: The minutes of the previous meeting held on 12th August 2021 were approved (by circulation and in person, as noted in agenda 2.2).

2.4. Matters Arising

Presented as part of the minutes below,

2.2. Draft Agenda and Timetable

No comments or updates were raised and the agenda was adopted.

Action: The C-FAR members adopted the agenda for the meeting.

2.3. Minutes of the Finance & Audit Committee Meeting

Draft minutes for the meeting for 5th November will be submitted together with the minutes of 10th November 2021.

No action required

2.4. Matters Arising

There were no matters arising.

3. Financial updates, Travel Policy and Procedures

Financial update for the period ending 31st May 2021 and Q2 financial forecast

3.1. Jane presented highlights from the Q2 financial forecast and the management accounts. These included:

- a) Q2 forecast used May actuals and projections for the remaining year.
- b) Quarter to quarter deficit reduced from \$9.3M to \$8.8M.
- c) Significant movements include cancellation of the ACCESS Project (FCDO) leading to a \$3M reduction in income, no cost extension of WISH LOT2 (FCDO) lead to a \$9M reduction in income within the year, increase in income of \$15.7M from the Respond Project (DFAT supported).
- d) Following budgets moved from London to the regional offices:
 - i) Voucher budget of US\$ 1.7 M as per regional allocations.
 - ii) Stream 2 regional response funds of \$540,000 @ \$90,000 per region.
 - iii) Regional/ Youth forum budget held in DGO of US\$ 80,000 proportionately to all the regions.

On being asked about the challenges of producing the Quarterly forecasts, Jane responded that it has been a huge challenge and frustrating at times, as the entire consolidation is still being done on Excel (which comes with its own challenges), some people issues within the team and also some delays in receipt of information.

3.2. Jane moved onto the May accounts. The following were the key highlights:

- a) the net movement in funds shows we are \$51.6M ahead of budget, 90% of this comprises of the following:
- b) core income received ahead of budget from Sweden: \$6.2M;
- c) delay in release of core grant to MAs of \$15.8M; caught up partly in June.
- d) KPI based fees under W2A received ahead of budget \$4.8M;
- e) Large payments relating to Q1 under WISH program made in Jun \$14.4M (due to late receipt of funds from FCDO).
- f) Unbudgeted income for Canada Young People Project \$3.6M;
- g) \$2M received for Iran and Afghanistan from Japan Supplementary Funding.

Nicolette's question about the Americas and Caribbean Regional (ACR) office was responded by Varun, informing all that:

Registrations for IPPF's ACR offices has taken much longer than expected. It is expected that at least one of the registrations will be finalised in the next couple of months. As soon as the registration is completed and the bank account is opened, the finance team will operationalise them as a separate unit in NetSuite.

Unrestricted core grant payments to MAs in the ACRO, show a negative amount in the management accounts. The primary reason is:

- i) Total amount under unrestricted to ACR MAs has not been fully allocated, as IPPF still does not have MAs in some countries and
- ii) As part of accounting accruals are automatically reversed at the beginning of the next year and then set off against actual payments. As these payments have taken longer than expected, the total amount reversed at the beginning of the year, is contributing to the negative balance in accounts.

So although the grant released under ACR shows a negative position, payments to MAs are being made on receipt of their deliverables.

Information item: C-FAR took note of the financial update for the period ending 31st May 2021 and Q2 financial forecast.

Travel Policy and procedure

Presenting the two papers Varun highlighted the reason for change in the policy and procedures was to ensure that as we move towards a unified secretariat, we harmonise/ standardise various policies/ procedures across the entire secretariat. He informed the committee that the travel policy and procedures were updated, with contributions and deliberations from all secretariat offices. Although the procedures need not have come to the committee, in the interest of transparency these too were presented.

He highlighted the key changes that had been incorporated into the policy:

- a) Applicability of the policy to all IPPF business/ official travel.
- b) Aligned its language and intent with the new structures and the policy 4.17 on Sexual and Reproductive Health and Rights and Climate change.
- c) Definition of continuous travel changed from ten hours to eight hours, for specific entitlements, in line with IPPF's duty of care.
- d) Responsibility to develop procedures moved from the Director-General to the Director, Finance and Technology.

He requested to the committee to consider and recommend the updated policy for approval to the Board, after incorporating the following additional changes:

- a) Responding to Nicolette question, he highlighted that there was error in the number of hours of continuous flight travel which had been changed in the procedures from ten to eight however were not changed in the policy document in bullet number 6b.
- b) After bullet number 5 in the policy, to add "*all travel must follow the current safety and security policy and procedures and advice.*"

Elizabeth asked whether the changes in policies/ procedure was one of the risks identified as part of the internal audit report? Varun said that this was a risk highlighted in the document, which stated that there was a need to develop common/ unified procedures across the secretariat. The travel procedure is one of them, the next one will be procurement.

Elizabeth asked the management to add the context and process followed in changing this policy when presented to the Board. She highlighted that it is important for the Board to know why were the changes brought about and the fact these policies and procedures

were developed after due consultation, deliberation and socialization across the secretariat.

Bience added that looking at the changes in the travel policy, she was supportive of these as she realized how important this was especially in the context of issues that had been brought to her attention in relation to AWRO in the past. She stated that once we have a unified policy/ procedure, she hopes that similar incidents will not take place at the secretariat level.

Bience agreed that travel must be undertaken only if essential. She highlighted that the Board and its committees, have so adequately demonstrated this over the last 18 months to 2 years, where they met online, performed all their tasks efficiently and in the process became more productive and saved cost. She went on to say, that travel should not just be avoided, where possible, but proactively reduced by taking actions such as if there are 4 meetings per year, 2 or 3 of those meetings should be virtual. Judith agreed, adding that the way the committee works now does save money.

Mark asked what it means 'flying continuously for 8 hours'. Is that end to end or is that including layover? It was confirmed that continuous travel of eight hours, means eight hours of actual flying time, not including layover.

As there were no further questions, Elizabeth thanked the team.

Action: C-FAR recommended for approval to the Board of Trustees of b) the updated Travel Policy for IPPF in line with changes highlighted above; and c) took note of the revised travel procedure applicable for the unified secretariat.

4. Incident Report ending June 2021

Vanessa presented the papers on incident management reporting.

Key highlights for the two month report of May/ June 2021 included:

- 17 new cases had been received and 17 cases were closed,
- New system set up was working well and the relevant staff from across the Secretariat had now been trained.
- A new monitoring form that came out of the anti-racism work will be going live in September on the new system.

