

Minutes from DRC Danish Refugee Council's Executive Committee Meeting held on 6th of May 2021

Present

From the Executive Committee:

Agi Csonka, Chair
 Bettina Bach
 Juliane Marie Neiiendam
 Kim Simonsen
 Mette Fejfer
 Sophie Rytter
 Ulla Næsby Tawiah

From the Secretariat:

Charlotte Slente, Secretary General
 Vibeke Bach Madsen, Committee Secretary
 Anne Mette Barfod, CFO, under items 2, 3, 4 and 5
 André Clerici, Internal Audit, under item 5

Appologies

Peter Kellermann Brandorff
 Jeton Kryezi, Observer, Chair i DFUNK

The meeting was held online.

Agenda

	Items		Content
	Welcome to Ulla Næsby Tawiah		
	Brief update from the field		
1)	Approval of the Agenda	Decision	Comments on the agenda
2)	Approval of Annual Report 2020 (Anne Mette Barfod, CFO)	Decision	Annex to the item: 2 Approval of the Annual Report 2020 and recommendation for disposition of the profit for the year 2.1.1 Draft annual report 2020, narrative part 2.1.2 Draft annual report, financial part The ExCom comments on and approves the Annual Report, which is subsequently submitted for approval at the Meeting of the Council on May 27 th , 2021. Under this item, the Audit Committee and external auditors participate.
3)	Information from the Audit Committee	Briefing	ExCom is informed of the work of the Audit Committee (in addition to the work on the Annual Report).
4)	Budget follow-up January-March 2021 (Anne Mette Barfod, CFO)	Briefing	Annex 4 ExCom Report March 2021

	Items		Content
			The ExCom is presented with the preliminary figures for Q1 2020 and discusses the new reporting format with management information and key figures.
	BREAK		
5)	FOCUS TOPIC: DRC's operational risks and compliance mechanisms, summary 2020 (Charlotte Slente and André Clerici (Internal Audit))	Briefing discussion	Annex to the item: 5.1 Internal Audit, Annual Report 2020, Final Draft 5.1.1 Internal Audit, Annual Report 2020, Management Response 5.2 Code of Conduct Reporting Mechanism, Annual Report 2020 5.2.1 Code of Conduct Reporting Mechanism, Annual Report 2020, Management Response ExCom is informed about the main points in the annual risks and compliance reports - Internal Audit Annual Report Code of Conduct Annual Report (DRC's international complaint mechanism) These reports are important input to the strategic considerations and actions.
6)	Draft agenda for the Meeting of the Council on May 27th, 2021 (Agi Csonka)	Decision	Annex 6 Agenda for the Meeting of the Council ExCom takes one last look at the agenda for the Meeting of the Council. It is possible to submit proposals for the item <i>Received proposals</i> up to and including May 6 th , 2021.
7)	Recommendation for the election of representatives of DRC Kenya Board (Agi Csonka)	Decision	Annex 7 DRC Kenya Board of Directors, Recommendation ExCom recommends three representatives to the DRC Kenya Board of Directors elected by the Meeting of the Council on May 27 th , 2021. Board members are elected for two years for 2 years at a time: 2021-2023.
8)	Notices from the Chair (Agi Csonka)	Briefing	
9)	AOB		
	Summary of the meeting		ExCom's "own time" with the possibility of subsequent evaluation and summary of the meeting.

Welcome to Ulla Næsby Tawiah

Agi Csonka welcomed Ulla Næsby Tawiah as a new external member of the Executive Committee. The Executive Committee looks forward to the cooperation and the insights and competencies that Ulla brings with her with great insight into and understanding of the international area: the humanitarian sector, development cooperation, democracy and civil society.

Brief update from the field, Western Sahara

The Executive Committee was presented with a short film from Western Sahara on the DRC 's efforts targeted displaced in one of the longest - and forgotten - conflicts in the world (46 years).

The conflict in the area has escalated since the cessation of the ceasefire in November 2020

DRC has 17 national employee and 3 expats in the area with a project portfolio in 2020 of more than 6.2 mDKK.

The program targeted the displaced Saharawi and included employment initiatives with upskilling and support, sustainable strategies for households in relation to food production, nutrition, shelter and self-sufficiency as well as humanitarian mine activities in the local community (security).

