AMNESTY
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31ST INTERNATIONAL COUNCIL MEETING CIRCULAR 24

FINAL REPORT ON THE IMPLEMENTATION OF ICM 2011 DECISION 1

AMNESTY INTERNATIONAL MEMBERS ONLY

AI Index: ORG 53/003/2013

To: All Sections and Structures
From: IEC
Date: July 2013

International Secretariat
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SUMMARY
As requested by the 2011 ICM, the IEC presents here to the 2013 ICM the fourth and final report on progress towards full implementation of ICM 2011 Decision 1[1].

DISTRIBUTION
This circular is being sent to all Sections and Structures.

RECOMMENDED ACTIONS
Please circulate this paper to all in your Section or Structure as appropriate.

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Summary narrative report on the implementation of ICM 2011 Decision 1

As requested by the 2011 ICM, the IEC presents here its fourth report on progress towards full implementation of Decision 1. This report has been prepared for the 2013 ICM. We are happy to present further progress on a range of matters in the final months of Amnesty International's current governance biennium.

Greater detail is provided in the customary tabular format that follows this summary introductory narrative section. We believe that a close reading of the table shows the commitment, the energy, the time and the resources the IEC, the SG and in turn the IS have been investing, and continue to invest, in implementing this key decision.

Since our last report to the movement in April 2013, the main updates about the implementation of Decision 1 comprise:

- Significant progress in developing the Governance Programme, including producing a draft Governance Work Programme for the next biennium, and moving to fill the vacant Governance Coordinator post (Decision 1(g)): and
- Several activities to strengthen the IEC further, including a Board development workshop in May 2013, evaluations of the IEC as a whole and of individual members, structured exit interviews for departing members, preparation and planning for IEC chair succession and preparations for the induction of the new IEC after the 2013 ICM (Decision 1(e)).

The implementation of Decision 1 was complex, as it instructed the IEC to undertake, simultaneously, an independent evaluation of the way the IEC operates and at the same time immediately to implement a number of measures (without waiting for the outcomes of the evaluation). This was also happening at a time of significant changes, which placed the IEC and SLT under considerable pressure. The IEC is satisfied with the results achieved overall, because the "on-going implementation approach" adopted proved practical, and teamwork and trust between IEC and SLT have also improved significantly in the last year.

The IEC has been taking forward the four main areas of development identified by the independent review of the IEC conducted by Compass / OnBoard[2]:

- Getting the right balance of skills and experience;
- Ensuring continuity of the IEC;
- Building a stronger partnership between the IEC and the IS;
- Enhancing trust and confidence.

Among the independent review of the IEC's many recommendations, the IEC particularly prioritised recommendations related to:

- The need to put in place adequate support systems (mainly through the Governance Programme) for the IEC and the INC to fulfil their role, diminishing current workload.
- The developmental work for both the IEC and the SLT (as institutions rather than individuals) to establish a different way of working between the two groups which is conducive to improving trust and confidence. Successful implementation of this piece of work is having positive consequences for the functioning of the IEC and its way of interacting with the SLT and vice versa.

In terms of implementation of the recommendations:

- The IEC, the SLT and the Board Development Committee (BDC) have jointly led on delivering the recommendations about the 'one team' developmental work, also working closely with other bodies such as the International Nominations Committee, the Governance Programme, and Compass/Onboard.

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- Other recommendations have been taken forward, implemented and supported by the IS, especially the Governance Programme, the IEC Chair and the Secretary General, the Senior Director of Movement Building, depending on the specific matter, and in some cases by the IEC as a whole.
- Both the IEC and the SLT have shown commitment to the recommended developmental work which has been delivered through a series of workshops, the first two joint workshops delivered in June and December 2012 (with an SLT-only workshop in September 2012) by Compass and OnBoard, and the third joint workshop delivered by the Governance Programme and IEC members themselves in May 2013.
- With the establishment and strengthening of the Governance Programme in recent months, and the appointment of the Governance Director, supporting systems are now improving and a Governance Work Programme for the next biennium has been endorsed by the IEC and it is moving towards operationalisation. The IEC chair and the Senior Director of Movement Building have been following this area of work closely.
- There remain recommendations from the Compass / OnBoard report that require Statute amendments. Such recommendations require further consideration by the ICM. The IEC has presented several resolutions in this area at the 2013 ICM and the envisaged governance review during the next biennium could expand this work further (in particular on the recommendation of describing the role of the International Board.)