Key highlights on the incident management report, for the Quarter two ending 30th June 2021 included:

- Continuous improvement with fewer frivolous and vexatious complaints received.
- an audit commencing in September and a lot of work is being done in preparation.
- a small increase in the number of safeguarding cases, but it is important to note that this is a good sign given the training information and services that we are now providing to people who now know what safeguarding is.
- main issue are still employment and workplace matters, and financial wrongdoing.
- refresher training for all Secretariat staff will be required subject to DLT approval, and then we will be increasing the specialist training for incident coordinators.

Elizabeth asked Vanessa about the upgrading of the systems. Vanessa highlighted specific upgrades made, which included mandatory fields such as, ‘lessons for learning’ and ‘financial losses from financial wrongdoing cases’.

Bience asked about cases that are ‘closed’. Does closing a case mean that it has been resolved to the satisfaction of the reporter? Vanessa clarified that it would really depend on a case by case basis. For example in the case of a financial wrongdoing case, once substantiated there would be a set of follow up actions that would be required; what improvements are needed as a result of the investigation or audit?; when will they be implemented?; what learning has come out of the case?; in some cases the policies or procedures may need to be looked at. It really depends on each case and the information that should be recorded onto the system.

Lakshan asked if the recorded cases would be accessible for other countries or locations to see how the problem had been dealt with. We can learn if we showcase how we resolved the problem. Vanessa highlighted that of course, some details would not be accessible due to confidentiality. Papers relating to the learning of lessons from casework, and the setting up of ‘communities of practice across incidents’ are being developed using peer to peer reflection on the processes and systems.

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

Information item: The C-FAR took note of the incident reports ending June 30, 2021 and status of incidents for the Quarter 2.

5. Risk Register update ending June 2021 and Board Consultation planned

Varun welcomed Neville Van Sittert to the session. Neville introduced himself to C-FAR members and informed all that he would be joining IPPF in September as Director Risk and Assurance.

Action taken report on the Risk Register

Varun presented to the committee the action taken report on the risk register, which included the following highlights:

- Some key risks, where actions had been delayed.
- Risk management required a more proactive approach, as compared to now.

Nicolette had enquired why no action had been taken to ensure GDPR compliance. Varun responded that action on compliance had been delayed due to staff turnover and several other competing priorities leading to GDPR getting lower priority. He added that with Neville joining, IPPF will soon put in place adequate mitigation strategies to address this compliance gap.

On risk management, Varun informed the committee, that a new tool/ software had been procured and now that Neville will be onboard, he hoped that risk management would become a more dynamic exercise enabling risk owners to put in place proactive measures to identify and then mitigate risks on an ongoing basis.

Elizabeth informed Neville how the committee not only valued the reporting, but also significantly valued education and communication and a continuous learning process. She said the committee encouraged the management to not only tracking and report risks identified, but also find ways to tell the story in places where IPPF had identified and mitigated risks proactively.

Judith raised a point around GDPR. We are faced with these difficulties, auditors in her country run into this issue time and time again. It is a wide-ranging risk and IPPF London needs to focus fast on this issue so we can fully protect the data. This was noted for action. Neville agreed that IPPF needs to be on top of this at the earliest.

Bience raised a comment around risk code RC3. She highlighted that strained employment relations in the context of C19, MeToo & BLM could not all be clubbed together? She highlighted that IPPF is going through a process whereby they are specifically looking at the issue of anti-racism and the possible implementation of additional mechanisms as recommended in the program of action. The Board is in the process of setting up a subcommittee to look specifically at this and intersectionality of gender and race. She reiterated that all these were very different issues, requiring different mitigation approaches. Agreeing to what Bience stated, Varun, mentioned that as IPPF rolls out its new system, it would be able to put far more disaggregated details and their mitigation strategies and assign these to individuals – thereby oversee specific risks and actions required in a far more focussed manner.

Alvaro added that it was important for C-FAR to note that although GDPR compliance was really important and statutory, the risk associated with it were lower than in cases where charities held and dealt with individual medical records or individual fundraising data. He highlighted that two risks that were really high priority last year, included staff disaffection, in the context of COVID and restructuring and the second being improvements around the anti-racism and the culture change. He highlighted that all mitigation strategies will come to this committee including the fact that IPPF will have to rethink what the new normal looks like and adjust its working practice to the current reality, where people will be doing much more virtual work and less in the office.

Information item: *In line with the above, the C-FAR took note of the action taken on the risks and the new risk management system that is going to be put in place.*

Proposed Board consultation

Varun informed C-FAR of the upcoming consultation with the Board on socialising risk. He highlighted this to be an exciting engagement opportunity between the Board and the committee. He gave an overview of the structure of consultation to the committee. He informed the committee that the session is termed ‘*No glove, no love - managing risk in a global environment*’.

Elizabeth thanked Varun and asked if he could ensure that all members of the CFAR that are not currently on the Board of Trustees have all of the information and calendar invites so there's no confusion. This was noted.

Bience asked for more elaboration on how the facilitated workshop itself will be managed as it is for two hours.

Alvaro replied that this is an extraordinary board meeting which would create more informal spaces in which to think. He highlighted that the two sessions have been set up like workshops and will be linked. Key areas of linkages were presented as below:

- a) A discussion with C-SIP where participants would be encouraged to speak of the idea where IPPF is looking at transforming itself into a more activist, politically active, controversial, cutting edge organisation. See if that is part of the strategic thinking that the board has for the organisation and then
- b) A discussion with the C-FAR, introducing risk management and encouraging members to discuss the type of risk management system IPPF would like to have in place that facilitates rather than inhibits its ability to take greater political risks in a more risk assessed and mitigated way.
- c) We are using different facilitators, both trying to create an environment where all feel able to intervene and interact on an equal footing. That's part of the briefing provided to the facilitators.

Elizabeth added that as the group will be large, we're going to have little time and that is why we will set up consultation in smaller break out groups. She highlighted that there will be simultaneous translation which will ensure we are able to be conduct conversations in ways that we can hear and understand each other. So stay tuned for some of those details.

