

Agenda Item: 11.0**Report from the Finance, Audit & Risk Committee (C-FAR) of its meeting held on 23rd March 2023 and 25th May 2023****Summary**

Under IPPF Regulation E.1.b), the Finance, Audit and Risk Committee (C-FAR) met on the 23rd March 2023 and 25th May 2023. The Committee provided oversight and policy direction relating to the key areas as presented below.

Action Required

The Board of Trustees (BoT) **to review and note the C-FAR Chair report and approve recommendations made during its meetings held on 23rd March 2023 and 25th May 2023** as presented below.

C-FAR reviewed and took note of:

- 1) Progress made, challenges faced and next steps in the implementation of the Finance journey.
- 2) Progress made, challenges faced and next steps in the implementation of the IT journey.
- 3) Face to face Engagement plan for the C-FAR members.
- 4) Safeguarding and incident management report for quarter 1, 2023.
- 5) Incident management report for the month ending 31st March 2023.
- 6) Financial update for the three months ending 31st March, 2023.
- 7) Internal audit progress report as of 3rd May 2023.

C-FAR Approved

- 8) the minutes of the previous meetings held on 23rd February 2023 and 25th March 2023.
- 9) auditors finding report for the year ending 31st December 2022.
- 10) delegation of the authority to the C-FAR chair to sign any documentation to finalise the Annual report and accounts including the representation letter to the auditors for the year ending 31st December 2022.

Actions Required

- 11) The Board of Trustees Note the report submitted by the C-FAR chair.
- 12) On recommendation of the C-FAR, the Board of Trustees to consider and approve
 - a) the strategic risk register 2023-24 with agreed changes.
 - b) the abridged version of the going concern note 2023-24.
 - c) the annual report and accounts for the year ending 31st December 2022.
 - d) Revised plan and budget for the year 2023.
 - e) Designations of
 - i) US\$ 200k for moving ACRO office from Columbia to Mexico.
 - ii) US\$ 500k for induction and training of staff.
 - f) Close designated funds (subject to final adjustments in accounts, in case required):
 - i) SEAP fund \$20.5k.
 - ii) 2021 Stream 2 Sex og Politikk (Norway) \$95k.

Meeting held on 23 rd March 2023	Meeting held on 25 th May 2023
<p><u>In attendance:</u> C-FAR members: Elizabeth SCHAFFER, Chair, C-FAR Judith MAFFON, Member, C-FAR Lakshan SENEVIRATNE, Member, C-FAR Maisarah AHMAD, Member, C-FAR Nicolette LOONEN, Member, C-FAR</p> <p>Staff: Varun ANAND, Director – Finance & Technology Nisha GOHIL (note-taker)</p> <p>Internal auditor: Mark SULLIVAN, RSM Risk Assurance Services LLP</p> <p>External Auditors: Nicola MAY, Crowe U.K. LLP</p> <p>Joined for the relevant agenda items: Felicity MORGAN, Consultant, Risk & Assurance Janice VENN, Interim Head of Financial Management Prashant CHITKARA, Director, Knowledge Information Systems and Technology</p> <p>Unable to attend: Alvaro BERMEJO, Director General</p>	<p><u>In attendance:</u> C-FAR members: Elizabeth SCHAFFER, Chair, C-FAR Lakshan SENEVIRATNE, Member, C-FAR Hayathe AYEVA Member, C-FAR Nicolette LOONEN, Member, C-FAR</p> <p>Staff: Alvaro BERMEJO, Director General Varun ANAND, Director, Finance & Technology Janice VENN, Director, Financial Management Felicity MORGAN, Interim Director, Risk and Assurance Emma BRAGGS (note-taker)</p> <p>Internal auditor: Mark SULLIVAN, RSM Risk Assurance Services LLP</p> <p>External Auditors: Nicola MAY, Crowe U.K. LLP Dipesh CHHATRALIA, Crowe U.K. LLP</p> <p>Joined for the relevant agenda items: Vanessa STANISLAS, Head of Safeguarding & Incident Management Srishti BAID, Director Financial Planning & Analysis</p> <p>Unable to attend: Judith MAFFON, Member, C-FAR Maisarah AHMAD, Member, C-FAR</p>

1. Welcome and Introduction.

Liz welcomed everyone to the meeting.

