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**Board of Trustees**  
**9-10 March 2022****Refers to**  
**agenda item 5.1****Agenda Item 5.1: Report of the Finance, Audit and Risk Committee of its meeting held on the 17<sup>th</sup> February 2022****Summary:**

Under IPPF Regulation E.1.b), the Finance, Audit and Risk Committee (C-FAR) met on 17<sup>th</sup> February 2022. The Committee provided oversight and policy direction relating to the following key areas:

**Review and took note of:**

- 1) Draft financial report for the year ending 31st December 2021.
- 2) Incident management report for the month ending 31st December 2021, safeguarding and incident management report for the Q4 of 2021, annual incident management report 2021 and annual safeguarding report 2021.
- 3) Internal audits undertaken during the year 2021 and asked RSM UK Risk Assurance Services LLP to submit regular action taken report on recommendations presented.
- 4) WISH programme update.

**Approved**

- 1) the minutes of the previous meetings held on 5th & 10th November 2021.
- 2) considered and ratified the external audit plan presented by Crowe UK LLP.
- 3) the internal audit plan for 2022 which included the plan, the fee at a composite daily rate (£ 670 excluding VAT) and estimated 85 days of work (£ 56,950 excluding VAT) and the internal audit charter, as presented by RSM UK Risk Assurance Services LLP.
- 4) the high level agenda and dates for the C-FAR committee meetings in 2022.

**Action Required**

- 1) The Board of Trustees **Note** the report submitted by the C-FAR chair.
- 2) On recommendation of the CFAR, the Board of Trustees to **consider** and **approve**
  - a) *Designations of the following funds as on 31<sup>st</sup> December 2021:*
    1. Additional funding to commence review and negotiation with members of the Defined Benefit Pension Scheme, to reduce overall liability - **US\$ 4,000,000.**
    2. Triple whammy funding (balance) to be remitted as cash and commodity grants, from funds received late in 2021 from the Danish Government - **\$2,675,083.64.**
    3. Funding allocated for General Assembly to be held in 2022 - **\$340,000.**
    4. Emergency Grant allocated in 2021 to Afghanistan under Stream 3 - **\$199,089.**

b) Revision of the unified secretariat budget 2022, as summarized below:

*(Figures in US\$ '000)*

	<b>Approved budget</b>	<b>Net adjustments</b>	<b>Revised budget</b>
<b>Income</b>			
Unrestricted	67,445	(768)	66,677
Designated			
Restricted	10,220	768	10,988
<b>Total income</b>	<b>77,665</b>	<b>0</b>	<b>77,665</b>
<b>Expenditure</b>			
Unrestricted	66,220	-	66,220
Designated	6,776	9,881	16,657
Restricted	27,003		27,003
<b>Total expenditure</b>	<b>99,999</b>	<b>9,881</b>	<b>109,880</b>
Unrestricted	1,225	(768)	457
Designated	(6,776)	(9,881)	(16,657)
Restricted	(16,783)	768	(16,015)
<b>Total surplus</b>	<b>(22,334)</b>	<b>(9,881)</b>	<b>(32,215)</b>

3) On recommendation of the CFAR, the Board of Trustees to **consider** and **approve** an additional online meeting of the Board of Trustees on the 8<sup>th</sup> or 09<sup>th</sup> December, 2022, in order to undertake significant operational/ statutory requirements, including approval of the Budget for 2023-25.

### **In attendance**

C-FAR members:	Elizabeth <b>SCHAFFER</b> , Chair, C-FAR Judith <b>MAFFON</b> , Member, C-FAR Lakshan <b>SENEVIRATNE</b> , Member, C-FAR Nicolette <b>LOONEN</b> , Member, C-FAR
Staff:	Alvaro <b>BERMEJO</b> , Director General Varun <b>ANAND</b> , Director – Finance & Technology Jane <b>DISBOROUGH</b> , Financial Controller Nisha <b>GOHIL</b> (note-taker)
Internal Auditors: Risk Assurance	Mark <b>SULLIVAN</b> , Risk Assurance Director, RSM Services LLP
External Auditors: Organisations,	Nicola <b>MAY</b> , Partner, Social Purpose & Non Profit Crowe U.K. LLP
Joined for the relevant agenda items: Compliance	Neville <b>VAN SITTERT</b> , Director, Risk, Legal and Vanessa <b>STANISLAS</b> , Head of Safeguarding
Members unable to attend:	Bience <b>GAWANAS</b> , Treasurer, IPPF & Member, C- FAR Maisarah <b>AHMAD</b> , Member, C-FAR

#### **1. Welcome and Introduction.**

The Chair welcomed everyone to the meeting.