We are looking forward to hearing reactions and comments from the sections and structures at the 2013 ICM about the progress on Implementation 2011 ICM Decision 1 as reported here. While this is the final report as requested by decision 1 itself, the IEC is fully aware that further work is needed during the next cycle to, in particular, deliver some of the recommendations arising from the Compass/OnBoard report. They will need to become part of the institutional robustness of the organization in terms of governance and, as part of any institutionalisation process, it will require adequate time and several cycles (with different IECs) to be fully tested and refined.

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Status of implementation of ICM 2011 Decision 1, Response to the Interim Independent Review, as at July 2013

As in the updates circulated in April 2013, in May 2012 (for the 2012 Chairs Assembly (CA)), and in January 2012, for the sake of clarity we have described the actions taken by the IEC/SLT since the ICM in August 2011 alongside the original text of Decision 1 (the text decision is quoted in the left hand column and the relevant activity related to the item on the right). A greater level of detail is given in this report regarding progress made than in updates prior to April 2013.

Reports previously circulated:

Report on the Implementation of ICM Decision 1 [ORG 10/001/2012]
Update on the Implementation of ICM Decision 1 [ORG 41/014/2012]
Update on the report on the implementation of ICM Decision 1 [ORG 53/001/2013]

ICM 2011 DECISION 1 INSTRUCTS the IEC to take the following steps immediately:	Implementation activity
(a) Appoint an independent group (similar to the Independent Review Oversight Group) to commission an independent, external evaluation of the IEC's current operations, effectiveness, and its access to relevant financial and human resources expertise. This evaluation will take into account the conclusions of the final report of the Independent Review. It shall also consider the most appropriate and effective ways of the IEC engaging with and being accountable to AI's leaders for statutory financial reporting and compliance with the INGO Charter reporting requirements.	The IEC appointed the Board Review Group (BRG) immediately after the IEC Retreat 23-25 September 2011.[3] The BRG agreed its Terms of Reference (ToR) in November[4] 2011 and appointed the external consultancy jointly to two organizations, *Compass Partnership* and *On Board Governance Development*,[5] in December 2011. The external consultants led the review and prepared, reporting to the BRG, a draft report that was presented and discussed at the IEC March 2012 meeting. The *Independent review of the IEC*[6] (*Compass Report*) was circulated to the Movement in full in May 2012. For details about the process and methodology followed by the consultants and by the BRG see the review. The IEC Chair and the Secretary General maintained quarterly contact with former BRG members until May 2013 to seek their advice whilst proceeding with the implementation.
(b) Report the findings and recommendations of the independent evaluation to the Chairs Assembly in 2012.	The *Compass Report* was tabled at the 2012 CA. To maintain the independence of the evaluation, the IEC invited all three BRG members to attend the CA, 22-24 June 2012. Robin Rickard and Peter Brey of the BRG

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3 IEC Bulletin 79 (ORG 72/005/2011) IEC Decision 79-8.
4 ORG 70/008/2011
5 Their respective websites are: www.compasspartnership.co.uk and www.bwbllp.com/ConsultingTraining/OnBoard
6 ORG 70 006 2012

attended the meeting in person to both present the report and answer questions.

The recommendations of the review fall into four main areas:
1. Getting the right balance of skills and experience on the IEC and committees;
2. Ensuring continuity of the IEC;
3. Building a stronger partnership between the IEC and the IS;
4. Enhancing trust and confidence in the IEC and SLT.

The IEC, in conjunction with the Governance Programme /Organization Liaison Unit (OLU) at the IS, developed an implementation plan to follow up on all recommendations put forward in the *Compass Report*. The relevant actions have been built into the workplans of the IEC, Board Development Committee (BDC) and International Nominations Committee (INC) and are an essential consideration affecting the design and workplan of the Governance Programme at the IS, which was established following a recommendation of the Anne Owers report and incorporated into Decision 1 of the 2011 ICM.