2. Agenda # 2 - Procedural Items

2.1. Apologies for Absence

Varun informed the C-FAR that Alvaro was not able to join the meeting.

2.2. Draft Agenda and Timetable

Liz welcomed committee members.

Varun requested a minor change in the agenda, to bring forward the discussion on the agenda item #6 – the Strategic Risk Register, as Felicity Morgan, needed to leave the meeting early for a prior commitment.

Action: *The C-FAR members agreed to the change and adopted the agenda.*

3. Strategic Risk Register 2023-24

Felicity thanked C-FAR for accommodating the change in the agenda and introduced the risk register paper that had been shared with the committee.

She highlighted the fact that IPPF now has a new Strategy 2028 and is going through the secretariat transition. In this context, it is suggested that the next iteration of the register be presented to the C-FAR – after an in-depth review to align it with Strategy 2028.

Felicity highlighted the changes, that included:

- An **additional risk** related to the transition of the Secretariat has been added. This was a risk and in order to mitigate the likelihood of its occurring the management has put in place, significant number of controls and monitoring actions.
- **Three risks** have **increased** the likelihood of occurrence, all these relate to the transition. These are:
 - o increased risk on failure to deliver on restricted projects (1) and
 - o increased risk of failure in successfully transitioning to the new structure (including the finance hub) (2).
- Three risks have decreased the likelihood of occurrence. These are:
 - o Stronger internal control environment
 - o Retention of high trustee calibre; and
 - o finally, safety and security.

It's nice to see that we feel that we're on top of this risk. The fact that we have good procedures and safety and security monitoring going on means that we have the structures in place, allowing IPPF to work in increasingly high-risk environments, for example, there is a communications trip planned later this month to the Ukraine.

We will now have 12 risks in the strategic risk register.

Liz thanked Felicity for such a good paper, and the explanation of the process and the quarterly review by the DLT. Liz invited the committee for any questions and comments they may have.

Nicolette thanked Felicity. She stated that it is very useful to have this conversation on risks. She highlighted that:

- many risks that have a higher outcome as compared to the target objective of the risk. Does that mean IPPF is more risk-taking and is that due to greater risk awareness / risk aversion.
- The way two of the risks (#4 and #5 national governance and operating environment) are drafted, it seems these are external to IPPF and thus it has no influence over them. These may be important but if they occur, we may not be able to do anything about these. So suggest we make a few edits to the wording highlighting what we will continue to influence.

Felicity, thanked Nicolette for the analysis and good feedback. She agreed that the target in a few risks was lower than the level acceptable. This is due to the nature of our work being inherently risky, where we are naturally exposed to greater risks. In some of these the likelihood and impact is higher than our overall accepted level. That is why IPPF needs to constantly look at actions to make sure it does not drift too far away from the target.

Varun highlighted examples where IPPF is exposed to such risks, recently approved anti-LGBTQ legislation in Uganda, our Member Association in Iran losing its registration and a high number of conservative governments coming up across the world. He further highlighted that in most cases it would have not really be possible for IPPF to influence the outcomes, however given that IPPF works across 140 odd countries, despite these pushbacks, IPPF will continue to work across a majority of these countries. In relation to the risk # 5 he went on to explain all the work IPPF has done in relation to finding solutions for remittance of funds to broadly sanctioned countries and it is hoped that other than North Korea, given our assurance systems are quite mature, IPPF should be able to start remitting to all the countries, either through our existing bankers or through other channels that we will open shortly.

Felicity and Varun noted and confirmed the requested change in language in select risks, will be actioned. Varun confirmed that the edited version will be shared with the committee.

Action Item: *The Committee took note of and recommended approval to the Board the strategic risk register 2023-24 with agreed changes.*

2.3 Minutes of the Finance & Audit Committee Meeting

There were no comments on the minutes of the meeting held on 23rd February 2023.