Re 1) Approval of the agenda

The agenda could be approved as above.

Re 2) Approval of Annual Report 2020

Issued as Annex 2 was *Approval of the Annual Report 2020 and recommendation for disposition of the profit for the year*, Annex 2.1.1 *Draft Annual Report 2020, narrative part* and Annex 2.1.2 *Draft annual report, financial part*.

Anne Mette Barfod, CFO, reviewed result one for 2020, which is positive at 1.3 mDKK.

This is an extremely positive result: That we have managed to turn around a 3-year deficit - even in a year with a pandemic, which has affected all parts of the DRC with reorganised and new programs for the target group, changed working methods and extensive restrictions for both employees and our target groups.

Further, it has been a year where it was decided to liquidate the loss-making activities in the DRC Integration, which has depressed revenues in 2020 and will continue to do so in 2021 until all parts of Learn Danish and Interpretation Service are liquidated by the end of the 2021.

There are still a few undone issues at the end of the work on the annual report, but this is not something that will affect the result. The audit has taken a little longer than originally planned and will be completed at the start of week 19, where the audit report will also be ready. The Executive Committee is therefore asked to meet for final approval of the Annual Report 2020, disposition of the result for the year and audit minutes before sending material to the Meeting of the Council on May 27th, 2021.

So far, it has been expected that 2020 would end with a negative result, primarily due to a deficit from the activities of DRC Integration. But in addition to the extraordinary efforts - also to minimize the deficit in the winding-up activities in DRC Integration - special flexibility from Danida has made it possible to reduce an expected loss, the continued clean-up in DRC Dynamics contributed to a positive result, just as 2020 ended with a gain of 15 mDKK on currency.

Revenues in 2020 showed a small increase to a total of 3,221 mDKK.

This figure is a further shift towards the international operation, which now accounts for 90% of revenue and is 113 mDKK higher than in 2019.

Investments in 2020 account for 36 mDKK, which is a halving compared to 2019.

The equity is just below the desired level of between 6-9.5 weeks of activity.

Liquidity is reasonable, but at a slightly lower level than in previous years.

⇒ **Decision:** *The Executive Committee acknowledged the fantastic result. It is really gratifying, very impressive and a clear effort from the whole organization to land a positive result. 2020 has been a very difficult year in every way. There is a call to hold on and continue the good and impressive work.*

It is the Executive Committee's assessment that there must continue to be a sharp focus on the economy. It is necessary to ensure that equity reaches a higher level and thus ensures liquidity flow, and it is still necessary to hold back on investments. The investments in DRC Dynamics have been large and absolutely necessary. It has therefore also been held back in other selected areas, which is not good for the DRC. So, it is clear that investment funds must be secured for the continued development of the organisation and efforts for the target group.

Re 3) Information from the Audit Committee

Anne Mette Barfod, CFO, briefed on the Audit Committee meeting of May 5th where the Annual Report 2020 was the focus topic. In addition, the following topics were addressed:

- Financial reporting for Q1 2021
- New process for assessment of Solidarity Pool (collective tax scheme for DRC's expats, which may cover tax in the countries that have not exempted INGOs from tax)
- Update from an internal audit, including annual report for 2020
- Information about bank change
- Status of work on Strategy 2025
- Information on cases

Re 4) Budget follow-up January- March 2021

Issued as Annex 4 was *Financial Reporting Q1 2021*

Anne Mette Barfod, CFO, reviewed the new financial reporting format developed in collaboration with ad hoc subcommittees consisting of Mette Fejfer and Petter Kellermann Brandorff.

2021 has started a little below budget, which is typical of the DRC compared to previous years and is obtained especially in Q4. But already from March, the *revenue side* is on budget. In the reporting, you can get an overview of concluded contracts by country, top-10 donors and top-5 project grants. It is possible to track the consumption of the strategic investment funds and own funds, just as one can track the income from fundraisers and funds.

In terms of *liquidity*, the organisation is currently slightly above the first limit of 4 weeks' turnover, and it is now possible for the Executive Committee to get a simple overview of liquidity in the top-10 countries, top-5 currencies and developments over the past year.

In addition, there is an overview of losses and gains, including non-realized in relation to currency.