***Information item:** In line with the above, the C-FAR took note of the proposed Board consultation on risk socialisation.*

6. Arab World Regional Office – Action taken report

Varun updated the C-FAR about actions already taken by the Arab World Regional Office in response to the PwC report. He further highlighted that the report had gone out to some donors through a disgruntled ex-employee. The fraud units of these donors, have appreciated the context but are (as of now) insisting that IPPF must carry out a follow up forensic audit. The committee was informed that there is a high chance that we may have to undertake a forensic audit at the regional office. Varun invited Fadoua to present to C-FAR. She presented the context and the actions taken as below:

- a) Almost all the recommendations had been acted upon;
- b) Improvement in systems have been appreciated by some local donors.
- c) Regional office is fully respectful of the Tunisian law in order to minimise risks.
- d) Travel related procedures were there were a lot of challenges have fully been addressed with adequate controls already put in place.
- e) The office is 95% ready for the proposed internal audit approved as part of the internal audit action plan by the C-FAR.
- f) A challenge that is still not fully addressed relates to travel and organising of workshops in the Arab World Region. This is where credit cards and in some cases even local currency cash (due to exchange rate variance) is not accepted by hotels. In these cases rather than carrying large amounts of cash, the regional office has started to explore the possibility of the Member Association helping out with such local payments. However for large contingents travelling for regional workshops,

etc, sometimes the local MA too is unable to help. In such cases the regional office is reaching out to international partners in the country who might be able to help.

Fadoua commended the efforts put in by the regional and London finance teams without which the region would not have been able to get this far. She also thanked the Director General for his support.

Bience called this a complete failure of the Governance and applauded Fadoua for the effort put in to put things right. She enquired if Fadoua and her team were facing any push backs from existing/ past employees who were now deprived of these benefits as the controls had been made stronger. Fadoua responded that it hasn't been easy at all. There have been serious human resources management challenges, which beyond just letting people go included a great deal of psychological suffering for those who were staying back. There were those who resist change – but that has now been dealt with.

Bience assured Fadoua of all the support from the Governance, asking her to give the message that we are carving out a better future for IPPF; closing all those loopholes that existed that have tarnished the credibility of the organization.

Alvaro thanked the committee to look at all dimensions of what staff is going through and its associated risks. He added that as Fadoua came from being an ED of an MA from the region, she did not start from scratch, so IPPF has been lucky in that sense. He assured the C-FAR that there weren't many staff that remained in position, who had benefited from the previous system.

Judith too congratulated and thanked Fadoua for all her effort.

Elizabeth stated that the committee had reviewed the excellent report and was very reassured after hearing the excellent movement forward. She thanked Fadoua and applauded her for her positive attitude.

***Information item:** The C-FAR took note of the action taken by the regional office, in response to the findings and recommendations in the financial review undertaken by PwC.*

7. Internal Audit update

Mark presented an update on the work undertaken by RSM Risk Assurance Services LLP UK (RSM).

As part of internal audit programme, RSM had undertaken the following actions at the Secretariat level:

- a) A detailed **Netsuite review** was undertaken, following which the IPPF team was debriefed about the findings. He highlighted that there are a lot of pain points, where urgent action is required to be taken. The completion of report has gotten slightly delayed, as RSM was initially not shared the workflows for all the offices, which have since been shared.
- b) A **data analytics work** is being undertaken using a data dump from the NetSuite system to analyse any outlier transactions that need to be further investigated across

the secretariat. This too is coming along well. RSM has identified some anomalies which are being reviewed in detail along with matching off data sets between payroll system and the Netsuite.

- c) The **incident management system (safe report) including 3rd party reporting** audit has now commenced. This is being undertaken in coordination with the Head of Safeguarding.
- d) As part of the Internal audit action plan the next audit planned is of the grant management system. This too will commence soon.

In parallel to all the above audits, RSM has been actively supporting IPPF:

- a) In providing oversight to all the fraud cases across different countries. To mention a few, these include the ones in Liberia, Tanzania, Cameroon, Kenya and Senegal.
- b) Responding to multiple donor queries relating to cases in Arab World Region, Liberia, Cameroon.
- c) Review of the restricted to unrestricted funding conditions in the contracts to identify gaps to IPPF policy to ensure IPPF puts in place a robust process of alignment.
- d) RSM risk colleagues are providing support to IPPF in organising a consultation workshop between the C-FAR committee and the Board of Trustees.
- e) Reviewing internal audit programme run under the FCDO Funded WISH program to gain some clarity from the results, which could be built into the new global assurance system.

As part setting up the new global assurance framework at IPPF, the following support has already been provided by RSM:

- a) Build risk assessment parameters to be tracked and monitored for undertaking proactive audits at the Member Associations (MAs). The new set of indicators, take into account data that IPPF is already collecting, what some of the donors use within their grant audit test pack and adds some indicators, which in RSM's view would add strength to the monitoring process. These indicators not just focus on finances, but also on program delivery, internal governance and monitoring and evaluation etc.
- b) Pull together data to identify MAs that could be picked up in the first round of audits, using the above parameters. This has been further strengthened by engaging with the regional offices taking on board, comments from them in relation to the MAs in their region.
- c) Developing a program of action under the new Global Assurance system.
- d) Develop a comprehensive audit test pack for the MA level audits.

Following discussions with Varun, the role envisaged in this process for RSM is to support IPPF in managing this process in the interim, including building a strong terms of reference for selection of the local auditors, overseeing the quality control process of local audits, provide centralised reporting to IPPF. Wherever possible (which may be at the most probably about 40% of the countries), RSM could support IPPF by identifying its local counterpart or partner at the country level to undertake the audit.

Elizabeth invited Varun to share his thoughts and recommendation with C-FAR on what Mark is proposing. Varun advised that working with RSM would speed up the process of kick starting the global assurance programme and ensure that adequate quality control is

maintained on the local audits. This would allow IPPF to respond to donors that it has acted on the its new global assurance system. He highlighted that RSM would help in getting quotes from their local firms, rather than going with the audit at the global rates. This will also prevent IPPF from running a long drawn out tendering process.

Varun added that this item does not require a sign off from the committee but it was important to inform the C-FAR as to what is happening in the process.

There were no other comments or questions from C-FAR.

Elizabeth thanked Mark for the presentation and for proposing a way forward. C-FAR understands the proposal and we would like you to proceed as we have previously agreed with this focus, and the specificity that is in the materials that you shared.

Information item: C-FAR took note of the internal audit update and work undertaken by RSM till date.

8. Background Paper on General Reserves Policy

Jane presented the back ground paper on Reserves level/ policy to the C-FAR. Current reserves policy was approved by the Governing Council in 2013. Target General Reserves were fixed between \$18 to \$24 million. This was reviewed and considered appropriate from time to time. IPPF has been able to keep its reserves within this band, except in 2018, when these fell below this level.

Given the above, the policy and the level needed a thorough review. IPPF has now followed the Charities Commission guidance to develop this policy and level of reserves, which had adopted a more risk based approach. She explained the details of how reserves levels are calculated and presented an option and an alternative way of calculating the reserves level. She took the committee through the numbers, as presented in the background document.