Action: *The C-FAR members approved the minutes of the meeting held on 23rd February 2023.*

2.4 Matters Arising

Liz acknowledged that since the setup of the committee, it has never met in person and in that context raised the possibility of having at least one face-to-face meeting annually of the C-FAR members going forward. She said this will give the members an opportunity to know each other and work together better. She informed that she had been working with Varun to explore the possibility of organising this in-person meeting and had received excellent feedback from Nicolette too.

Varun informed the committee that he had discussed this with Alvaro too and the general agreement was that the committee could meet face-to-face at least once a year. This will really help the committee to engage and collaborate better on strategic areas. On of the options, he suggested either the meeting planned in May where the committee had to sign off the audit for 2022 or November meeting, when the plans and budgets for the subsequent year had to be signed off.

Liz asked members for their thoughts, and experience of the longer serving members on the committee in organising a face-to-face meeting. All members agreed that this was a great idea and were appreciative of this being tabled for discussion.

Liz thanked members, adding that it will take some time to plan the meeting and thus the earliest she was hoping this to take place closer to November. She mentioned that the meeting will have a longer agenda including connecting with the IPPF programmes and advocacy. The dates will be circulated in advance so that all members have time to make all travel arrangements. Further she suggested that it may be better to have this meeting in London, to benefit from the presence of other staff members in the London office.

4. Finance Journey Update as on 28th February 2023

Varun introduced Janice Venn, the interim Head of Finance and presented to C-FAR progress made in the finance journey.

He started by stating that starting work on the finance and IT journeys last year was really a great, as the roll out of some of these solutions are now critical for the success of the realigned structure and the finance hub.

As part of the finance hub, he stated that there have been a lot of successes, however there is a significant slippage in automating the planning and budgeting process, which was attributed to initially lack of internal capacity and subsequently (due to changes in staff) capacity gaps in the consultants' team who are supporting IPPF with this implementation.

Liz thanked Varun and his team, applauding the excellent detailed report which has given the committee a sense of all the tremendous work that's has taken place. She asked whether he could provide a bit of the context in terms of what feels easier and feels like it's working. Varun started by thanking the committee for all its candid recommendations and comments when the journey was presented, which kept the team always aware of the challenges the journey presented. He went onto state the biggest successes was bringing the entire Secretariat on to the same system (i.e. NetSuite). This was made possible, by huge effort made to address gaps that had been identified as part of the NetSuite review and specifically efforts put in in cleaning up the master data files, like the projects and activities codes and employees and vendor details. This work is far from over, however the achievement has been great.

The other big success he highlighted was enabling a three-year planning and budgeting for Member Associations and Collaborative partners, commencing 2023.

Maisarah congratulated Varun and the team. She highlighted all the challenges that were observed, when she joined the C-FAR in 2019 and has now observed how IPPF has tremendously changed.

Varun highlighted that the DLT has decided to keep a close watch over the finance journey (especially on the slippages), in the context of the finance transition. In this context it has asked IPPF's internal auditors (RSM) to undertake a parallel and concurrent audit and keep the DLT updated more regularly rather than every six months.

Liz invited further questions and comments.

Judith expressed concern about the NSPB roll out and hoped it is not going to derail the entire transition process. Varun responded that if we do not complete the roll out soon, there will be more load on the current team, however it is not a make or break point (at this moment). He highlighted that capacity issues identified with the consultant were due to the level of complexity required from the solution. He mentioned that the team is exploring alternatives however things have not been

great there too, in identifying an alternative consultant.

Judith further enquired about the bank automation project. Janice responded updating the committee that currently some offices within IPPF, still maintain and make payments using physical cheques. Even in London although we do not use cheques, all international payments are uploaded manually into the banking system. These manual processes are just not sustainable within the new structure and therefore automating uploads into the bank across all offices is a very critical project for the success of the finance hub. Once this gets completed the corporate finance and MA facing teams, could seamlessly work with the transaction processing officers to process MA, vendor, payroll and other payments at each office. We are quite confident that in most of the offices, if not all due to local restrictions, if any, automation will be completed.

Liz added that all these process automations/ streamlining may have surely assisted Crowe with the current years' audit. Nicola (from Crowe) agreed that the audit is progressing fairly well and definitely hugely better than this time last year. There's a huge amount of effort that's gone into debriefing and understanding where the challenges are and have been in the past and working together with Varun and his team to navigate a path through those. Liz added I think we'll see even more impact of these technological changes through next year's audit. Nicola agreed with that and agreed to adjust the audit process in line with the changes, in consultation with Varun.