#### **2. Agenda # 2 - Procedural Items**

##### **2.1. Apologies for Absence**

Apologies for absence were received from Bience Gawanas in advance of the meeting and from Maisarah during the meeting.

##### **2.2. Draft Agenda and Timetable**

The agenda for the meeting was shared. No comments were raised.

***Action:*** Members unanimously adopted the agenda of the meeting on 17<sup>th</sup> Feb 2022.

##### **2.3. Minutes of the Finance & Audit Committee Meeting**

The minutes of the previous two meetings (05<sup>th</sup> and 10<sup>th</sup> November 2021) were tabled for discussion. None of the members had any comments/ suggestions for amendments.

***Action:*** Members unanimously approved minutes of the meetings held on 5<sup>th</sup> and 10<sup>th</sup> Nov. 2021

## 2.4. Matters Arising

There were no matters arising.

### 3. Financial Report for the year end 31<sup>st</sup> December 2021 and Revised Budget for 2022

#### **a) Financial update (unaudited) for year ending 31st December 2021**

Jane presented key highlights of the first draft financial numbers (unaudited) for the year ended December 31st, 2021. She highlighted the fact that these numbers still required a few adjustments including final numbers from last quarter for WISH, project end numbers for ACCESS and GCACI and year-end adjustments (including audit adjustments).

It was highlighted that the actual surplus was ahead of the budget by US\$19.7 m under unrestricted core funding. This was before the year end Forex adjustments. The main contributors to this are presented in the table below:

Unrestricted funds surplus	US\$'000	Key Reasons
Excess unrestricted core income received	10,627	<ul style="list-style-type: none"><li>• Additional grants received from some Governments, including German, Norway, Denmark, Netherlands, Finland and South Korea.</li><li>• Higher overhead recovery from restricted projects, than budgeted.</li><li>• Higher donations including one-off bequeath.</li><li>• Forex Gain</li></ul>
Shortfall of unrestricted core expenditure	9,053	<ul style="list-style-type: none"><li>• Shortfall in spending of core grants to MAs, due to design of projects under stream 2, delayed receipt of additional core income (from Denmark), MAs not yet added in Americas &amp; Caribbean and savings in vouchers.</li><li>• Savings in secretariat expenditure due to COVID.</li></ul>

Nicolette complimented the team for their extensive work and the layout of the financial update document. She enquired the reason for the large cash balance on the balance sheet and the ideas on how to deal with that? Jane responded in the affirmative stating that the IPPF has had a very high cash balance for the whole of last year. She went on to highlight the need to onboard an investment manager, who would help in implementing the investments/ treasury management policies that had been approved by the committee last year. She highlighted that of the balance in hand, US\$10m were invested in a bank deposit and were earning interest, however some of the other funds could potentially be invested to gain additional income.

In order to move the above forward, it was agreed that the process of appointing an investment manager would be commenced immediately. Elizabeth enquired about the timelines for this, to which Varun assured the process to commence soon and progress thereof, reported back to the committee in its next meeting. Varun also informed that he will reach out to Nicolette to request in assisting with the shortlisting investment managers, as part of a sub-committee for selection of investment manager.

Lakshan asked if the cash flow balances indicate a lack of activities? Jane replied that about US\$30m were restricted funds which are being spent in line with the agreements signed with restricted project donors. She further elaborated that IPPF had to repay the loan of US\$3m to CIFF in April, and US\$1.4 m were funds IPPF is now holding for Cape Verde (member association). Varun highlighted that higher amount of cash in hand is contributed by a combination of restricted project funds, designated project funds and unrestricted core funds. He informed the C-FAR that the final numbers (cash and reserves) will be broken down in subsequent reports into each of these categories. It was also informed that higher income recognition in the books of accounts, was based on the SORP (guidance for preparing charities accounts) required to be followed by charities in the UK, which required charities to recognize income on receipt, which also led to higher surplus in the charities accounts.

Liz advised that it would be helpful to C-FAR, if going forward, it could see more clearly the difference between the cash and reserves, broken down into unrestricted cash/ reserves and restricted cash/ reserves. This was noted for further action.