Several of the recommendations are outside the realm of IEC responsibility and have led to IEC resolutions to the ICM 2013 including *'Next steps in improving Global Governance: Review of the Statue of Amnesty International'*, *'Statute changes arising from Independent Review of the IEC'* and *'Deadline for nominations of IEC candidates'*[7]. The decision as to whether these recommendations will be implemented now rests with the ICM.

The IEC also took the opportunity to ask the INC and the CA/DF at the February 2013 meeting for guidance in relation to one of the recommendations, relating to the level of information provided by the INC to the ICM about IEC candidates that is appropriate for Amnesty International at the present time. A session was held at the CA/DF and a paper circulated to the meeting participants[8] (Proposed Changes to the INC ToR). Although no formal vote or straw poll was held, the general consensus seemed to be that the board nominations process should operate at level 6, with an aspiration to move towards level 7 in the short- to medium-term. The INC Terms of Reference were amended by the IEC at its March 2013 meeting in light of the discussions at the CA/DF[9].

In the period since April 2013 the INC has conducted work in assessing current or possible future skills gaps

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7 ORG 50 007 2013
8 ORG 82 001 2013
9 ORG 82 002 2013

	on the IEC which the INC will report to the ICM.
(c) Involve an independent expert in its Board Development Committee	The BDC ToR includes provision for the appointment of an independent expert as a member of the committee. The IEC appointed an independent expert in early January 2012 but she later (end of March) indicated that she was no longer available for personal reasons. A further call for expressions of interest for this position was distributed immediately after and Peter Brey, a member of the BRG which had just completed its work overseeing the *Compass Report*, was appointed as the independent expert to serve on the BDC.
(d) In cooperation with the International Nominations Committee (INC), and drawing upon the ongoing independent evaluation, use co-option to fill any gaps identified in expertise, both on the IEC itself and in any of its sub-committees.	Based on a commissioned skills assessment (see point [e]), the IEC decided at its December 2011 meeting to co-opt one member with experience in human resources and organization development. This followed the advice of the INC received by the IEC at its September 2011 meeting. The INC, via its chair, worked with the IEC throughout the process which resulted in the appointment of Mwikali Muthiani as an IEC co-opted member in February 2012. Mwikali is now an active member and after attending the IEC March 2012 meeting, became a member of the IEC Global Transition Programme (GTP) sub-group (now expanded as the IEC GTP oversight taskforce) and was part of the panel which recruited the Senior Director for Human Resources and Organizational Development (see also point (o) below). In June 2012 Mwikali was also appointed to the Remuneration Committee. The IEC further decided that all four IEC sub-committees should have an independent expert as a member; these have all been appointed.
(e) Develop a program to strengthen its effectiveness over the next two years.	In November 2011 the IEC decided to commission and then participated in a skills assessment of their members, conducted by *Big Difference International*. The aim of this activity was to provide a clear description of IEC members' strengths and development needs, in relation to the core skills required for effective performance at Board level. The exercise (which took individually 8-10 hours' commitment for each member), besides providing an essential analysis to decide whether to co-opt a member and with which skills, also provided valuable information related to individual development needs. Joint IEC and SLT workshops, designed by *Compass/On Board* in collaboration with the BDC and IS to strengthen the effectiveness of the IEC, took place in June and December 2012. An SLT-only session was held between the two joint workshops, as recommended by *Compass/On Board*.