Liz thanked Nicola, Varun and the team for their updates.

Information Item: The committee took note of the progress made, challenges being faced and next steps in the implementation of the finance journey.

5. Information Technology Journey update as on 28th February 2023

Liz invited Varun to present the Information technology journey. She added that she observed significant success there too with similar themes emerging from that journey too. Varun thanked Liz, and introduced Prashant Chitkara, Director, Knowledge Information Systems and Technology who joined the meeting for this agenda item.

Varun introduced the agenda, by presenting the context stating, previously IPPF had eight disparate systems with none of them talking to each other, each office having their own databases, sitting on premises servers, exposed to cyber-attacks and several other vulnerabilities. This became further complexed, with the administrator and owner of all our domains and email licenses, (i.e. WHR) deciding to part ways. This could have jeopardised all our communications and controls. However, through efforts of the teams over the years, we are now at a completely different position. In a month or so, we will be completely on cloud, with significantly strengthened security and controls, being accessed using single database with single sign on and multi factor authentication already in place. He congratulated the IT team, across all the secretariat offices for this success.

Varun highlighted that by the end of the year, he hoped that IPPF would have addressed most of its infrastructure issues, making these better managed, more modern, completely on cloud with significantly improved security platforms. Additionally in London, we would have moved away from our current telephone systems and moved to a completely VoIP system making us less dependent and more accessible across all geographies (geographies permitting use). We would have moved to published key indicators relating to our engagement with MAs on a comprehensive federation wide dashboard (known as MA Dashboard). This would enable access and oversight of our work with MAs to all the MA facing teams and beyond, making us far more MA centric in our approach. He requested the committee to keep a close eye on this, because this had the potential of completely changing the way IPPF engages with Member Associations/ partners. The information that the dashboard will contain will include country context, MA level basic information on types of

programmes/ clinics, board and key staff details, accreditation status, services provided, budgets allocated to each areas of work, etc for over 120 countries.

Liz congratulated Varun, Prashant and the team for tackling the enormous set of challenges that they have faced in getting this accomplished.

Lakshan added kudos to the team in conceptualising the solution and executing it so well. He observed that there is still a lot to achieve under NetSuite, which includes training of staff and upgrade of certain functionalities, by the end of Quarter 3 and he would appreciate an update on the progress. Lakshan further enquired, how will it be possible for IPPF to connect all the banking systems and will there be a significant impact on IPPF costs, given different level of charges levied by bankers. Varun thanked Lakshan for good words and informed him most of the IPPF offices directly negotiate with their banks to keep the rates low. He further explained that the purpose of integration with the Banks is not to change their systems but to enable different IPPF offices to upload data (relating to payments) from NetSuite directly to the banking platforms, which would minimise likelihood of error and significant reduction in delays in payments.

Mark (from RSM) enquired how is IPPF going to maintain and preserve its legacy data and how will it ensure tracking of data relating to assets which are currently maintained outside of the NetSuite system. Varun replied that as far as the accounting data is concerned, all care is being taken to ensure legacy data is not compromised (one reasons why some system upgrades are delayed, e.g. updating IPPF's chart of accounts delayed, as this may compromise the legacy data on the system). With regard to assets not maintained on the asset register within NetSuite, IPPF has set up 'Intune', which enables management of all policies and controls on infrastructure on IPPF networks, like our computers/ laptops/ switches, etc. Additionally, IPPF has procured an upgraded ticketing system that enables maintaining and tracking assets across the secretariat. As a first step, all IT infrastructure and systems are being uploaded, thereafter, in collaboration with the finance team, other asset across the secretariat too will be uploaded. This will streamline asset management processes significantly strengthening internal controls.

Prashant confirmed that the legacy data was being especially taken care of. There are certain servers which we have had, and we are keeping them as is in case anything is required because the tenure is longer - and we can use them at any point in time. They are in shutdown mode, so that they're not exposed to internet, and nobody can access it until there is a requirement to access it.