### **b) Proposal for designation of funds as on 31st December 2021**

Following the review of above accounts, proposals for US\$3,214,172 were presented to C-FAR for designation of the funds as on 31st December 2021. These included funds for:

1. Negotiations with members of Defined Benefit Pension Scheme – US\$ 4 Million.
2. Triple whammy grants to MAs yet to be released (due to late receipt of additional core funding from Danish Government) - \$2,675,083.64.
3. General Assembly allocation from the 2021 budget - US\$ 340,000.
4. Emergency Grant payable to Afghanistan under Stream 3 - \$199,089.

It was highlighted that even after the above designations, unrestricted reserves of IPPF for the year ending 31<sup>st</sup> December 2021, is expected to be US\$21.8 million, which is within the range (between US\$19m and US\$26m) of the reserves policy approved last year.

#### **Negotiations with members of Defined Benefit Pension Scheme**

Varun updated the C-FAR that given a likelihood of lower technical deficit projection through its triennial revaluation, lower deficit in the pension scheme's year end accounts for 31<sup>st</sup> December 2021 and the IPPF having some surplus at the end of the year, a proposal to start negotiations with members of the

defined benefit pension scheme had been put together to reduce the structural liability that IPPF has carried in its Balance Sheet for several years.

He highlighted that the scheme's liability fluctuated significantly due to changes in the market conditions (primarily interest rates fluctuations) and due to which liability could go up if the interest rates fluctuated negatively. Thus if IPPF is able to engage with the 118 members of the scheme and negotiate a deal, within the current framework of the scheme, this could go a long way in closing the scheme earlier than expected. This was dependent on how many members agreed to take the offer presented by IPPF.

Varun informed the committee, that this had been discussed with Trustees of the Scheme and with Nicolette (member of the C-FAR), who had been engaging with the Trustees with him.

As next steps, a small part of the amount requested for designation, will be used to identify and hire expert (s) to assist IPPF in developing strategies on the way forward, including the viability of each of the options within the scheme. Following to this an overall proposal would be developed for members of the scheme, the success of which will depend on the uptake of the offer by the members of the scheme.

Nicolette remarked that she was very happy that IPPF were able to take this step to start negotiating with the members, in order to explore the possibility of moving away some of the risk that it has been carrying on its Balance sheet. She went onto to agree with the proposal and recommend the same be adopted.

Lakshan enquired whether the negotiations with members will carry on till 2024. Varun responded, the negotiation that was raised by Lakshan, related to the one being undertaken with the pension trustees as part of the triennial valuation of the scheme, to fix an annual contribution to the pension trust, over the next three years, ending 2024.

Elizabeth asked if this meant that C-FAR could designate these funds now, however before IPPF went out with an offer, this would be presented to C-FAR. Also which would mean if the offer developed is not really viable/ successful, these funds were not going to be utilized, and could also be redesignated for other purposes. Varun confirmed that both the points raised by Elizabeth were correct.

#### Triple whammy impact grants

Varun highlighted that the Danish Government had provided additional funding of DKK 20 Million under its commitment to IPPF as part of the Generation Equality Forum. The Danish Government had released these funds for 2021, closer to the end of the year. The 2021 funds had been allocated to MAs, that had been impacted by two out of three adverse situations, which included (i) their income had gone down radically due to COVID; or (ii) they had been negatively impacted by the FCDO cut in funding; or (iii) there was a reduction in the funding allocated in 2022, as part of the new resource allocation formula that IPPF put in place. However as the funds had been received late, these could not be all utilized in 2021.

Cash and commodity grants allocated to countries, were now in the pipeline but actual execution and expenditure is likely to be incurred in 2022. In order to provide for these funds in the subsequent year the balance of US\$ 2.675 million was now being proposed to be designated at the end of 2021.

#### General Assembly funds designation

It was reiterated that the funds for the General Assembly to be held once every three years, was being appropriated over a three year period. In line with this the budget allocated in 2021, was being requested to be designated to be expended in 2022.

#### Emergency grant to Afghanistan

This emergency grant had to be released for Afghanistan from DG Emergency Funds in 2021. Our Member Association in Afghanistan (AFGA) carried on with the humanitarian response programme in 2021. However due to restrictions from Barclays Bank, IPPF could not release the funds in 2021. In consultation with Barclays Bank, IPPF undertook additional due diligence, which has been appreciated by the Bank. Following which it is expected that the Bank, may release these funds to Afghanistan as part of the humanitarian payments in 2022. In order to enable IPPF to release these funds, a designation of these funds is now being requested.