Finally, there is an overview with *HR data*, where the Executive Committee can follow the development within selected priority areas such as Expats/local employees in DRC regions, managers/employees, distribution by gender.

⇒ **Decision:** *The Executive Committee thanked for the review of the financial data for Q1. There was joy at the revenue side was on budget in March and acknowledge the historical facts, which says, that it typically obtained in Q4. The Executive Committee wishes to continue to follow developments very closely and looks forward to discussing the economy at its meeting on 8 June, when the forecast for 2021 will be clear.*

There was great satisfaction with the new reporting format. It is clear that one can now begin to reap the benefits of the implementation of DRC Dynamics. The visual representation is very helpful and provides an easy overview. There is a desire to work a little more with HR data and consider whether areas such as recruitment, retention and well-being in the employee group should be part of the reporting. And HR data in particular may need to be reported annually.

At the meeting in September, the Executive Committee will discuss the reporting format to determine what is important to focus on, and possibly accrual in the reporting.

Re 5) FOCUS TOPIC: DRC 's operational risks and compliance mechanisms, summary 2020

Sent as annex to the item were:

5.3 *Internal Audit, Annual Report 2020, Final Draft*

5.3.1 *Internal Audit, Annual Report 2020, Management Response*

5.4 *Code of Conduct Reporting Mechanism, Annual Report 2020*

5.4.1 *Code of Conduct Reporting Mechanism, Annual Report 2020, Management Response*

Internal Audit Annual Report 2020

André Clerici, Head of Internal Audit, presented the main conclusions of the 2020 Internal Audit Annual Report.

In 2020, an internal audit was conducted in 9 country operations. The internal audits carried out thus cover 44% of DRC's revenue.

In addition, the internal audit has performed three Code of Conduct investigations and a consulting assignment for senior management in a country operation.

Internal audit has a database where all identified problems are recorded together with the management plan. It provides a good overview and enables follow-up.

Recommendations

From the internal audit, it is recommended to pay special attention to the following areas

- Pre-financing on behalf of donors
- Supply Chain
- Local legislation
- Fraud and corruption
- Code of Conduct Reporting Mechanism (CoCRM)

Management's response

DRC's management has made a response that determines the management of each of the identified risks. Overall, full implementation of DRC Dynamics will ensure a better global overview of pre-financing and the entire Supply Chain. Until then, it is necessary to be more precise about requirements and guidelines, including about manual procedures.

DRC works in countries with very high risks. In addition to the major security risks as a result of unrest, for example, local legislation can change quickly and/or be very unclear; in many places there is a high degree of corruption. This places very special demands on the DRC to have good and simple mechanisms for handling these. In relation to the complaint mechanism (CoCRM) it is important for the DRC that it is functioning in all countries, and not least our target group knows their possibilities to complain.

⇒ **Summary:** *The Executive Committee thanked for a very precise and interesting presentation, which very well shows the importance of having an internal audit that can focus on the places where there are problems and thus support the organization in developing and dealing with challenging and difficult areas.*

Code of Conduct Reporting Mechanism Annual Report 2020

Charlotte Slente, Secretary General, reviewed the main conclusions of the 2020 Annual Report of the DRC's Complaints Mechanism (CoCRM).

DRC's complaint mechanism has been in operation since 2007 and is continuously developed to today be a well-developed mechanism with a local set-up in each country (gate A), at regional level (gate A+) and at HQ level (gate B), where particularly difficult cases are handled.

The complaint mechanism is of great concern to DRC's donors and is an important part of DRC's obligations under CHS (Core Humanitarian Standard).

CoCRM is open on DRC's website, where you can read about the mechanism, find annual reports and on a visual dashboard can see the current status of complaints.

The number of cases is increasing, which is mainly considered to be due to the continuous spread of the mechanism. There is therefore also a focus on countries with very few (or no) complaints, as it is assessed to be due to lack of implementation. Based on data, DRC therefore also focuses on reaching out to our target groups to ensure that they have knowledge of the mechanism and know-how and feel safe in filing a complaint.