Liz asked Prashant if there was anything he would like to further highlight to the committee. He responded that the team is working hard to ensure that the vision as set out in the IT journey is fulfilled at the earliest. He highlighted that there are some initiatives that still need to be worked on, like the data management guidelines which are critical to have in place, to ensure compliance with data protection legislations across the globe.

There were no further comments or questions and Liz thanked Prashant, Varun and the team.

Information Item: The committee took note of the progress made, challenges being faced and next steps in the implementation of the IT journey.

6. Going concern note 2023-24

Liz introduced the going concern note 2023-24. She emphasised the need for the committee to review and suggest any changes, so that this can be sent for approval to the Board of Trustees.

She highlighted to the committee the criticality and purpose of this document, as it gave clear reasons why the management and the Board, felt IPPF remains a going concern, over the next eighteen months. She elaborated that the document spelt out key sources of revenue and expenditure, the likely cash-flow, the current risks and mitigation strategies, and finally the go to

assets, in case of a worst-case scenario.

Varun thanked Liz for the introduction. He highlighted that given all the assumptions (as elaborated in the document) IPPF for projected to maintain a positive cash flow, highlighted key risks in the context of most multi-year core agreements being negotiated in line with the new strategy and key mitigation strategies in case any of the donors, is unable to commit funds equivalent to the funds allocated against them in the overall budget. He thanked the committee of having approved the stabilisation fund in its last meeting, which could go a long in case of any of the donors, not committing to the funds, equivalent to what has been included in the budgets or if there are significant clawback of funds requested by donors, as a result of the Arab World Regional office audit.

Nicolette strongly recommended approval of the document, however highlighted the uncertainty that IPPF is in the midst of, especially till the end of next year.

Liz commended the high standards of transparency of the memo, stating that it is a true testament to the values that IPPF embodies. She thanked the team for generating this document.

Judith enquired why was there a need to liquidate the assets, as mentioned at the end of the note. Varun responded by stating that IPPF hopes that this situation must never come, however as a risk mitigation measure, in case required, as a last resort, IPPF could bank its physical assets, to cover any serious risks, if these materialise.

Liz asked the committee if it was prepared to put this document forward to the Board, adding that it could be made a little bit shorter without changing the content. The committee members agreed.

Action Item: The Committee reviewed and recommended a summarised version of the going concern note 2023-24 for approval to the Board of Trustees.

7. Any other business

Liz thanked everyone for an early completion of all agenda points. She asked members that in the spirit of getting to know each other better, would any of them want to share something outside of IPPF related matter.

Nicolette said that she was happy to report that she had recently received a call from the Board of Director of the Concept Foundation in Zurich. She thanked IPPF for recommending her name for the same. She mentioned that she was travelling to Geneva in June to join the committee. All members congratulated Nicolette.

Judith (who was in Morocco) raised the point that some of the MAs felt that the fourth phase of the accreditation process should be postponed, as they were not fully ready with all the changes taking place in the strategy and other areas. Varun advised that the accreditation process is more of a collaborative/ learning/ capacity building process rather than something that the member associations should be concerned about. Also overall as part of the new phase, compliance to standards has been made simpler, MAs have 12 months after the field visit to address any areas of concern, as part of the realignment IPPF has position (namely the Architects of cooperation) that is now fully aligned MAs and finally over the last three years, several MAs (including the MA in Benin) have voluntarily undergone governance reforms, and surely would be in a better place now. However, if she still wanted to raise this issue, maybe she could reach out to the Membership Committee.

Liz asked Varun if he would share Judith's concern with Alvaro as is unable to attend today's call. Varun confirmed he will communicate with Alvaro, as well as with Achille who leads on

accreditation, so they are aware of the concerns. Judith thanked Varun.

Liz and Varun thanked everyone for their valuable contribution to the meeting.

1. Welcome and Introduction.

Liz welcomed everyone to the meeting and introduced Hayathe Ayeva, as the new member elected by the Board to the Committee.

2. Agenda # 2 - Procedural Items

2.1. Apologies for Absence

No apologies of absence were received. However, two members, namely Judith MAFFON and Maisarah AHMAD, were unable to attend the meeting.