	A third joint Board development workshop took place in May 2013, and on this occasion was administered and facilitated by the Governance Programme and the IEC members themselves. Induction sessions were held at the ICM 2011 and in September 2011 for new IEC members, together with an induction package of documents. Optional specialist learning sessions designed for the IEC were delivered by IS staff on the day prior to the December 2012 IEC meeting, covering the legal and financial responsibilities of the IEC and working with key performance indicators and evaluation techniques. Further workshops and development opportunities are being developed by the Governance Programme as well as a strengthening of the induction process. As part of efforts to 'close out' the current governance biennium in an orderly and thorough way in the run-up to the 2013 ICM, several activities have taken place since our April 2013 report, to assess IEC performance and prepare a strong successor group from August 2013. Evaluations have been undertaken of the IEC as a whole and of individual members, and structured exit interviews have been conducted with departing members. The IEC also worked on IEC chair succession planning and the IEC chair sought advice of the INC chair on this matter. IEC working rules have been modified to prepare an improved handover to the new IEC. Preparations are also in hand for the induction of the new IEC after the 2013 ICM, especially newly elected members.
(f) Ensure that terms of reference for elected and appointed committees are amended as required to facilitate the measures in this decision.	The IEC appointed four committees at the September 2011 retreat meeting [10]: - Governance Committee - Board Development Committee - Finance and Audit Committee - Remuneration Committee ToR for each of these committees were discussed and approved at the IEC December 2011 meeting. All ToR make provisions in the membership of the committee for an independent expert and they are generally compliant with recommendations arising from ICM 2011 Decision 1 and the Dame Anne Owers report. The Remuneration Committee and Board Development Committee Terms of Reference were amended in October 2012. Further refinement, as suggested by the *Compass Report*, will follow now that the Governance Programme at the IS is in place.
(g) Establish a Governance Unit to support the IEC and the Secretary General in their leadership roles.	ToR of the Governance Programme at the IS were agreed by the SG following IEC input and, under the Operational Plan 2 (OP2) budget, the position of Governance Director was created and advertised. An interim

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10 ORG 72/005/2011 IEC Information Bulletin 79 September 2011; IEC Decisions 79-14; 79-15; 79-16; 79-17.

	Governance Director was appointed from mid-July to mid-November 2012 and a permanent Governance Director was appointed and commenced work at the IS in mid-November 2012. The IEC has been working closely with the Governance Programme as it grows in strength and focus. The Governance Director and Programme staff are advising and supporting the IEC in continuing implementation of the recommendations made by the Anne Owers and *Compass/On Board* reports. There was substantive discussion about the support that the Governance Programme will deliver to the IEC through the Governance Work Programme at the June 2013 IEC meeting, and a draft workplan was discussed and agreed (the main priorities of the workplan have been reported in IEC Newsletter in June 2013[11].) Since our last report in April 2013, significant progress has thus been recorded in developing the Governance Programme: including producing a draft Governance Work Programme for the next biennium; and moving to fill the vacant Governance Coordinator post, now that the new Governance Director has been in post for eight months.
(h) Establish a Remuneration Committee, with an external advisor, to advise on aspects of pay and benefits for the Secretary General and Senior Leadership Team.	The RemCo provides governance and ensures decisions about senior/executive remuneration are free from bias or potential for actual or perceived conflict of interest. The RemCo guarantees that the oversight of remuneration and benefits at a senior level, including compromise agreements, within the International Secretariat (IS) is implemented according to the standards required by both internal and external stakeholders. The terms of reference were approved by the IEC at its December 2011 meeting. In drawing up these terms of reference, the following were taken into account: the International Non Governmental Organisations Accountability Charter, the UK Financial Reporting Council's 2003 Combined Code and the Charity Commission's guidance on transparency and accountability. The RemCo commissioned a benchmarking exercise for SG and senior director salaries and benefits from an external firm (Mercer). Based on this analysis, prepared for the IEC a Reward Framework to cover the SG and SLT was then approved by the IEC in October 2012. In December 2012 the RemCo issued an IEC RemCo Update on Activities[12] to the Movement including an appendix fulfilling the requirements of Decision 22 of the 2011 ICM for the calendar year of 2011.