Based on the above assessment, a target reserve level of US\$19m - US\$26m was assessed as striking an appropriate balance between the need to spend income when it is received and maintaining operational integrity.

The need for the policy to be reviewed regularly and definitely along with the next strategy development process, starting 2023 was highlighted.

Elizabeth thanked Jane, adding that the paper contained an excellent analysis and an excellent set of recommendations. She highlighted that she was more familiar with following the risk based approach of identifying reserves level. She highlighted further that IPPF needs to develop a strong risk assessment framework, which could be used to develop the level of reserves going forward.

Bience and Nicolette (through the questions she had sent) both supported option one, which is the risk based assessment of the level of reserves. Bience highlighted that she appreciated the presentation of scenarios of what could happen and what could be its impact. She stated that this would provide the Board with a much clearer picture as to what we can anticipate. She highlighted that IPPF needs to develop a system that could identify risks and provide early warning mechanism to put in place mitigation plans.

Mark asked if the accounting policy of recognizing income have an impact on this. Jane responded by stating that IPPF is following charities SORP on income recognition, which does cause quite lumpy cash flows because obviously the income is credited as it's received but then the expenditure is incurred over a longer period, but that's primarily on the restricted project side. Our restricted and unrestricted funds are ring fenced and that is why we need to provide a cover (in the form of general reserves), for the period we release/ spend greater amounts under unrestricted core funding, as compared to the annual receipts, so that we do not end up dipping into restricted funds to cover the funding requirement under unrestricted core income.

Elizabeth confirmed that option one would be the official policy and the recommended threshold levels identified were fine. Further she stated that option two would be used to sense check the calculation. All others agreed to this.

Varun confirmed the next step will be to convert this into a very short policy, which will come to the committee for sign off. This will then go to the Board for approval of the new reserves policy along with the increased threshold levels.

Elizabeth also asked that when we update the Board it would be valuable to share the excellent background paper.

There were no further questions from the Committee and C-FAR agreed with the next steps.

Information item: The C-FAR noted the background paper on general reserves level and agreed with the next steps in the formulation of the new reserves policy.

Action: The C-FAR recommended for approval to the Board of Trustees the revised threshold level of reserves between US\$ 19 Million to US\$ 26 Million.

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

Elizabeth reminded members that the session between C-FAR and the Board will be on the 22nd September 2021. She highlighted that there was an error on the agenda and asked the management to ensure that all committee members have all the particulars and papers for the upcoming meeting.

The next meeting of the C-FAR is on 5th October 2021. *This was subsequently postponed to be held on 5th and 10th November 2021.*

10. Any Other Business (AoB)

There was no other business and the meeting was thus concluded.

2.4 Matters Arising

a) Reserves Policy (draft)

Liz asked members for any additional comments or edits or suggestions to the draft reserve policy. Nicolette, enquired finally which option was being taken, as she had preferred Option 1. Jane confirmed that it is the first scenario that IPPF will follow as an approach that was recommended by the Charities Commission. The second scenario is a sense check to see how many months of expenditure the level represents and to benchmark it with other charitable organisations. IPPF will follow the Charity Commission recommended approach. The Charity Commission recognize that it's a difficult thing to prescribe and each charity is different and has different needs and operates differently, and IPPF have tailored it to our own situation and will follow it the best we can.

Judith advised that she also wasn't at the previous meeting and what she has read so far is good. In the future the reserves policy can be updated as necessary, including the targets which will be updated regularly.

C-FAR members present expressed approval to recommend to present this draft to the BoT, and other members will be sought their approval to recommend electronically.

b) Appointment of external auditors

The Chair highlighted that all members of the evaluation committee were unanimous in their decision on the recommendation of Crowe. She highlighted the disappointment at the low response to the tender which seemed to have been reflective of the current market in the UK.

She highlighted that Crowe's proposal and presentation were really good and seemed to be exactly what IPPF needs. She highlighted that Crowe had presented a sophisticated and yet not overly complex approach to how to deal with IPPF. She informed the committee that she had heard only positive things about the team at Crowe from one of her other roles. She finally noted,

Nicolette highlighted that although the fee was lower than the previous auditors, their per day cost was much higher, so in case of slippages IPPF could end up paying a much higher amount. She acknowledged the response sent by Varun and stated that she was satisfied with the same. Liz added that the committee had enquired about the audit fee and had received a very complex and nuanced response from Crowe. Looking at the response, she did hope that they would be able to manage within the timelines. She acknowledged the idea of keeping a buffer in the approval process and may be the value and stated that as IPPF and Crowe move forward with the Audit, both the management and the C-FAR will have to keep an eye on the overall performance and any likely slippages.

Varun further requested the committee to ensure more nimbleness in decision making to recommend to the Board, delegation of authority to the C-FAR to approve any adjustment of fee in 2021 and the audit fee for 2022 and 2023. Liz agreed but suggested that the committee should put a safeguard to make sure that the C-FAR reports back to the Board of decisions taken by the committee in this regard.

Action item: Taking the above into account, the C-FAR recommended for approval to the Board of Trustees

- a) *selection of Crowe UK LLP as IPPF's external auditors for the years 2021 to 2023;*
- b) *at a fee for 2021 of US\$ 154,500; and*
- c) *delegate authority to the C-FAR to approve any fee adjustment during the year and fee for the subsequent years and subsequently update the Board of Trustees about the same.*

3. Special Payments (1st January to 30th September 2021)

Varun presented the three types of payments under the Special payments register to the C-FAR. Nicolette commented that she was glad that follow up actions had been taken following the phishing incident. She highlighted that it was very important to avoid any future mistakes and staff should be made aware of phishing emails. This was noted.

Information item: The C-FAR members took note of the *Special Payment for the period from January and September 2021*

4. Action taken Report – Finance Journey (till 30th Sept 2021)

Jane presented the finance journey update highlighting the successes, the challenges and the learnings. She highlighted the biggest disappointment being inability to implement NSPB in time for our budgeting process this year, which led to the team being hugely frustrated because of the challenges associated with developing the entire budget and the quarterly forecast on excel. She highlighted the need for proper resources who could provide dedicated time on some of these initiatives.

She went on to state that the finance team was coming together (f2f) next Thursday (11th Nov) to find ways; to prioritize and identify resources to work more effectively. Varun, acknowledged that this committee had raised this as an issue when the finance journey was presented. He highlighted that some of the initiatives listed had to be completed, as these had knock on effect on the resource allocation reforms agenda, which included moving to a three year planning and budgeting cycle. So the team will thinking through in order to find clear solutions.

