

Minutes of the meeting of the DRC Board of Directors on 7 May 2024

Present

From the Board of Directors:

Agi Csonka, Chairperson
 Bettina Bach
 Henrik Bodskov
 Juliane Marie Neiiendam (items 1 and 2)
 Kim Simonsen (apologies)
 Mette Fejfer
 Mustafa Rafiqyaar, employee representative
 Nina Boel
 Torben Huss (online attendance)
 Ulla Næsby Tawiah
 Vagn Berthelsen
 Signe Husted Davidsen, Observer (Chairperson of DFUNK) (apologies)

From the Secretariat:

Charlotte Slente, Secretary General
 Vibeke Bach Madsen, Board Secretary
 Kasper Orloff, CFO (items 2 and 3)
 Amelina Jaskowiak, Head of Corporate Finance (item 3)
 Tsira Kobalia, Head of Internal Audit (item 4)

From the Audit Committee:

Finn Schwarz (item 3) (apologies)
 Michael Bach (item 3) (apologies)

From the external auditors:

Christian Dalmose Pedersen (item 3)
 Henrik Wellejus (item 3)

Agenda

	Items		Contents
	News from the field: Responsiveness – Nigeria / Paul Byars, CD Nigeria	Video	
1)	Approval of agenda	Decision	Comments on the agenda
2)	Financial reporting / Kasper Orloff, CFO	Briefing	<i>Annex 2.0 Cover note for Financial briefing</i> <i>Annex 2.1 Q1 2024 Board report</i> The preliminary Q1 2024 figures will be presented to the Board of Directors.
3)	Adoption of the 2023 Annual Report / Kasper Orloff, CFO	Decision	<i>Annex 3.0 Cover note for Annual Report</i> <i>Annex 3.1 Adoption of the 2023 Annual Report and proposed resolution on the allocation of profit or loss for the year</i> <i>Annex 3.1.1 Allocation of the reserves of the DRC (3 May 2024)</i> <i>Annex 3.2 Draft 2023 Annual Report (3 May 2024)</i> The Board of Directors is to comment on and adopt the Annual Report, which will subsequently be submitted for adoption at the annual meeting of the Council on 29 May 2024.

	Items		Contents
			The Audit Committee and the external auditors have been invited for this agenda item.
	BREAK		
4)	Briefing from the Audit Committee, including approval of the Audit Committee Charter / Vagn Berthelsen and Tsira Kobalia	Decision	Annex 4.0 <i>Cover note for the DRC Audit Committee Charter</i> Annex 4.1 <i>DRC Audit Committee Charter (3 May 2024)</i> The Board of Directors will be briefed on the activities of the Audit Committee. Moreover, the Board of Directors is to approve the updated Audit Committee Charter.
5)	Decisions relating to the annual meeting of the Council on 29 May 2024 / Agi Csonka	Decision	Annex 6.0 <i>Cover note for the annual meeting of the Council</i> Annex 6.1 <i>Agenda for the annual meeting of the Council on 29 May 2024</i> Annex 6.2 <i>Proposed resolution to amend the Statutes</i> Annex 6.3 <i>Recommendation for the appointment of state-authorized public accountants</i> Annex 6.4 <i>Recommendation for the election of two Audit Committee members</i> Annex 6.5 <i>Proposed resolution on annual membership fees</i> The Board of Directors is to take a last look at the agenda for the annual meeting of the Council and make decisions on the recommendations for adoption at the annual meeting of the Council.
6)	Announcements from the Chairperson and the Secretary General	Briefing	
7)	Any other business		
	Recap after the meeting		The 'free time' of the Board of Directors with the possibility to evaluate and recap the meeting.

Re 1) Approval of agenda

The agenda was approved as presented above.

Re 2) Financial briefing

The following annexes had been sent to the Board members:

Annex 2.0 *Cover note for Financial briefing*

Annex 2.1 *Q1 2024 Board report*

Kasper Orloff, CFO, made a brief follow-up on the Q1 2024 report.

As regards *revenue*, 98 per cent of the budget total has been received.

The *financial results* remain in positive territory and above budget.

The *liquidity* continues to be high.

Investments are below budget, partly because of a slow start to this year's investments projects.