2.2. Draft Agenda and Timetable

The C-FAR members deliberated the fact that the papers relating to the **Agenda item 6.0 Revised plan and budget** had not been received in time and were not even translated. Therefore it would be difficult for them to comment and approve this paper.

In the above context, the committee agreed to adopt the agenda as is, however agreed to spend more time on reviewing the financial report and audit finding and look at the presentation of the revised plan and budget prepared by the Secretariat but **comment and approve it only by circulation** once the translation of the document is received.

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

2.3 Minutes of the Finance & Audit Committee Meeting

There were no comments on the minutes of the meeting held on 23rd March 2023.

Action: *The C-FAR members approved the minutes of the meeting held on 23rd March 2023.*

2.4 Matters Arising

There are 2 matters arising. These related to submission of updated documents relating to going concern note and risk register for the period 2023-24 approved by the committee at its meeting held on 23rd March 2023.

Varun elaborated the changes made in both the Going Concern note and the risk register. This included:

- the high risk of reduced funding from Sweden in 2023 which was covered through the stabilisation fund already approved by the Board and
- the change in language in the risk register as recommended by the C-FAR members.

Action: *The C-FAR members noted and were satisfied with the changes made to the updated papers submitted.*

3. Draft Financial statement for the year ending 31st December 2022.

Dipesh Chhatralia, Crowe U.K. LLP presented the auditors finding report for the year ending 31st December 2022. Dipesh highlighted the following:

- this was the second year of their audit.
- active collaboration with the finance team at IPPF, the process went really well. The bar in terms of the quality of engagement in the second year had been significantly raised.
- overseas audits both in ENRO and ARO have been rolled out as per agreed timelines.

- Areas of risk identified and delved deeper as part of the audit included going concern, revenue recognition, management override of controls and estimates & judgments.
- number of outstanding issues as presented on slide # 4 had significantly reduced from what had been presented in the audit finding report.

He highlighted the adjustment required to be made in accounts due to incorrect presentation of numbers on account of difference in accounting treatment followed by Africa regional office in 2018. This has now been adjusted in the group accounts. However as per Crowe, given the net impact on the balance sheet was to the tune of circa US\$ 200,000, there was no need to disclose this as a prior period adjustment to accounts.

Dipesh went onto further elaborate the process (including changes made therein due to applicability of ISA (UK) 315 (Revised)) and other contents of the audit finding report (including how they viewed the ongoing PwC forensic audit in AWRO).

Varun thereafter introduced Janice Venn, the Director Finance Management. The C-FAR members welcomed Janice. She presented high level numbers and its analysis relating to the annual financial accounts for the year ending 31st December 2022.

The summary numbers presented are provided in the table below.

Particulars	2022				2021			
	Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
Income from Grants and Donations	60.73	59.68	-	120.41	65.95	98.25	-	164.20
Other Income	1.36	0.02	-	1.38	0.52	-	-	0.52
Total Income	62.09	59.70	-	121.79	66.47	98.25	-	164.72
Total Expenses	56.96	67.79	-	124.74	51.14	97.52	-	148.66
Net Income/ (Expenditure)	5.14	(8.09)	-	(2.95)	15.33	0.73	-	16.06
Transfer between funds	0.09	(0.09)	-	-	(0.27)	0.66	-0.39	-
Actuarial Gain/(Loss) on Pension	(1.61)	-	-	(1.61)	5.80	-	-	5.80
Forex Gain/(Loss)	(5.74)	(0.05)	-	(5.79)	(1.21)	(0.01)	-	(1.22)
Net Movement in Funds	(2.13)	(8.23)	-	(10.36)	19.66	1.38	(0.39)	20.64

Action:

The CFAR approved:

- *auditors finding report for the year ending 31st December 2022.*
- *delegation of the authority to the C-FAR chair to sign any documentation to finalise the Annual report and accounts including the representation letter to the auditors for the year ending 31st December 2022.*

The CFAR reviewed and recommended to the Board of Trustees approval of the annual financial reports and accounts for the year ending 31st December 2022.