Liz raised the issue of staff turnover and the need to make the onboarding process a little less complex. She highlighted this as a significant risk and asked the team to strategize around this. Nicolette, agreed that the finance journey was a very ambitious plan from the beginning and complimented the team for taking up the challenge, and asked the team to bring on board additional resources or staff to help. Nicolette asked the team to think through how simpler processes or ways of working could be identified taking on board learning from Netsuite implementation. Varun confirmed that this is already part of the journey with some processes already having been re-engineered and others being in the pipeline.

5. Internal Audit update

Mark presented to C-FAR an update on the work that RSM had undertaken till now. This included engaging more closely with Neville, ongoing support on other non-conflicting issues as well as on the internal audit.

He informed all that RSM would be starting to work on the plan for 2022 and as part of this, he would be reaching out to all stakeholders, including Liz, Alvaro, Neville and Varun to identify areas that would need to be covered as part of the plan for next year.

Highlighting the tasks that had been undertaken by RSM, he stated the following:

- As a follow up to the fraudulent payment having been made from London, due to a phishing incident, RSM had worked on a couple of advisory papers, which included NetSuite access controls; authorization limits; conflicting position permissions; workflows, etc. These highlighted conflicts within the permissions set up and too many rules in certain areas. As these were not really classified as an internal audit pieces, there were only shared with the management. If the C-FAR wish, these could be made available.
- Working on master data analysis that would help the finance team to clean up Netsuite master data bases and rectify them.

He further highlighted the tasks that were currently being undertaken:

- **Arab World Regional Offices governance oversight review** including the changes from 2018. Much like a gap analysis and a progress report that will hopefully complement the work undertaken by the forensic auditors.
- **NetSuite Data analytics** work extended because the entire NetSuite data dump was downloaded for 18 month period. This included the payroll, suppliers, journals, etc data that was merged in various different ways to analyse the outliers. A number of issues had been highlighted through the automated matching, which were then analysed in details by the RSM team, rather than handing over that task to IPPF. Some of the issues that have been identified include:
 - data incompleteness;
 - controls requiring strengthening.As part of this process, we also undertook a detailed analysis to identify any likelihood of fraudulent transactions from a totally independent point.
- **SafeReport management review**. The report is now with the management, awaiting response. This report will be shared with the C-FAR too.
- **Grant management process review** both for core and restricted funding. We're taking into account all the different regional offices, so there's quite a number of meetings taking place and the evidence that is being provided. This should be finalized, by November.

Nicolette, thanked Mark for the presentation and asked if RSM was comfortable with the audits undertaken till date and the results thereof. She highlighted that it's very important for the committee to hear the independent view of the internal auditor, on the minimum standards that needed to be maintained from an internal audit perspective. Mark responded in the affirmative. He highlighted that the reason why they conducted the data analytics piece because the finance team were very busy and were not being able to respond to all queries, and that is why the RSM team looked at how can it still achieve the assurances that was needed without putting too much pressure. This is the reason, RSM took the data dump,

undertook a machine based audit process and reviewed the results to analyse issues raised. This minimised the load on the finance team but enabled RSM team cover at least two or three different audit areas, which included fraud review, accounts payable review and controls review.

He highlighted that as travel starts to open, the team hopes to start planning visits to other offices.

Liz thanked Mark for his report and asked him what in his experience is the best way for this committee to keep the Board apprised of the internal audit work. The dashboards provided are very detailed in a certain way and very precise, which is what the committee expected and appreciated. However she was struggling a bit to figure out what is the message/ messages that the committee presents to the Board. Mark advised that the internal audit work, was still in early stages. This was commenced in 2020 after which the pandemic struck. He hopes that early next year RSM could start to look at actions taken on recommendations and present that back to the committee. This will identify whether or not management are taking internal audit work seriously. The periodicity of this could be fixed over certain periods, or could also be determined based on risks identified. He stated that he could discuss this with Neville and then come back to the committee with some considered thoughts.

Liz thanked Mark adding that the committee would really appreciate a six monthly reporting, more aligned with the budget approval and financial audit process, that would really help. Liz added that she was very pleased that the team had laid greater emphasis on the NetSuite piece as this would have also helped Jane and Varun in streamlining the systems fast, which is a high priority.

6. Incident reporting ended September 2021

Vanessa presented two papers on incident management:

- a) Incident received in September and their status till 30th September 2021; and
- b) Incident management and safeguarding report for Q3 ending 30th September 2021

She highlighted the internal audit work that is ongoing. She informed the committee that this was being checked for any factual inaccuracies now. Once this was completed, it would be shared with the management/ committee by RSM.

In terms of year on year trends the number of issues being reported are definitely starting to be different in nature and starting to go down in some respects. She highlighted that this quarter a new report around equality diversity and inclusion had been included. There had been no reports on Antiracism, despite a lot of work now being undertaken at the secretariat around this.

In cases related to fraud and financial wrong doing, she was working closely with Neville, to respond to those that had raised a concern, as soon as audit report and action taken thereon required to be intimated.

On the safeguarding side, she highlighted that a lot of work was being done to roll out good safeguarding practices at our MAs. This was starting to show results, with MAs starting to get further in this matter and starting to take responsibility. She also highlighted the mandatory self-led refresher training course being delivered in the final quarter of the year for all staff at IPPF. For the DLT this will be delivered face to face at one of the upcoming DLT meeting.

Nicolette complimented Vanessa on the report and asked if trends were improving. Vanessa highlighted that there was evidence of things improving generally, certainly at Secretariat level. She stated that the culture is changing and people are talking about it differently and as a great example including Safeguarding's being built into new programmes/ projects from the very beginning.

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

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

7. Annual plan and budget of the Member Associations/ Collaborative Partners 2022

Presenting the output of the annual plan and budgets of the Member Association and Collaborative partners for 2022 as part of the Stream 1 roll out, Varun told the committee that this was a very fulfilling journey. The analysis that is coming out will surely influence the strategy and help the secretariat in engaging with the membership in a far more informed manner.

Sam from Redstone presented key data highlights/ analysis to C-FAR. This included the benefits of the new system, status of total number and value of business plans reviewed and recommended for approval by the TRT, investment by membership across various strategic outcomes in dollars terms was highest in outcome 3 (services) followed by outcome 4 (internal systems), youth and advocacy and as far as project areas, the highest spending was in static clinics then mobile clinics, etc.

He went onto highlight, the total income generated by MAs, where is most of this income getting contributed from (including social enterprise; client fees; national memberships) and who are the 10 MAs raising over 85% of these funds. This analysis highlighted that unrestricted grants has the highest median value at 29%. So typically that is the biggest source of funding for MAs.