⇒ **Recap:** *The Board of Directors expressed its thanks for the briefing.*

Re 3) Adoption of the 2023 Annual Report

The following annexes had been sent to the Board members:

Annex 3.0 *Cover note for Annual Report*

Annex 3.1 *Adoption of the 2023 Annual Report and proposed resolution on the allocation of profit or loss for the year*

Annex 3.1.1 *Allocation of the reserves of the DRC (3 May 2024)*

Annex 3.2 *Draft 2023 Annual Report (3 May 2024)*

Kasper Orloff, CFO, went through the 2023 financial results, which include a net profit of DKK 0.6 million. In 2023, we succeeded again in making a small profit.

Revenue increased on 2022 to DKK 3,572 million, an increase of 8 per cent.

Investments came to DKK 33 million in 2023, which is a minor increase on 2022.

Liquidity remained at a comfortable level.

The *equity ratio* increased from 21.1 per cent to 21.7 per cent in 2023.

Audit report

Christian Dalmoose Pedersen and Henrik Wellejus, external auditors from Deloitte, made a brief presentation of the audit report.

The auditors provided a clean audit opinion for 2023.

Allocation of the reserves of the DRC

It is recommended that the reserves be allocated in accordance with the new policy.

According to the policy, the reserves must be 9.25 to 9.75 per cent of revenue.

In view of the total reserves, it is possible to allocate funds to the *Emergency Funds Reserves*, the *Strategic Investments Reserves* as well as the *Specific Operations Reserves*.

Annual Report

For the narrative part of the Annual Report, some of the questions asked concerned tables which were not sufficiently clear (and which it was subsequently decided to remove from the narrative part, which change has not affected any numbers in the rest of the Annual Report).

The Board of Directors expressed an interest in the long-term reporting on the impact that the activities of the DRC create for our target group.

⇒ **Decisions:** *The Board of Directors acknowledged the financial results for the year. It feels safe and good when the bottom line is black.*

The Board of Directors approved the allocation of reserves.

The Board of Directors expressed its thanks to the auditors for their presentation of the audit report, for the audit opinion and for the good cooperation. The Board of Directors signed the audit report.

The Board of Directors also expressed its sincere thanks to the Audit Committee for its close monitoring of the work, which is an important and considerable support for the Board of Directors.

Re 4) Briefing from the Audit Committee, including approval of the Audit Committee Charter

The annexes sent were Annex 4.0 *Cover note for the DRC Audit Committee Charter (3 May 2024)* and Annex 4.1 *DRC Audit Committee Charter (3 May 2024)*

Briefing

In addition to the financial briefing, the 2023 Annual Report and the Audit Committee Charter, the Audit Committee approved the internal tax policy of the DRC, which will be sent to the Board members for information purposes.

The purpose of the internal tax policy is to give an outline of the principles for conducting and monitoring the organisation's tax payments across the various legislative regimes in which the organisation is operating. The DRC acknowledges the necessity of taxation for socio-economic developments and is therefore strongly obliged to pay any lawful tax due and to make transparent tax returns.

Approval of the Audit Committee Charter

A draft Audit Committee Charter has been made in connection with the updating of the strategy and policy for internal audit.

At its meeting on 3 May 2024, the Audit Committee considered and adapted the proposed Audit Committee Charter, which will replace the previous Audit Committee Charter dating back to 2019.

Essential changes are:

- a) An adaption of the roles and responsibilities of the Audit Committee relative to the strategy and policy for the audit work of the DRC.
- b) A definition of the membership of the Audit Committee, including that no senior management members can be members of the Audit Committee as it would impair the concept of the Audit Committee's independence and the independence of the internal audit activities performed.
- c) The internal and external auditors are required to attend the meetings of the Audit Committee.
- d) The introduction of different times of election of the two members of the Audit Committee to maintain continuity.

These changes are also the reason for amending the provisions of the Statutes concerning the work of the Audit Committee (Annex 6.2 for this meeting).

⇒ **Decisions:** *The Board of Directors approved the Audit Committee Charter*

Re 5) Decisions relating to the annual meeting of the Council on 29 May 2024

The following annexes for this agenda item had been sent to the Board members:

Annex 6.0 *Cover note for the annual meeting of the Council*

Annex 6.1 *Agenda for the annual meeting of the Council on 29 May 2024*

Annex 6.2 *Proposed resolution to amend the Statutes*

Annex 6.3 *Recommendation for the appointment of state-authorized public accountants*

Annex 6.4 *Recommendation for the election of two Audit Committee members*

Annex 6.5 *Proposed resolution on annual membership fees*

Election of new Chairperson

The Council has not proposed any alternative candidates for the position as Chairperson. Accordingly, Carsten Stendevad is the only candidate.