The bank has also expressed their satisfaction with all the steps that have been put in place by the risk assurance and finance teams. The Bank has expressed that if IPPF carries on with its stated programmes and also moves ahead with creating knowledge about financial crime, through training programmes and other means, it may be able to raise the rest of restrictions on IPPF by August and assist it in releasing funds to all countries (barring North Korea).

#### **Action Item: The Committee**

- a) Took note of *financial update for the year ending 31<sup>st</sup> December 2021*.
- b) recommend designation of the following amounts as on 31<sup>st</sup> December, 2021:
  - i. Additional funding to commence review and negotiation with members of the Defined Benefit Pension Scheme, to reduce overall liability - **US\$ 4,000,000.**
  - ii. Triple whammy funding (balance) to be remitted as cash and commodity grants, from funds received late in 2021 from the Danish Government - **\$2,675,083.64.**
  - iii. Funding allocated for General Assembly to be held in 2022 - **\$340,000.**
  - iv. Emergency Grant allocated in 2021 to Afghanistan under Stream 3 - **\$199,089.**

#### **c) Review and approval of 2022 Budget revision**

Jane presented the revision of the 2022 budget to C-FAR. The key changes in to the budget included:

- Expenditure for 2022 to be budgeted against unrestricted earmarked funds, approved by the Board of Trustees in its meeting on 2-3<sup>rd</sup> December 2021

and recommended for approval by the C-FAR in its meeting held on 17<sup>th</sup> February 2022 - US\$9.9 million

- Reclassification of grant received from Australia from unrestricted to restricted income – as these funds had been specifically received for the Pacific but were erroneously posted under unrestricted core - AUD 1 million.
- Realignment of costs within the secretariat offices including reprioritizing some face-to-face meetings. The net impact of this change was negligible and was reviewed and approved by the DLT.

It was highlighted that there were a few more changes expected in the 2022 budget, including WISH program costed extension and LAD funded expenditure. These will be brought to the C-FAR as part of the 2<sup>nd</sup> Quarter forecast.

**Action item**

*Finance, Audit & Risk Committee members recommend for approval to the Board of Trustees the revision of the 2022 budget of the unified secretariat, as presented in this paper.*

#### **4. Safeguarding and Incident management reports**

Vanessa presented the highlights from the four reports shared:

- A minor date error was noticed in the incident management report for the month ending 31<sup>st</sup> December 2021. This had no material impact on the data presented.
- Significant progress had been made across all areas. This included:
  - Improved performance in case closure, 75% ahead of 2019 and 53% ahead of the performance in 2020.
  - Despite getting 45 additional cases last year (2021), IPPF cleared more cases than it received.
  - To date (since the system went live in 2018), 200 incidents had been received, of those cases only 35 cases were open.
- Since December 2018, 17 safeguarding incidents were received. Five of those came in 2021 and all five of these were from MAs. IPPF had no safeguarding (i.e., sexual harassment, sexual abuse, sexual exploitation) cases arising from the secretariat. MAs did struggle to have the right capacity, knowledge and expertise to handle these cases.
- Introduced a new voluntary equal opportunities monitoring form for people reporting cases. The form has a whole range of markers to assess over time whether or not there's any disproportionate dis-treatment, better treatment or something else according to people ethnicity and other identities.
- A big thank you to Neville for bringing a lot more order around the financial wrongdoing cases.

Liz thanked Vanessa, adding that the team had done a fantastic job and the progress demonstrated was commendable and reflective of the hard work put in. She stated that reports were exceptionally readable and complete.

No further comments were received.

**Information item:** C-FAR appreciated the progress made in this area and took note of Incident management report for the month ending 31<sup>st</sup> December 2021,



safeguarding and incident management report for the Q4 of 2021, annual incident management report 2021 and annual safeguarding report 2021.

## 5. Audit Planning Report – An Update

Nicola May, Partner at Crowe, introduced herself to the C-FAR and updated members on the audit plan for the year ended 31 December 2021. She thanked the committee for giving Crowe the opportunity to work with IPPF and hoped that the Committee liked the format of the audit planning report presented by Crowe.