He highlighted that the data analysis can be used to generate several types of heat maps, one of them presented to the committee was on where is the most need and commensurate low or high level of income generated by the MAs. Here, a country in red meant the total funds in absolute terms brought in by the MA relative to that country level of need may be quite low and thus there being a need to focus on local fund raising.

Finally he presented the costing data by types of results/ delivery models by the Membership. This data helped in analysing cost per services by model of delivery (like a static clinic, a mobile clinic, or community based) across various countries.

Nicolette thanked Sam for the presentation and asked if the resource allocation formula and model worked. The new distribution policy was set up with a certain vision to allocate the money in a different way does this information provide clarity on whether the Federation was able to steer itself towards these objectives.

Alvaro responded in the affirmative. He highlighted that

- IPPF had a much better understanding and sense on whether it had met the principles set in Delhi, as it could explain why one country got X and another got Y and also countries

from a similar needs perspective looked to receive similar amounts of money. That wasn't happening before.

- A lot of transparency was brought in, as countries now knew why are they getting what they are getting.
- However, what needed to be kept in mind is the formula was using slightly dated numbers and in this context, in challenging years with a lot of fluctuation, such as the one hit by COVID and/ or where MAs were massively hit with UK cuts, using this formula could have its negative impact. This year, IPPF was lucky as it could provide a supplementary grants to MAs hit by at least two of the three (i.e. COVID, FCDO cuts and/ or the formula (triple whammy)), by using generous additional contribution by the Danish Government, to compensate against the triple whammy impact. However, if this was not there, IPPF could have been in trouble, not because the model isn't right, but because it was such a difficult year to have to implement it. So having some flexibility to be able to adjust the formula, during unusual years as presented above, will always be helpful.
- the data analysis that is coming out of this work, has got the management super excited, as it is providing for the first time an opportunity to really make much more of an informed decision. He highlighted that he was already presenting this to donors who were also incredibly pleased as IPPF was in a better place to be able to answer donor questions. It's been incredibly helpful.

Judith thanked Alvaro, adding that she very much appreciates this system, was pleased with it and on the whole it was very clear. She further stated that the roll out of the system provided many opportunities to take some training by webinar on this new allocation formula to familiarise with it. She stated she understood that one cannot come up with a system that is perfect for all. But has the secretariat followed up to see the impact this might have had on some MAs? Varun responded by stating that the Resource Allocation Technical Committee had asked the same question, and have asked the management to get feedback from the membership, before they put forward their recommendations to the Board. Casper is now in advanced stages to get the survey out to the MAs to receive feedback on the entire process and what changes, if any, they would want made to the process. Casper informed C-FAR that it is a principle of the Secretariat to be MA-centric, and that the member associations were the main focus all the way through the approach, adding that we will send a survey to our MAs asking about the process; the support that's been provided; and also about the outcomes and we hope to see the results within the next couple of weeks. We will share the results with the Committee.

Sam clarified that during the design of the formula, there were a lot of rounds of iterations to review the possible impact on MAs using the new formula. Using this the formula was adjusted to ensure that the numbers the formula was throwing up made sense; do they look logical given what we know about the countries and the answer was largely they did. This also mean in cases where the MAs are getting a decreased allocation, in general the Secretariat will be prioritizing working with those countries to find other sources of funding, include restricted funding.

Liz thanked Sam and his team and Casper for such an incredible work. She highlighted that this was an information item as it comes from a different committee who has accountability on governance perspective. Liz said that it was wonderful to be informed and this will help the committee to deliberate about the Secretariat plan and budget for 2022 next week and was this very well timed.

Information item: The C-FAR took note of the Plan and budget of Member Associations and Collaborative partners under stream 1 for 2022.

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

Liz reminded members that the next C-FAR meeting will be on Wednesday 10th November 2021. Liz asked Varun to follow up with all members to ensure that the committee has its quorum next week, as it will be recommending the budget for the secretariat.

9. Any Other Business (AoB)

There was no other business and the meeting was concluded.

3. Annual Plan and Budget for the Secretariat 2022

Liz highlighted this as a truly historic moment for IPPF to have developed the first ever unified budget that was inclusive of all the activities of the secretariat. She congratulated the team on this achievement.

Alvaro agreed that it is a really big step that we've got not just a consolidated budget but a consolidated plan and budget which last year we had not manage and now we can see the total portfolio for the Federation. It was done in a particularly difficult environment given the recent FCDO cuts, along with COVID. It has been a remarkable effort and really something to celebrate. For the first time we now have business plans for all the MA's and the secretariat has lived up to the same criteria of having to present a business plan that brings together all its funding and all its plans. He stated that this was a fantastic step forward, in building a unified federation. He went on to thank the team that put this together and the committee for pushing IPPF in that direction.

Varun, agreed that it has been one of the most satisfying year. He summarised the plan and budget as below:

Plan

In total, the Secretariat presents 246 projects/ initiatives working towards 13 fixed priorities for 2022. Of these, 108 projects/ initiatives requested new activity funding from the Secretariat unrestricted funds. Unfortunately as there is no further unrestricted core funding, all teams/ units have been requested to revisit their projects to see whether they can be implemented without further funding from unrestricted core funding. He highlighted this to be great step forward, as for the first time there is complete transparency and accountability in terms of the work plan of the Secretariat. Also given this process, the staff for the first time have agency to prioritise the use of their time and resources before starting implementation.

Budget

- Overall budget significantly impacted by the FCDO cuts.
- Restricted Income reduced from US\$94.6m in Q3F to US\$10.2m in 2022 – additional funding received CAD \$ 2 Million from Canada (after finalisation of budgets).
- This has led to greater pressure on unrestricted core funding to absorb key institutional roles to prevent redundancies.
- Despite that the Secretariat budget moved closer to the 30% mark of total unrestricted income, accounting for 32% in 2022.
- On the unrestricted income side, the total income from grants was US\$64.8m, US\$2.2m greater than Indicative Planning Figure (IPF). This was due to additional funds from Denmark, Norway, Finland, Australia, Japan but decrease in Germany from Core.
- On the expenditure side, the total expenditure is projected to be US\$100m contributed by \$ 66.2 M by core, US\$ 27 M by restricted and US\$ 6.7 M by unrestricted earmarked.

- Unrestricted core Grants to MA's increased by 10% from 2021 budget by US\$4.2m.