11 ORG 70 003 2013
12 ORG 70 018 2012 RemCo - update on activities

	Remco will also be involved in determining exit or compensation payments for SLT (see point (q)). The Remco has also supported compliance with all of the elements of Decision 22 of the 2011 ICM (Transparency on Compensation) and will continue to monitor its implementation. As with other committees it has an independent member serving as an external member. In June 2012 Mwikali Muthiani was also appointed as member of this committee.
(i) Further strengthen the INC and adjust the Terms of Reference in order to enable the INC to co-opt one or two INC-members.	The IEC has established a liaison with the INC and has been working closely with this body. The INC ToR had been updated at the March 2012 IEC meeting to allow co-option to the Committee. Following a vacancy on the INC the IEC has appointed, in consultation with the INC, Robin Rickard, who served previously as Chair of the BRG. The IEC has modified the ToR of the INC twice in the cycle allowing the INC to co-opt additional members and increasing the level of information the INC provides at the ICM about IEC candidates (see point (b) above). The IEC has also provided budget resources for consultancies by the INC if required (the INC then decided not to use them).
(j) Make resources available for coaching for the Chair as required.	Chair coaching arrangements have now been back in place since March 2012. The IEC budget that was approved in December 2011 included provision for this, as in previous years. Note that chair coaching arrangements had been in place from late 2009. The new IEC Chair intentionally waited some months in office before selecting a coach, using the Compass/On Board report and the Big Difference feedback to determine his coaching needs.
(k) Recognising its commitment to operate to the highest possible standards required of a donor/member supported organization, DECIDES that the IEC will examine the consequences of AI Ltd acting, in all its financial and corporate dealings, as though it were a charity registered in England and Wales.	In all financial management and reporting issues AIL currently fulfills the standards required for a UK registered charity. This is the guidance under which our independent external auditors undertake the annual audit and report to the Board.
DECIDES that the Finance and Audit Committee (FAC): (l) Shall continue to be informed of, and invited to comment on, any significant changes that affect the IS budget in the light of its responsibility for oversight of financial systems	Prior to the ICM in 2011, the role of the FAC had already been extended to cover this element of Decision 1. The ToR for the FAC has been amended, to explicitly delegate a role to the FAC in preparing discussion of the IEC on the budget (not only on the accounts). As a result and as part of their oversight of financial systems, during its November 2011 meeting the FAC analyzed and discussed the 2012 IS Budget (i.e. income, expenditure and capital expenditure) with senior IS staff. The FAC then endorsed the budget, which was subsequently approved

and probity.	by the IEC at its 2011 December meeting. A similar process applied for 2013 budget approval and is part of the standard work of the FAC. The FAC is also routinely informed and consulted about decisions or events that affect the IS budget, like discussions carried out in early 2012 about assessment deferrals. The IS quarterly management accounts are a standard agenda point at every FAC meeting and the FAC requires responses from IS management to any questions it raises. The FAC also has maintained close oversight of GTP costing. The IEC requested that FAC should closely monitor the 2013 budget, and the IS regularly updates the FAC about improvements in IS Finance systems and policies.
(m) Complete a risk register for IEC approval by 31 December 2012; regularly review the register; report formally to the IEC on any new or enhanced risks; and continue to report to the IEC and to the SG any concerns it has about the resourcing or performance of internal control systems for finance and risk management.	A high-level risk register endorsed by the SLT was discussed at the 2012 FAC March meeting and then approved at the IEC 2012 March meeting and a process for reporting to the IEC against the risk register is in place. The document was circulated to the movement in early April 2012, and will be continually reviewed and developed to ensure it meets the needs of the organization. A bottom-up top level risk register is presented to the SLT then to the IEC. This top level register is maintained and reviewed regularly, in conjunction with KPI and dashboard reporting. As evidenced by the independent auditor's report, the levels of controls as the IS have improved significantly and are at an acceptable level. Recent developments such as reduction of number of budget holders and the introduction of an automated purchase order system will contribute to even higher control levels.
DECIDES that the IEC instructs the International Secretariat policies be updated by the Chairs Assembly 2012 to ensure that:	The IEC has requested as a permanent item on the agenda of each IEC meeting during the cycle to be updated by the Secretary General around progress on improving IS policies
(n) Annual performance appraisals for both the SG and SLT reflect best practice.	Mid-term and annual appraisals of the SG have been carried out regularly during the cycle, in January and July 2012 and January 2013. In preparing the IEC Chair has sought input from his coach, has engaged with the SD of ODHR and studied relevant literature to ensure the appraisal is developed and conducted in accordance with best practice. In turn, appraisals for all the SLT have been completed; all are fully recorded and held on the relevant confidential personnel file. Objectives have been set for the SLT clearly flowing from the objectives set for the SG. In turn, the SLT are

	ensuring alignment with their Programme Directors' objectives. RemCo have reviewed a proposal for a process to link pay to performance for the SLT, including a system of ratings, which is being trialled throughout 2013 in reviewing SLT and SG objectives.

