

tiri MAKING  
INTEGRITY  
WORK

# ANNUAL REPORT AND ACCOUNTS 2006



Tiri Company Registration Number 4884328 (England and Wales)



**Tiri  
(the-governance-access-  
learning-network)**

**Annual Report and Accounts**

30 September 2006

**BUZZACOTT**

Company Registration Number  
4884328 (England and Wales)



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## Legal and administrative information

**Directors** Shazadi Beg  
Jeremy Powys Carver  
Eugene Cotran  
Andrew Lumsdaine Karney  
Rickie Sankar  
Claire Short

**Registered office** 12 New Fetter Lane  
London  
EC4A 1AG

Telephone 020 7022 1905  
Website [www.tiri.org](http://www.tiri.org)

**Company registration number** 4884328 (England and Wales)

**Auditors** Buzzacott  
12 New Fetter Lane  
London  
EC4A 1AG

**Bankers** HSBC Bank  
Poultry & Princes Street  
P.O Box 648  
London  
EC2P 2BX

The directors present their statutory report together with the accounts of the Tiri (the-governance-access-learning-network) (referred to throughout the remainder of this report as Tiri) for the year ended 30 September 2006.

The accounts have been prepared in accordance with the accounting policies set out on page 20 therein and comply with the company's memorandum and articles of association. As the company undertakes activities of a wholly charitable nature, and has initiated registration as a charity, the accounts have been prepared in accordance with the principal requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005.

### **Principal aims and objects**

Tiri is a not-for-profit NGO founded in London in 2003. Tiri works with a growing global network of specialists, academics, institutions and organisations across a wide range of countries committed to working collectively and individually to raise integrity standards in both public and private institutions. Tiri and its partners believe that by doing so successfully they will assist processes of sustainable development and the reduction of poverty.

Tiri was formed in October 2003 out of the recognition that the time for talking about the importance and need to fight corruption has now moved on to the determined reduction and control of corruption by the application of practical knowledge and skills. The time had come to foster a broad-based, global movement against corruption with the high degree of professionalism needed to address the challenges of sustainable reform.

Tiri's work programme was from the outset developed in close collaboration with key institutions and personalities throughout the anti-corruption movement and was carefully tailored to meet the needs they felt and expressed. Tiri was established to act as a catalyst, reacting swiftly to changing needs, and building on and reinforcing the skills and experiences in the field. Tiri operates in the firm belief that sustainable solutions can only really be found in the countries involved. Overwhelmingly, Tiri's programmes and expenditures are carried out in the field. Tiri is supported by a minimal staff based in a city located on an international crossroads.

Tiri and its partners are committed to working collectively and individually to raise integrity standards everywhere, and in both public and private institutions, in the belief that by so doing successfully they will assist processes of sustainable development and the reduction of poverty.

The Objects and the Powers of Tiri are set out in more detail in the Memorandum of Association of 2 September 2003.

Tiri's emphasis is overwhelmingly on strengthening and supporting the effective implementation of existing legislation and policies. Numerous governments, organisations and businesses around the world have over the past decade introduced or strengthened relevant legislation and policies to address corruption and integrity. What is missing is its effective implementation. Only in the rarest cases does Tiri also advocate changes in legislation and policy.

### Review of Activities and Achievements

2005/06 was Tiri's most challenging year to date, operationally, substantively as well as in terms of fund raising. Most NGOs – and a majority of start-up businesses – fail to make the transition from the second to the third year of operation. Tiri has navigated this transition with a number of successful and interesting achievements over the past year. The work programme continues to emphasize two major programmes – the Public Integrity Education Network (PIEN) and the Network for Integrity in Reconstruction (NIR) – as well as nurturing our other programmes and supporting the development of one major new programme over the past year – integrity@work™ – a public sector ethics resource being pioneered in Nigeria that will be extended to other countries over the coming years.

#### A. Policy Networks

##### *Network for Integrity in Reconstruction*

The international donor community is in the midst of a debate on the extent to which donor organisations should work together with the state in post-war settings. International exchange programmes are being set up to facilitate lesson learning and the exchange of the practical experience between finance ministers for example. What is needed in addition to these efforts, to significantly increase the capacity of post-war countries to find their own way towards reconstructing their war-torn states and societies, is to give civil society in those countries the tools to participate in a constructive and substantive manner by creating an applied knowledge network to facilitate the development of in-country, independent and informed research and monitoring, from the ground up.

Local capacities are notoriously weak after war. Even in the most developed post-war states, the leaders of the winning party go into the higher echelons of government, the best and the brightest of the Diaspora find work with the international financial institutions and bilateral donors, while a host of local talent is absorbed by the aid economy created in the first flush of the reconstruction efforts as translators, drivers, and other service industry employment. In post war settings, in addition to being crippled by the war, civil society is doubly weakened.