Recommendations

The annual report for 2020 recommends focusing in particular on the following areas

- Continued capacity building, especially locally (gate A)
- Training
In DRC's Code of Conduct, it exists in CoCRM, and in how to work with studies
- Strengthening CoCRM
Among other things, focus on the various areas of the mechanism, e.g., fraud/corruption, PSEA (Prevention of Sexual Exploitation and Abuse)
- Donors and partners
Including clarification of how increased collaboration with partners will affect the right to complain and compliance with the Code of Conduct.

Management response

DRC's leadership has made a response which outlines, how the recommendations can be handled.

Overall, the management finds it crucial that employees, not least our target group and partners, are aware of their right to appeal and feel safe in filing complaints.

It is therefore the management is committed to ensure the necessary capacity at the relevant levels of the organisation to handle a complaint mechanism and continuous efforts in the development of training materials for the DRC's employees so that they have a basic knowledge of the code of conduct, DRC's employees should comply.

Fraud/corruption and PSEA are important areas to strengthen both to ensure knowledge and capacity related to studies. And it is found that this is an area that also has the attention of the donors.

⇒ **Summary:** *The Executive Committee thanked for the review of this very important area where DRC has built up a nice capacity. There is a desire to gain better insight into the complaint mechanism as a system, so it will be interesting to be presented with, for example, a typical corruption case and how it is handled.*

Re 6) Draft agenda for the Meeting of the Council on May 27th, 2021

Sent out as Annex 6 was *Draft Agenda for the Meeting of the Council 27-05-2021*

Agi Csonka briefly presented the draft agenda for the Meeting of the Council on May 27th, 2021.

The secretariat has not received proposals for agenda items, and there are 5 people who will make their candidacy available for the four seats in the Executive Committee, as this year on election.

There is strong support for the meeting, which is expected to be held physically in compliance with all C-19 guidelines. All participants are asked to meet with a valid Coronapas.

⇒ **Decision:** *The Executive Committee approved the draft agenda.*

Re 7) Recommendation for the election of representatives of DRC Kenya Board of Directors

Issued as Appendix 7 was *DRC Kenya Board of Directors, Recommendation*

DRC Kenya was established as an independent association at the request of the Kenyan authorities that the part of DRC's work in Kenya, is locally based with a local association and Board of Directors Kenya. DRC Kenya thus aims to protect refugees and internally displaced persons from persecution and to promote lasting solutions to refugee problems based on humanitarian principles and human rights.

The Board of Directors of DRC Kenya consists of five people, two of whom are Kenyan citizens and three are appointed by the DRC. The members are elected for 2 years at a time. The regional director of the DRC EAGL (East Africa Great Lakes) should be an ex-official member of the board.

Since 2017, the board has consisted of

- Stig Glent-Madsen, former Chair of the DRC.
Stig wants to resign.
- Finn Schwarz, current Chair of the DRC's Audit Committee
- Michael Bach, member of the DRC's Audit Committee.

⇒ **Decision:** *The Executive Committee recommends to the Council that Agi Csonka, Chair of the DRC, Finn Schwarz and Michael Bach, both of the DRC's Audit Committees, be elected to the Board of DRC Kenya for the next 2 years.*

Re 8) Notices from the Chair

- **DRC's current advocacy work**
The DRC has been quite active in the recent period, which has been noticed and recognised by the Executive Committee. It is a precise and balanced work that is brought to light.
Particular emphasis should be placed on advocacy work in connection with
 - The Danish Government's desire to repatriate Syrians
 - The Danish Government's desire for externalisation of asylum work, most recently with the Ministers for Development Cooperation and Integration's trip to Rwanda
 - Push-backs of refugees and migrants between the countries of the Balkans and the EU, which undermine and violate the international refugee system
- **Walk-'n-talk coffee meeting with Minister for Development Cooperation**
Charlotte Slente has been invited to an informal meeting with Minister for Development on May 11th.

Ad 9) AOB

There was nothing to AOB.

ExCom meetings in 2021

- ExCom/2 Extra May 12th at 8-8:30 AM
- ExCom/3 May 27th at 3:30-4:30 PM
- ExCom/4 June 8th at 3-6:30 PM
- ExCom /5 September 14th at 3-6:30 PM
- ExCom /6 Nov. 18th at 6 PM to Nov. 19th 6 PM
- ExCom/7 December 7th at 3-6:30 PM