4. Safeguarding and Incident Reports

Vanessa Stanislas, Head of Safeguarding & Incident Management gave an overview of the Safeguarding & Incident management report for the quarter 1 of 2023 and the Safeguarding & Incident Management report for the month of March 2023.

Whilst presenting the numbers included in the report, she referred to chart 2 highlighting that:

- total number of open cases to 31 of which 26 related to the MAs.
- Of the 31, 14 were open for 0-6 months, 11 for 07-12 months and finally 06 were treated as backlog cases, between 12-18 months (02) and above 18 months (04). She further highlighted progress under each of the periods.

She thereafter highlighted the work done to document lessons learnt and presented an example where in response to a lesson learned, the Terms of reference for the audits was significantly improved to impact the quality of audits going forward.

The committee thanked Vanessa appreciating her enthusiasm and positivity about documenting lessons learned. They highlighted that this is going to be key to changing the way risks are mitigated at IPPF.

Information: The CFAR noted the safeguarding and incident management report for quarter 1 ending 31st March 23 and for the month of March 2023.

5. Finance Update as on 31st March 2023

Varun presented the financial update as on 31st March 2023. The key numbers are presented in the tables below.

Overview Income & Expenditure QE 31-Mar-23 <i>Consolidated</i>
--

All figures in US\$ '000

Particulars	YTD Actual	YTD Budget	Variance
Income	22,902	14,808	8,094
Expenditure	27,348	32,575	5,226
FX Gain	18	-	18
Excess of Income over expenditure/ expenditure over income	(4,428)	(17,767)	13,339

Key take aways across each of the sources of funding as presented are provided below:

Projected deficit under **Unrestricted core lower than budgeted due to**

- Core grant income, Donations and working capital income higher than budgeted. (US\$2,691)
- Core grants to MAs delayed and savings in salaries & other costs (US\$ 4,796)

Spends **lower than budgeted by \$1.4m under designated fund contributed by:**

- \$0.4m Change Management (*utilisation to take place in Q 2*).
- \$0.4m Systems improvement (Solution7) (*utilisation ramping up in line with project implementation*)

- \$0.3m Global Care Consortium (2021) delayed MAs disbursement due to delayed signing NCE). (remittance in April 2023).
- \$0.2m Individual Giving recruitment taking longer than expected.
- \$0.1m Branding and Charter due to restricted funding identified from China.

Draw down of restricted funds seen to be **lower than budgeted by \$4.525 m contributed by YTD actual income received more than YTD budget from**

- new project (JSB) \$2.1m from Japan.
- Other income received earlier including Governments of Australia & New Zealand and Large Anonymous Donor.

On the balance sheet side, the key take aways were as below:

- Cash balances decreased by \$9.1Mn due to the higher draw down of
 - o unrestricted core working capital management (grants and secretariat expense US\$ 6.9mn and other advances)
 - o designated funds draw down US\$ 0.8 mn.
- General reserves drawn down to cover unrestricted core deficit (reduced by US\$ 5.7 Mn).
- Restricted fund balance increased by \$3.1m contributed by excess of income over expenditure as at the end of Q1.
- Cash flows projected to remain positive across all the four quarters.

Information: The CFAR noted the financial update for the quarter ending 31st March 2023.

Action: The C-FAR recommended approval to the board of trustees closure of the following designated funds (subject to final adjustments in accounts, in case required):

- SEAP fund \$20.5k.
- 2021 Stream 2 Sex og Politikk (Norway) Project closed \$95k.

6. Plan and Budget Revision 2023 (1st Revision)

Varun introduced Srishti Baid, as the Director Financial Planning & Analysis. He informed the committee that this was the first meeting for Srishti too. Members of the committee welcomed Srishti.

Srishti presented the budget revision 2023 - introducing the process, key changes in the plan and budget, likely impact of the revision on the fund balances at the end of the year and the fact that the revised budgets remained within the overall cap of unrestricted core funding set by the board for the secretariat budget both in real terms and percentage terms (even lower than the original budget).