(o) Financial and human resources systems in the IS are further strengthened.	The IEC is monitoring these areas (in particular via the FAC and the RemCo) with particular attention to remuneration and key related policies. The IS has implemented ongoing improvements in financial reporting and control systems and has communicated these at Board and management level on a regular basis.
	
	Since the beginning of 2010 the IS has been and continues to work on strengthening the Human Resources function. The appraisal system has been in place for three years and was further finessed in early 2013 and supported by training of c140 staff, including the SLT, managers and staff..
	
	The new Senior Director for ODHR has been in post for over 12 months. He identified seven imperatives for the team and function including strengthening the team and its capability to support the change programme and develop engagement across the organisation. These seven imperatives are:
	1) Evolve and sustain the ODHR team to proactively deliver our challenging agenda, and lead change across the IS.
	2) Continue to build a culture of operational excellence across the range of ODHR activities. Demonstrably improve our service and the contribution we make to our IS goals.
	3) Partner with the Leadership Team and whole organization to deliver the GTP Roadmap and the wider organizational change.
	4) Transform and grow relationships by building trust and confidence to make Amnesty International more effective in how it operates.
	5) Establish a robust internal communications framework to:
	  ▪ Deliver a better way of communicating with staff and the Movement that puts their needs at the heart of the message;
	  ▪ Increase engagement and embrace change across the organization.
	6) Building organizational capability to:
	  ▪ Equip the management group to become strong champions and leaders for change;
	  ▪ Nurture staff from within to grow leaders and identify and attract new talent;
	  ▪ Provide a focused Training & Development function and support.
	7) Provide ODHR support to the Movement via our global minimum people standards, and wider initiatives around engagement, resourcing and leveraging existing best practice.

	One noticeable improvement has been the engagement with the Programme Director and wider Management Team community, supported by regular meetings, workshops and a training programme for 2013. Interaction between finance and ODHR has increased to improve the oversight and control of staff costs. The payroll is now directly integrated with the accounting system, reducing the scope for manual errors. The Finance function at the IS underwent a major reorganization, with the arrival of a new finance director early in 2011. The quality of the financial management and reporting has improved significantly in the intervening two years and continues to improve, as confirmed by the external auditor and feedback from IS and Section management. The Independent Reviewer acknowledged at the time of the review that there had already been significant progress made at that time. The FAC and the external auditor continue to comment positively on the progress made towards meeting best practice. Both the quarterly management accounts and the detailed 2013 budget presentations have been positively received by the movement. The finance function is now playing a much stronger value added role through closer involvement in planning and resource allocation processes, as well as interacting at a higher level with both IS and Section stakeholders. The Common Chart of Accounts (CoCoA) project has been effectively implemented by almost all of the larger sections, enabling the more effective generation of movement wide quarterly management accounts. Controlling expenditure effectively, which is a reflection of effective financial systems and control, was demonstrated in 2012 through meeting budget in what was a challenging year. The 2013 budget process achieved new levels of integration in planning which will continue with the development of the strategy, planning and budgeting process. New or updated finance policies have been put in place to cover all necessary financial control areas.
(p) Policies on Time Off In Lieu (TOIL) for senior staff are revised.	From January 2012, SG and SLT contracts no longer provide for TOIL.
(q) Any future compromise agreements shall be in accordance with best practices for charities and INGOs.	As per its ToR the RemCo must approve and be involved in negotiating any "exit" payments for the SG and senior directors, including the financial terms of any compromise agreements. Additionally they must refer to the IEC Finance & Audit Committee (FAC) the details of any severance agreement for any IS staff members where the amount exceeds £100,000. No compromise agreements were agreed or required in 2012 or, at the time of writing, to date in 2013.