Nicola highlighted:

- Under section 1, the report highlights:
  - Materiality – levels were set as a percentage of IPPF’s income - @ 1% of the income.
  - Significant potential adjustments will be brought to the notice of the Committee – the threshold for this has been fixed @ 5% of audit materiality. So the committee will get visibility to a much lower value of any adjustments that are made or remain unadjusted.
  - From an independence and ethics perspective, Crowe presented other work that it has done during the year for IPPF. This is presented on page 2. Nicola was comfortable that that doesn't cause any concerns around independence and actually complements the work Crowe is now undertaking.
- Section 2 of the report highlights areas identified as possible key risk areas. These include income; the grant expenditure; going concern; and management override of controls. In each of these areas, tests that will be undertaken were highlighted. With regard to the going concern note, it was highlighted that although the underlying guidance from the FRC hasn't changed, which requires the auditee to still look at least 12 months ahead from the date of signing the accounts. However this is the minimum period of time. In this context, Crowe recommends that going concern note, presents data, to the end of next year. This has an additional benefit of getting a full cycle of income and expenditure and sort of tallies nicely in terms of budgeting periods and management accounts periods.
- Section 3 sets out the other areas of audit focus, which included reviewing the previous auditors’ files, to support our work on opening balances, then undertake additional testing on top of that and specialist reviews including IT systems audit and key tax reviews.
- Section 4 highlights our approach to the overseas components. We will rely on the work of component auditors in the Africa region and the Europe network and for Worldwide Inc. and for each of the four branches, the regional offices will undertake work from the UK so as the UK team we will do the testing there.
- Finally in section 6 we highlight in case any updates are required in terms of disclosures – in this area, there have been no updates, but we continue to highlight a couple of key areas around the governance code and also in terms of the work we do on the trustees report. We don't audit the trustees report per say, but we do select certain statistics and ensure it's in line with our understanding and request supporting information for a sample of items.

Liz thanked Nicola, highlighting that members have seen the timeline towards the end of the report. The intent is that we will have the full report available for the committee's review at the May meeting in time for the June Board meeting

Nicolette asked Varun and Jane about the transition to a new auditor. Varun advised that it may be a bit too early to say. He highlighted that the access to the Crowe Online portal has been granted to the team, which is uploading a lot of audit material requested for. He highlighted that the user friendliness of Crowe system was better than that of our previous auditors. On our own side, IPPF has added additional resources to help with the audit process enabling it to become more responsive.

Judith highlighted that given it is a process being undertaken by completely new auditors, the management should not underestimate the likelihood of additional questioning and the need to require more time. Varun accepted that the process is going to be very different from the previous years and will require the team to respond to many more queries, this being the first year of audit. He highlighted that he was happy that Crowe was undertaking the income audit and also sub-award grant audits earlier, as compared to the process that was followed by the previous auditors. These changes (prioritization) and clarity on the audit calendar, will ensure the IPPF team is able to respond to queries in a more timely manner. Having said this, it is not at all expected to be an easy process.

Liz thanked Nicola for the update and asked the committee if they are happy to proceed to approving the audit plan. The Committee were in agreement.

**Action Item:** *The Committee reviewed and ratified the audit planning report from Crowe for the global audit of 2021 on behalf of the Board of Trustees.*

## **6. Internal Audit Plan 2022 and update on internal audits undertaken in 2021**

### Incident in IPPF Finance – NetSuite

Varun informed the committee that there has been an incident of fraud in 2022, which relates to IPPF's financial systems. The amount involved as of now is US\$8000 of unauthorised invoices paid from IPPF's bank account to this individual's bank account. Swift action has been taken to remove the individual and put in place corrective steps. Going forward Neville and Mark will be looking into the matter and taking a more detailed investigation/ audit forward.

Neville added that the incident actually involved a key person within the finance team, who had access and authority to override workflows and approve payments within NetSuite - so it's a significant incident for IPPF. As part of next steps, the internal audit team (led by RSM) will be reviewing the audit trail within the system and outside it to check, if besides the amounts identified, the individual had been able to act in partnership with other staff members/ vendors, to potentially defraud IPPF of any additional amounts. Mark added that whilst the values might not be significant from what we currently know, it's the fact that it has been able to occur, which is probably more important – which is why there is a need to do some further work on the data behind it.

