

REPORT OF THE AUDIT AND FINANCE COMMITTEE

ANNUAL MEETING OF THE ASSEMBLY OF PARTIES

28 November 2023

The Audit and Finance Committee (AFC) is established pursuant to Article 33 of the Rules of Procedure of the Assembly of Parties to assist the Assembly of Parties through the Standing Committee in its oversight responsibilities, with particular attention to audit and compliance, the review of the proposed annual budget, financial reporting, and an effective and efficient financial performance.

Composition of the AFC

In accordance with Article 2 of the Rules of Procedure of the Audit and Finance Committee of the Assembly of Parties, the AFC shall be comprised of five to seven Member Parties elected for a renewable two-year term; the Chair shall be appointed by the Assembly.

In 2023, the AFC was composed of:

- Italy (Chair)
- China
- Kenya
- Kuwait
- Türkiye
- United States

Meetings of the AFC

In accordance with Article 4 of the Rules of Procedure of the Audit and Finance Committee of the Assembly of Parties, the AFC held meetings in 2023 on:

- 29 March 2023
- 19 April 2023
- 20 July 2023
- 18 September 2023
- 21 September 2023

Meetings on 29 March and 18 September were conducted by teleconference, with the Chair in attendance at Headquarters. All other meetings were held in hybrid form.

The meetings in April, July and on 21 September were regular meetings. The meeting in March was held specifically to review the proposed Operational Fund amount and the meeting on 18 September was held to brief members on the 2024 proposed operating budget.

Preparing and reporting on AFC meetings

The AFC Chair oversaw preparation by the IDLO Secretariat of the meeting agendas, documents, and draft meeting minutes. Meeting minutes were circulated to all members of the Committee.

Summary of AFC activities

1. Monitoring of the 2023 budget and IDLO financial performance

The AFC assisted the Standing Committee in the monitoring of the 2023 budget. Additionally, members of the AFC, including its Chair, participated in Standing Committee meetings. At its meetings, the AFC reviewed financial reports and budgets prepared by the Secretariat. At the time of the writing of this report, IDLO revenue and expenditures corresponded with the approved 2023 budget.

2. Operational Fund

In view of Resolution 2/2019 adopted by the Assembly of Parties in its meeting on 13 November 2019, the AFC reviewed the financial statements of IDLO for 2022 and endorsed the proposal that no amount would be allocated to the Operational Fund this year.

3. Review and endorsement of the 2022 audited financial statements.

Pursuant to Article 1.2 (b) of the Rules of Procedure of the AFC, members reviewed the audited financial statements for IDLO for the year ended 31 December 2022. Members endorsed the financial statements to the Standing Committee, noting the positive, unqualified audit report and the continuation of programme activities despite the security concerns and instability that impacted some of IDLO's countries of operation. Members also reviewed the Management Letter issued by the auditors in respect of 2022 in which no material issues were raised.

4. IDLO's Risk Register

Members of the AFC reviewed the annual risk register, noting the mitigation measures taken to address the risks highlighted.

5. Internal Audit and Compliance

The AFC reviewed reports prepared by the IDLO Internal Audit and Compliance Office. The reports offered a review of the main findings from internal audits conducted in 2022 and the management response to the recommendations.

6. Endorsement of the 2024 Operating Budget

At its meeting of 21 September, the AFC reviewed the proposed operating budget for 2024 and recommended to the Standing Committee that the budget be forwarded to the Assembly of Parties for approval.

An indicative budget for 2025 was also presented to give members a picture of the expected trajectory of financial transactions beyond 2024.

Conclusion

2023 was a year where operations continued to be impacted by conflict or instability. Despite this, programme revenue is expected to be in line with the budgeted amount. On the investment front, financial markets partly recovered from the turmoil in 2022 caused by

higher interest rates introduced to curb inflation. IDLO investments held in ethical sustainable funds partly recovered in 2023.

A balanced budget for 2024 was prepared that reflects implementation of the 2023-2024 Management Plan developed in the light of the Strategic Plan 2021-2024.

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