Assumptions:

- WISH assumption: NCE ends in March 2022
- Assumed designation of funds from reserves to cover costs relating to Defined benefit pension scheme US\$ 2.2 Million and ACRO set up US\$260k.
- 5% of total salaries set aside to cover benchmarking adjustment/ COLA / PRP.
- No contingency budget built in.
- Limited activity budgets available under unrestricted core funding.

Risks to income:

- Germany €12m included vs a proposal of €10m currently with the Government of Germany.
- US\$ further strengthened against the exchanged rates taken whilst preparing the IPF figure. This led to inherent budgetary risk. Exchange rates of unrestricted core grants for 2022 not yet been hedged.
- Donor contracts not signed – Germany, Australia, Japan, Norway and NZ.

Opportunities

- Costed extension for WISH, in that case likelihood of greater cost recovery/ overhead recovery towards indirect cost.
- Upside of US\$750k on account of overhead recovery.

Judith congratulated the team for the excellent work. She enquired whether IPPF will have to cover the expenditure related to no-cost extension of the WISH programme from its reserves? She highlighted that this should be avoided and as far as possible, these costs must be covered from project funds. Alvaro thanked Judith for flagging this very important point. He assured the committee that IPPF would not be required to dip into its reserves to cover costs related to WISH no cost extension – these will all be covered out of funds available for the project. He went onto confirm that any redundancies/ severance pay that would be required to be paid due to closure of the project, will have to be covered from the project budget. This has been clearly informed to the project management team.

Lakshan thanked the team for the excellent work and the detailed report. He enquired the reason for closure of WISH program by March 2022. Alvaro responded that WISH program was initially designed as a three-plus-two-year program. Three years had been completed. The UK Government had made a public commitment to increase their SRHR funding in order to meet this (additional two years). The new government changed its mind and used the COVID pandemic as an excuse to reduce the amount available for Official Development Aid (ODA), and particularly for bilateral and NGO funded programs. As part of that they decided not to approve the new two years funding. He informed the committee, that IPPF is expected to hear about any further extension, by the middle of November 2021. He also intimated all that this is the reason, IPPF has sued the Government of UK and it is estimated that the oral court hearing of this case will be next week.

Nicolette echoed the compliments of the other CFAR members and remarked, the budgetary allocation was really a matter of taking strategic choices so it's very important that the Board is also fully aligned and aware of the strategic assumptions that have been made. She further enquired what support was provided to the MAs, under this new allocation format and were many plans submitted but not granted?

Casper responded by stating that this was a unified secretariat plan but included grants payable to the MAs. He highlighted the process of allocation to the MAs and preparation, review and finalisation of their business plans for an incredibly supportive process of the secretariat working collaboratively with the Member Associations/ partners in developing strong business plans. Once the plans were submitted, they were reviewed by a technical review team which provided their recommendations. There were some iterations based on which changes were made where plans required more information. Ultimately none of the MAs/ Partners received funds less than what they had been allocated, barring one, who voluntarily requested for lesser amount, due to absorption capacity. The Resource Allocation Technical Committee provided oversight over this entire process and is going to be submitting their recommendations to the Board of Trustees.

Following the above discussion, Liz raised the point of the need to find a way to present to the Board the more holistic picture and explain how all the pieces get connected. Some of the points raised included:

- Clear story to be told to the Board which includes the context.
- Make sure the story of planning is elaborated followed by the budgets. Highlighting all the key assumptions and critical financial impact thereof.
- Critical for the board to understand the relationship between various parts, like what is the Secretariat budget and what is transferred to MAs; What are secretariat projects and what are not?

She highlighted that the C-FAR report section on the Agenda for the Board meeting did not have a reference to the budget approval, which may have been an oversight.

Alvaro agreed the more thought needs to be provided on a clear story board. He liked the idea of the committee/ chair acting as a sounding board to be able to come up with a clear plan for presentation to the Board. This would include rejigging the agenda of the Board, which is something that is already being considered, including the suggestion of changing the agenda sequencing for the Board meeting. He stated that he would go back to Kate with this request to make changes as suggested by Liz. Liz further highlighted that an overview could be provided in the DG's report to lay out the linkages and give people a road map of how the meeting will unfold.

There were no further questions/ comments. Liz asked C-FAR to recommend to the board the approval of the budget proposal. All were in agreement and Liz congratulated the team for the excellent work.

Action item: *The C-FAR reviewed and recommended to the Board of trustees approval of:*

- a) Designation of funds for Defined benefit pension liability which includes its management cost, estimated at US\$ 2,234,281*
- b) Designation of funds for Set up cost (covering office set up and building a presence in the region) of the Americas and Caribbean regional office in 2022 amounting to US\$ 259,690.*
- c) The unified Secretariat Budget for the year 2022 as presented in the table below:*

All figures in US\$ '000

	Unrestricted	Unrestricted Earmarked	Restricted	Total
Donor income	64,757	-	10,220	74,977
Overhead recovery	1,629	-	-	1,629
Other income	1,059	-	-	1,059
Total Income	67,445	-	10,220	77,665
Grants to MA's & General Assembly	44,675	2,486	14,342	61,503
Secretariat expenditure	21,545	4,290	12,661	38,496
Total Expenditure	66,220	6,776	27,003	99,999
Surplus	1,225	-6,776	-16,783	-22,334

- d) An allocation of US\$ 1,694,234 under the voucher system from stream 1 (MA allocation). Of this 20% to be allocated and directly utilized by the Youth Networks (regional/ national, as available). The balance to voucher coupon @ US\$ 10,589/ coupon to be allocated for:

- i. Grant receiving MAs and CPs @ the full value of Voucher coupon.
- ii. Non-Grant receiving MAs/ CPs @ 50% of the value of Voucher coupon.

Based on the above allocation to each region of voucher coupon and for the youth/ youth networks, is provided in the table below.

REGION	Number of MAs/ Partners ¹			Total Voucher Value	Youth/ Youth Network Allocation
	Grant Receiving	Non-Grant receiving	Total		
Africa	39	0	39	412,971	103,245
Arab World	15	1	16	164,129	41,033
ESEAOR	20	6	26	243,544	60,887
Europe	13	20	33	243,537	60,885
South Asia	8	0	8	84,712	21,178
Americas & Caribbean	19	1	20	206,485	51,622
Total	114	28	142	1,355,378	338,850

4. IPPF Risk Register for 2021-22

A summary paper on the current risks and mitigating actions (as part of the risk register 2021-22) along with next steps to be undertaken to roll out a more comprehensive risk management framework at IPPF was presented to the committee. Presenting this Neville stated the following:

- Asked to note and recommend for approval to the Board of Trustees, the risks and mitigation strategies as part of the Risk Register for 2021-22.
- Acknowledged that these are a list of all IPPF risks – both strategic and operational.
- As a follow up of the board session, the management is working with coming up with a more Strategic risk register for the C-FAR and Board. This will be presented in the next meeting of the C-FAR.
- Strategic and Operational risks will be overseen and mitigation strategies put in place, acted upon and monitored through the new online risk management system.
- Training for the new system will take place shortly.