Election of Board members

As approved at the meeting of the Board of Directors on 7 February 2024, it will be proposed to the Council to adopt a transition scheme as regards Article 12(2) of the Statutes concerning the number of re-election periods/years that members may serve on the Board of Directors (up to nine years and eligibility for re-election three).

If the transition scheme is adopted, persons re-elected twice, can be elected for a third period as well.

As the employee representative Mustafa Rafiqyaar is no longer employed by the DRC, Ali Al Mokdad has been elected as the new employee representative and will join the Board of Directors after the meeting of the Council.

Choice of introductory theme for the meeting

This year, the focus will be *the localisation work of the DRC – the ambition to support local players in making sustainable humanitarian work*.

Eva Gramby, Executive Director for Strategy, Programme & Learning, will give an introduction to the subject.

Proposed resolutions to amend the statutes (Annex 6.2)

It is proposed to amend Article 17(6) of the Statutes concerning annual reports and audit.

In connection with the approval of the updated strategy and policy for the internal audit, a specification of Article 17(6) of the Statutes concerning the DRC's audit procedures is required.

In particular, the role of the Secretariat in the audit work and the involvement of internal and external auditors in the audit work need to be specified.

Appointment of state-authorised public accountants (Annex 6.3)

It is proposed to continue with Deloitte as the external auditor to maintain continuity of the collaboration. In future, the DRC will follow the same procedures for the election of auditors as those applicable to listed companies in the EU. Under those procedures, there must be an audit partner rotation every seven years, and there must be an audit tender every ten years.

Deloitte has been the external auditor of the DRC Danish Refugee Council since 2018. Management expects that there will be a rotation of one of the signing partners of Deloitte in 2024.

Election of two Audit Committee members (Annex 6.4)

It is recommended to elect Finn Schwarz (the Jewish Community in Denmark) og Michael Bach (ActionAid) for the Audit Committee of the DRC.

Provided that the proposed resolution to amend Article 17(6) of the Statutes is passed, it is proposed to elect *Michael Bach*, a State-Authorised Accountant specialising in financial affairs, for a one-year period (the one-year period is proposed as a transition scheme in connection with the amendment of the provision of the Statutes concerning audits); and

to elect *Finn Schwarz*, who is a legal expert, for a two-year period.

Membership fees for 2025 (Annex 6.5)

The Council must determine the annual membership fee (item 10 of the agenda).

When an organisation applies for membership, there must be a dialogue between the applicant organisation and the DRC about its financial capacity within the three frameworks of the DRC.

It is proposed by the Board of Directors that the current membership fees remain unchanged.

⇒ **Decisions:** *The Board of Directors approved the agenda and all the annexes for the meeting of the Council on 29 May 2024.*

Re 6) Announcements from the Chairperson and the Secretary General

- **Savings on the Danish civil society integration programmes cancelled**

The Danish Ministry of Integration suspended the payment of a number of grants for civil society integration programmes at the turn of the year. The DKK 27 million initially planned to be cut will now be paid out.

This amount includes funding for the Danish DRC volunteer programme – DKK 12 million.

The grants were suspended due to a political agreement on more prison places concluded in 2021. According to that agreement, the grants for integration programmes were supposed to have been reduced by DKK 27 million in 2024, which should instead have been paid to the Prison and Probation Service (*Kriminalforsorgen*).

- **Gaza – update**

The DRC has now hired an Emergency and Operations Manager and for a temporary period an EMPACT (*Emergency Protection, Assistance and Coordination Team*). Also, the Middle East regional office will allocate resources to the work of re-registration and for preparing the DRC's response. We hope that the operating activities can commence in May/June – through partners and international employees (the activities await the completion of scoping and management approval).

Re 7) Any other business

No further business was transacted under this item.

Board meetings in 2024

Board/3	29 May 3.45-4.45 pm (cancelled)
Board/4	26 June 3.00-6.30 pm
Board/5	11 September 3.00-6.30 pm
Board/6	Seminar from 14 November at 6.00 pm to 15 November at 5.00 pm
Board/7	9 December 3.00-6.30 pm