Liz assured C-FAR that Varun has briefed the Chair on the specifics of the situation. She went on to state that this issue has now been brought to the attention of the committee and IPPF is very fortunate to already have in place an internal audit plan; its partnership with RSM; and, of course, Neville joining the team. She stated that these are terribly unsettling things to happen but we have planned well and we are in a place to be able to investigate this fully and to take action because we have the right team in place.

Nicola (external auditors from Crowe) advised the committee that Crowe will meet with Neville and Mark separately to understand what work has been done, and asked if checks were being made of supplier bank accounts with payroll bank accounts to see if there's any other matches. Mark advised that a data analytics exercise for 2020 was undertaken, however looking at the results, it was agreed with the management to extend this audit to the whole of 2021.

Varun highlighted that the incident was picked up as part of a random check undertaken by Jane, before the international payrun was released. This is when it was identified that a payment was being requested to an account for consultancy, for a staff who was in full time employment. Following which this matter was further investigated and actions put in place, including escalating the same in SafeReport. He further highlighted that the checks and balances within the IPPF controls were working and that is how (as highlighted by Mark) the internal audit process had already raised the smoke signals of a possibility of such transactions running through the system without adequate oversight and controls. Varun, concluded by stating that he hoped that IPPF was not exposed any more than the amount already identified.

Liz thanked everyone and invited Mark to present the internal audit plan and the three terrific reports and share high level reflections on these.

#### Internal Audit Plan for 2022

Mark presented the annual plan for 2022 submitted to C-FAR. He highlighted that in 2022 RSM will focus on:

- country office reviews which have been identified as a key risk area, particularly given no audit has been undertaken for the past two years.
- a six monthly action taken report on the audit recommendation, as agreed with the committee in its previous meeting.
- data analytics for 2021.
- review of delegation of authorities setup within the NetSuite system, focussing on some key program expenditure.
- complete audits/ actions still being undertaken in 2021, which includes the governance review at the Arab World Regional office.

He highlighted that this plan is a high-level outline of audits/ follow up with a clear understanding that this could be amended in consultation with the management and C-FAR, to respond to any specific issues/ incidents/ priorities that may come to light during the year.

He highlighted that the cyber security audit had not been included in the current plan, as this may get picked up elsewhere. This is a really key risk on most Board agendas at the moment.

Judith enquired why do reports not include management comments/ actions. Mark replied that every audit report is finalised in consultation with the management, including management action, timelines and person responsible. He highlighted that there has never been a case where there has been a disagreement. In case difference of opinion, the entire report would come to the C-FAR for approval. One of the things that has not been undertaken is a follow up on whether the agreed management actions, have been implemented. This is the reason why a six monthly action taken report is being proposed to be presented to the C-FAR – explaining a clear reasons for non-compliance/ timelines, if any. He further highlighted that as a practice the full audit report is not presented to the C-FAR only the recommendations, with timelines and persons responsible are presented. However, if the C-FAR requires to receive details, these can easily be provided.

With the above understanding, Mark requested approval of the internal audit plan for 2022.

#### Progress report – audit reports

Mark then presented the three audits that had been completed since the last time C-FAR met. These included:

- the **safeguarding and incident reporting audit** the opinion was split between the two areas agreeing a minimal assurance and reasonable assurance for safeguarding and incident reporting respectively.
- the **data analytics 2020** and **grant management audits**, which resulted in partial assurance opinions.

Audits took longer than expected, due to limited availability of individuals, detailed negotiations on the agreed way forward with respect to some findings and additional information provided to justify responses from the management. However each of the reports now finalised have a full agreement to the recommendations by the management.

As part of **safeguarding and incident management audit**, there was a split opinion reflecting more the sector risks. This was not reflective of the good work already undertaken to improve reporting by the team. Key aspects picked up during this audit, included

- pre employment checks for things like criminal records were not being undertaken - only three out of a sample of 10 had pre-employment checks on files.
- safeguarding training was in place, but was implemented more on an ad hoc basis and needed to be more structured with refresher training taking place as well.
- MA's weren't receiving safeguarding training, which was identified a really important area.
- no concerted effort being made to ensure donor obligations are met and lessons learned were being recorded and acted upon.

As part of the **grant management audit**, partial assurance opinion was presented. This included under *restricted funding agreement*:

- legal reviews of the documentation and the contracts that IPPF is signing up to have not been reviewed by authorised personnel. Partial assurance was provided mainly because some contracts were reviewed on a detailed basis with key contractual terms extracted for downward cascade with the implementing partners whereas in some other cases, this was not the case, leading to IPPF signing up to potentially higher risk.
- No standard format in place and utilised for restricted funding agreements with implementing partners.