The overall revised budget presented to the C-FAR is provided in the tables below:

Revised vs Original Operating Budget - Summary

Income/Exp	2023 Revised Budget				2023 Original Budget			
	Restricted	Designated	Unrestricted	Total	Restricted	Designated	Unrestricted	Total
Income								
Grant Income	36,187	0	61,599	97,785	44,537	0	54,312	98,849
Donation Income	15	0	3,738	3,753	0	0	2,660	2,660
Other Income	0	0	661	661	0	0	300	300
Overhead Recovery	0	0	2,277	2,277	119	0	3,520	3,639
Total Income	36,202	-	68,275	104,477	44,656	-	60,792	105,448
Expenditure								
Secretariat Costs	15,072	10,815	20,731	46,618	16,245	8,730	20,992	45,968
Grants	33,800	3,796	41,242	78,838	33,095	3,288	41,842	78,226
Total Exp	48,872	14,611	61,974	125,457	49,341	12,018	62,834	124,193
Net Op Income/ (Draw down)	-12,670	-14,611	6,302	-20,979	-4,685	-12,018	-2,042	-18,745

Overall Impact of Revised Budget - Threshold

	Budget (original)	Budget (Revised)
Core Income	62,834K*	68,275K
Secretariat cost (unrestricted core)	20,992K	20,731K
Secretariat budget as a % of unrestricted core income	33.4%	30.4%
(Deficit drawn down from reserves)/ Surplus	(2,042K)	6,302K

C-FAR members really appreciated the synopsis of report presented to them. They stated that the presentation was clear and the fact that the secretariat remained within the envelope provided to them in absolute and percentage terms, made it easier for them to approve the document.

The committee decided that despite the above, they would like to review the revised plan and budget, once it has been circulated with the committee in French too. It stated that once their queries had been addressed, they would be happy to go with the version circulated.

The French translation of the revised plan and budget was shared with C-FAR members on the 31st May 2023. It is expected that the C-FAR members would respond by the end of the week with any questions/ comments and thereafter they would finalise their recommendation to the Board to approve the revised plan and budget.

It is assumed for this report that the C-FAR members would recommend to the Board for approval the revised plan and budget submitted to them.

Action: C-FAR reviewed and recommends to the Board of trustees approval of

- Designations of US\$ 200k for moving ACRO office from Columbia to Mexico.
- Designation of US\$ 500k for induction and training of staff.
- Revised plan and budget for 2023.

7. Internal Audit Update

Mark Sullivan from RSM Risk Assurance Services LLP presented the progress made against the internal audit plans approved by the Committee to date. The progress highlighted the audit undertaken, planning completed and key takeaways for the ones that had been completed. The update covered the following audits:

2022 Plan – approved on 17 Feb 2022

- 2022 internal audit programme completed with reports issued to management.
- East and Southeast Asia and Oceania Regional Office audit completed and report submitted.
- Delegation of duties audit completed, and report submitted.

2023 Plan – approved on 23rd Feb 2023

- Commenced planning for the South Asia Regional Office (SARO) audit.
- Planning for development and issue of monthly assurances briefing note on the Transformation/finance journey underway (to commence in May).

C-FAR members requested that the briefing note on the Transformation/finance journey underway should

be presented to the C-FAR – this requested was noted and agreed.
Further one of the members complimented Mark for the thorough work and scheduling of the internal audit programme.

There were no further comments on the report.

Information: *C-FAR took note of the progress made under the internal audit programme.*

8. Any Other Business

Liz updated all members that in line with the overall transition plan of the committee presented to the Board, some of the existing members will be transitioning out whereas new members (like Hayathe) will be joining the committee over the next few months. The names of the new members are now being finalised by the Nomination and Governance committee. She requested members transitioning out to partner with some of the new members to brief them about the role of the committee and specifically their role within the committee. She also requested outgoing members to join the July 23 meeting and some even the face to face meeting in November 23, as non-voting members to make this transition smooth. She informed the committee members that she was working on a transition plan with Varun which she would shortly be sharing with all the members, for their inputs before it is finalised.

C-FAR members agreed that given the overall transition within the C-FAR and competing calendars of all the members (including those that are transitioning out) the next meeting would be held in August 2023 rather than July 2023. It was agreed that a doodle poll will be taken to agree on the most convenient dates. There were no further points to be discussed. Liz again thanked all members for a very productive meeting.