

## Minutes from DRC Danish Refugee Council's Executive Committee Extraordinary Meeting held on 12th of May 2021

### Present

#### From the Executive Committee:

Agi Csonka, Chair  
Bettina Bach  
Juliane Marie Neiiendam  
Kim Simonsen  
Mette Fejfer  
Peter Kellermann Brandorff  
Ulla Næsby Tawiah

#### Cancellation

Sophie Rytter  
Jeton Kryezi, Observer, Chair i DFUNK

#### From the Secretariat:

Charlotte Slente, Secretary General  
Vibeke Bach Madsen, Committee Secretary  
Anne Mette Barfod, CFO, under item 2  
Andrew Clarke, Head of Financial Reporting and Compliance, under item 2

#### From the Audit Committee

Finn Schwarz, under item 2  
Michael Bach, under item 2

#### From the External Audit

Henrik Wellejus, under item 2

The meeting was held online.

### Agenda

	Items		Content
1)	<b>Approval of the Agenda</b>	Decision	Comments on the agenda
2)	<b>Approval of Annual Report 2020</b> (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. Draft annual report 2020 2.2. Audit book comments on the Annual Report for 2020  The ExCom comments on and approves the Annual Report, which is subsequently submitted for approval at the Meeting of the Council on May 27 <sup>th</sup> , 2021.  Under this item, the Audit Committee and external auditors participate.
3)	<b>AOB</b>		

### 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 *Draft Annual Report 2020* and Annex 2.2 *Audit book comments on the Annual Report for 2020*

As the result for 2020 and the financial development throughout the year were reviewed at the meeting on May 6<sup>th</sup>, the focus at this meeting was only a draft recommendation of the result for the year and the audit minutes.

At its meeting on May 6<sup>th</sup>, the Executive Committee acknowledged the efforts made by the organisation as a whole and ensured a positive result in an extremely difficult year with a pandemic with all its consequences for the organisation's target groups and working methods and with the liquidation of part of DRC Integration.

The Executive Committee had no comments on the written part of the Annual Report, and one could agree with the recommendation to dispose of the profit for the year.

Henrik Wellejus, external auditor from Deloitte, reviewed the audit report.

Significant improvements are found in line with the implementation and use of the new ERP system, DRC Dynamics. There is a good environment in the DRC and clear progress in the implementation, and it can be stated that the organisation has adopted the system, but that it is a more complex system than the previous one. It is not unusual for organisations experiencing challenges by conversions to new ERP systems like those seen here. The audit can thus state with satisfaction that in Q4 2020, a system error was corrected in the ERP system's currency module, which has caused much extra clean-up work and uncertainty in the calculation of the currency results. This will thus be able to be implemented from 2021.

The audit process has also this year been implemented in a very good cooperation with the Finance department. However, there is still increased uncertainty in the calculation of several financial items in the balance sheet, and the audit therefore issues an audit opinion with reservations. All project accounts for donors are without comment, which the audit is taken as good work and example of the organisation's progress in the implementation of the ERP system. In the financial statements, it is noted, that "Other receivables" contains records of total 29.5 mDKK, which cannot be confirmed due to incorrect or incomplete accounting. It concerns several small unidentified transactions, which it has not been possible to balance out internally within the time limit. There is thus a great focus in the organisation on correct donor accounts, and it has succeeded, despite major implementation difficulties with the new ERP system, in delivering donor accounts that fully live up to the donors' expectations. However, there is still a need for more focus on the part of the financial accounts that is included in the balance sheet. This may be due to a lack of resources and the shift to a more complex ERP system.

Overall, the audit recommendation is the necessity of strengthening of the control environment within the organisation.

The audit's conclusion is thus a reservation related to the 29.5 mDKK, which, due to the deficient bookkeeping, is not possible to audit within the deadline for the annual accounts, as well as a highlight of the generally increased uncertainty in the calculation of several other items in the balance sheet.

It is recommended during 2021 to make a concrete plan for correction and completion of the deficient bookkeeping. It is resource-demanding, as there are many small postings, so the use of robots and controls could be a solution.

Finn Schwarz, Chair of the Audit Committee, informed that the Audit Committee has followed the process continuously and have been able to see that management has made great efforts to deliver. It is with the committee's recommendation that the financial year be closed now, and that clean-up be ensured during 2021.

The Audit Committee will discuss the concrete plan. The financial reporting process needs to be improved, while it is good to note that donor reporting is at a satisfactory level.

⇒ **Decisions:** *The Executive Committee thanked for the review and the elaborating explanations. We are pleased with the comments from the audit, which are important benchmarks and can provide input for future focus and investments. It is important to focus on the internal controls and, of course, to continue the good and very important work with the donor accounts.*

*The Executive Committee also thanked the Audit Committee for following the work closely. It is an important and great support for the Executive Committee, and we look forward to the Committee's comments on the future plans.*

*Finally, the Executive Committee thanked the organisation for its impressive and tireless work on the financial statements. An effort delivered under difficult conditions. We look forward to hearing about the progress of the implementation of DRC Dynamics.*

*The Executive Committee endorsed the audit's observations, was able to confirm that it has no knowledge of fraud and feels secure in the audit's work. It was thus possible to approve the Annual Report for 2020, the recommendation for allocating the profit for the year to equity and the Audit Minutes.*

### **Ad 3) AOB**

There was nothing to AOB.

### **ExCom meetings in 2021**

ExCom/3	May 27 <sup>th</sup> at 3:30-4:30 PM
ExCom/4	June 8 <sup>th</sup> at 3-6:30 PM
ExCom /5	September 14th at 3-6:30 PM
ExCom /6	Nov. 18th at 6 PM to Nov. 19 <sup>th</sup> 6 PM
ExCom/7	December 7th at 3-6:30 PM