This was particularly concerning given the trustee obligations was more pronounced with regard to restricted funding as compared to unrestricted funding. Areas of concerns related to *unrestricted core grant agreement*, included

- Remittances made without the agreements in place,
- Standard template not used by the secretariat offices,
- individual legal clauses added to the funding agreement without adequate sign off.
- monitoring of unrestricted funding was considered inadequate, given the reliance placed upon annual audit reports which were received in some cases more than 18 months after the end of the year under audit. Due to this the recommendation that has been included, suggests the need to review, whether external audits are required in 100% of cases or can there be a more of a segmented approach, with more focus on quarterly or regular reporting.

On the ***data analytics report***, again partial assurance opinion was provided, as no significant exception were identified. Some of the key points raised included:

- RSM's concerns on quality of data shared for the audit by the NS Administrator. This was discussed with Varun, and an extension of the audit to cover all transactions for 2021 was agreed.
- other than that interesting trends were presented, that included dates and times of approvals, majority of approvers on the system, etc.
- errors and duplications in both standing and transactional data were identified, which included staff being able to authorize their own transactions; transactions that were open and needed closing; suppliers where there's been no activity, ideally requiring suspension so that they can't be used for inappropriate means and an excessive number of supplier permissions being given out.

Liz thanked Mark for all the audits undertaken. She highlighted that the

- internal audit report, should be put at the top of the agenda so it is not rushed;
- Committee's role needs to be looked at from a risk perspective and therefore all findings of the audits should be reviewed from a risk perspective, understanding the management response and actions taken, so that the committee can be help in the accountability.

Liz highlighted that the committee will play a role to support the internal audit work and help keep things moving forward. The committee has received excellent reports today, however it wants to know what's happening as a follow

up. Mark agreed, to review the reports being presented at the moment and look at capturing the required information in a way that makes the report easy to understand and summarizes the key findings and action taken in each of these areas.

Neville added that the dedicated follow up had been included in the internal audit plan to look at the degree of compliance with the recommendations. He highlighted the recent experience of the due diligence undertaken as part of the Global Affairs Canada (GAC) funded project that IPPF had recently won. In this case the Global Affairs Canada (GAC) were satisfied with the steps undertaken by IPPF, however based on their past experience in terms of grant management, they moved IPPF to a more restrictive contribution agreement for the next one year, to see the progress that IPPF would make in this area. This needs to be looked at from a perspective that ineffective project / grant management issues faced in projects managed in South Sudan and DRC in 2017, have had a long lasting negative impact on the donor perception of IPPF.

Liz thanked Neville saying that this does sound important, and asked him to send something to the committee in writing on email as this could not be discussed further within the committee, given that the meeting had already run over on time. She highlighted the need to keep all members of the C-FAR have equal access to information.

**Information Item:** *The committee took note of the Internal audits undertaken during the year 2021 and asked RSM UK Risk Assurance Services LLP to submit regular action taken report on recommendations presented.*

**Action item:** *the committee approved the internal audit plan for 2022 which included the plan, the fee at a composite daily rate (£ 670 excluding VAT) and estimated 85 days of work (£ 56,950 excluding VAT) and the internal audit charter, as presented by RSM UK Risk Assurance Services LLP.*

**[As the meeting ran over, the C-FAR members agreed to share comments and agreement of the last two agenda items through circulation, as presented below]**

## **7. Agenda 7 – WISH Update**

WISH programme update was noted by circulation. Additionally the committee was updated about the need to go for an extension of the term of the loan agreement with Children’s Investment Fund Foundation (CIFF) of US\$ 3 Million, once the formal No-Cost extension agreement is signed off by FCDO.

## **8. Agenda 8 – High Level C-FAR Agenda for 2022**

**Action item:** the high level C-FAR agenda for 2022 was approved by the C-FAR committee, with a recommendation for additional online meeting of the Board of Trustees on the 8<sup>th</sup> or 09<sup>th</sup> December, 2022, in order to undertake significant operational/ statutory requirements, including approval of the Budget for 2023-25.

## **9. Any Other Business (AoB)**

Varun thanked everyone for the excellent meeting.