¹ Number of MAs and Partners as per data currently available.

Nicolette stated that she was happy that the management had made a distinction between gross and net risk before and after mitigation and controls. This helps in seeing the effectiveness of the controls in place. She check, if the management was working on some kind of a rating mechanism of red/ amber/ green – before and after mitigation steps are put in place? This could really help in visualizing priorities and how the risks are moving throughout time. Neville confirmed that IPPF was working on a heat map so that all risks could be plotted on these and for all to be able to see, how controls were impacting these risks. The heat map will also include some narrative around the direction of travel of each of those risks which will really explain why they're moving in their heat map. He stated that he had hoped to present this at the next C-FAR meeting.

Liz thanked Neville, noting that this was good progress, in the one month he was in this role. The committee looked forward to the presentation in its next meeting. Liz highlighted that whilst developing the heat maps, IPPF context must be kept in mind, remembering that all risks are not bad risks. Nicolette agreed, it's a very valuable perspective to take and the risk for IPPF might be that we're not progressive enough that we're not taking enough risks, then it would be in the red zone and I think that's the way to look at how to map the risks and how to interpret them.

Lakshan asked similar to the presentation of periodicity of actions to be taken under the financial risks there was no periodicity of actions to be taken (timelines) provided under governance risks. This point was taken on board and was agreed, that although the register has already gone for translation, the Governance risks could be updated with these timelines before it is presented to the Board.

All the committee members agreed that they were comfortable with recommending the current version of the risk register to the Board.

Action item: C-FAR members reviewed and recommended for approval to the Board of Trustees IPPFs' Risk Register for 2021-22.

5. Q3 financial reports and updated year end projections 2021

a)& b) The management accounts for the eight months were considered read and was not discussed any further. Q3 forecast numbers were presented by Jane to the committee. The key points presented included:

- Original budget for 2021 had a deficit of \$13.6 million, based on the movements till date and latest projects, this the net position of the secretariat is now at a surplus of \$8.4 million. This was contributed by an upturn of \$17.3 million since Q2 forecast.
- On the unrestricted core side
 - additional core funding from Denmark to the tune of US\$ 3.1 million had been added – this was part of a three year commitment by the Danish Government of DKK 50 million. The funds relating to 2021 (DKK 20 Million) had not been received yet and thus most probably will be primarily spent in 2022.
 - Stream 2 funding allocated to subsequent years, to the tune of US\$ 1.9 million was being requested to be designated.
 - US\$ 1.8 million originally allocated to the Member Associations in the Americas and Caribbean Region for prospective/ new partners, had not been

- allocated to any partners, as partners had not been identified in each of the countries, where the MAs had left IPPF.
- Forex gain of US\$ 1.3 million due to the strengthening of the US dollar reducing the unrealized loss on our forward exchange contracts.
- On the designated side a reduction of US\$ 2.4 million in expenditure was due to some of the initiatives being moved to 2022, instead of the planned implementation in 2021.
- On the restricted side, the WISH fees has increased by US\$ 7.8 million. However this is due to correction of an assumptions taken for Q2 forecast (as numbers from the programme had not been made available at that time).

Information item: *The C-FAR reviewed and noted the management accounts for the eight month ended 31st August 2021 and Q3 financial forecast taking actuals of eight months and projections for the balance four months.*

c) **Designation of funds from Stream 2:** Casper presented the reason for the need of designated funds under two channels of stream 2. He highlighted that these funds had to be carried forward, as in the first case (i.e. global consortium channel signed off to take forward the medical abortion work), was a long term agreement which was going to carry on for a couple of years (as per the funding agreement ending 2023). Therefore, funding available in 2021, was required to be carried forward to the subsequent years. With regard to the Centers and funds, this included one project that was signed late in 2021 and required part of its funding to be carried forward to 2022 and some other projects required No Cost extension. Thus the projected balance funding under stream 2 was required to be carried forward to 2022. Finally the co-investment channel, had been held back, due to the project between the Danish Family Planning Association (DFPA) and Danish Government had not yet been signed off and thus this funding which was now estimated to be remitted early next year, as contribution by the MA towards the project.

Action Item: C-FAR took note and recommended for approval to the Board of Trustees the *designation of projected balance funds under 2021 Stream 2 for the :*

- *global consortium channel amounting to US\$1,753,583;*
- *centers & funds channel amounting to US\$210,500; and*
- *co-investment channel up to US\$500,000.*

d) ***Individual Giving Allocation:*** Riva present the high level background and plan for individual giving to the C-FAR. She highlighted that IPPF's individual giving program historically was run by our the Western Hemisphere Regional Office. However with their separation, all the know how; the structure; and the processes left the secretariat. Therefore the need to rebuild this area of work. She highlighted that this stream would further diversify our income based and has a potential for really big growth for unrestricted funding, as even without any efforts this year, the total revenue likely to be generated would be circa US\$ 1.2 Million.

Nicolette thanked the team and stated that she did not have any further questions and complimented the team for a well presented paper. Judith too stated that it was an excellent document. Bience agreed that departure of WHR has opened up a really good opportunity for IPPF and also there is a strong need to re-establish IPPF in the

US. She added her voice in support of the proposal and thanked the team for the good paper.

There were no further comments.

Action Item: C-FAR took note and recommended for approval to the Board of Trustees *designation US\$3 million to support individual giving, of which the sum of US\$ 2 Million will be conditional on availability of reserve balance above the threshold fixed earlier this year as on 31st December 2021.*

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

Early February 2022 – date to be confirmed

7. Any Other Business (AoB)

Liz advised C-FAR that they will not be reconvening as a committee until February 2022, when the preliminary year end position and status of audit would be presented. However she hoped that the committee could provide its feedback and thoughts once it receives an update on the proposed board presentation closer to the Board meeting.

Varun thanked the Committee for all its support and direction through 2021 highlighting that it had been a very productive journey.

Liz thanked the committee stating that she was really pleased with how things are working on the committee and mentioned that it may be a good time to reflect on what the committee has learnt and what it could do better in the new year. So perhaps the committee could start that way with some reflections.

There was no other business and the meeting ended.