The Integrity in Reconstruction programme started in May 2005 with a three-fold aim, to

- Produce policy-relevant research and case studies on a previously under-researched yet critical issue – integrity in post-war reconstruction – to be published in early 2007;
- Facilitate a network of informed civil society leaders from post-war countries ready to take a lead in advocating and advancing integrity reforms;
- Build a constituency of committed donors who in turn share their approach, policy problems and solutions and help turn practical policy recommendations into action.

## Review of Activities and Achievements (continued)

### A. Policy Networks (continued)

Minimal knowledge transfer takes place between civil society organisations from post-war countries. While the international aid community benefits from comparative experience, with lessons learned from one post-war reconstruction setting to the other (typically, in direct chronological order, whereby the early stages of the reconstruction in Kosovo were most affected by lessons learned in Bosnia, and oftentimes were led by the same officials; as for Timor Leste and Afghanistan and over the past 15 years.), civil society organisations from affected countries do not benefit from this comparative outlook and as a result can provide little or no leverage, advocacy or monitoring to improve governance effectiveness within their countries. The Network on Integrity in Reconstruction (NIR) is born out of this need.

In total, according to initial findings, reconstruction aid to the eight countries Tiri is working with amounts to ca. \$65bn. At the height of the post-war reconstruction period, Bosnia Herzegovina received close to \$25bn in total assistance (between 1995 and 2000), Afghanistan received \$7.8bn for the period 2002 to Dec 2005, while Mozambique received \$1.1bn a year (from 1990 to 1997) and Sierra Leone \$1.1bn since 2002. In each of these settings, transparency and accountability are low, and examples abound of projects where funds remain unaccounted. One example: out of \$7m spent on a major road project in Afghanistan uncovered by our local partner, only \$4m can be accounted for.

The scale of the operations as well as the degree of anecdotal evidence of corruption pointed to the need for a systematic, comparative study of the specific opportunities for corruption provided by the reconstruction process. While it is not feasible to assign a fixed amount on the funds lost to corruption in reconstruction, it is possible to identify the opportunities and systems that create an enabling environment for corruption and use these to identify policy solutions.

The eight country partners in the Network for Integrity in Reconstruction (NIR) were recruited in the previous year. The country partners are the following:

- Afghanistan: Integrity Watch Afghanistan (IWA)
- Bosnia: Independent Bureau for Humanitarian Issues
- Kosovo: Kosovar Initiative for Stability (IKS)
- Lebanon: Lebanese Transparency Association; Lebanese Center for Policy Studies
- Mozambique: Centro de Integridad Publica
- Palestine: AMAN Coalition
- Sierra Leone: National Accountability Group
- Timor Leste: Timorese Institute for Development Studies

Funding for NIR comes from the Open Society Institute, Norad and CIDA. The Associate Programme Director of NIR is Martin Tisné (martin.tisne@tiri.org).

**Review of Activities and Achievements** (continued)

A. Policy Networks (continued)

*Judicial Integrity Group*

The 4th Meeting of the Judicial Integrity Group (JIG) was held in Vienna in October 2005. At the meeting a draft resolution relating to the Bangalore Principles of Judicial Conduct was approved for presentation to the UN Commission on Crime Prevention and Criminal Justice. It was presented by the Delegation of Nigeria at the meeting of the Commission held in Vienna in late April 2005. The Commission unanimously adopted a resolution, with the delegations of Egypt, France, Germany and the Philippines joining in as co-sponsors. The resolution, which is entitled "Strengthening Basic Principles of Judicial Conduct", inter alia:

- Invites Member States, consistent with their domestic legal systems, to encourage their judiciaries to take into consideration the Bangalore Principles of Judicial Conduct when reviewing or developing rules with respect to the professional and ethical conduct of members of the judiciary.
- Emphasizes that the Bangalore Principles of Judicial Conduct represent a further development and are complementary to the UN Basic Principles on the Independence of the Judiciary.
- Acknowledges the important work carried out by the Judicial Group on Strengthening Judicial Integrity (Judicial Integrity Group) under the auspices of UNODC that contribute to the development and dissemination of standards and measures to strengthen judicial independence, impartiality and integrity.
- Requests UNODC to continue to support the work of the Judicial Integrity Group.
- Expresses appreciation to Member States that have made voluntary contributions to UNODC in support of the work of the Judicial Integrity Group.
- Invites Member States to make voluntary contributions, as appropriate, to the UN Crime Prevention and Criminal Justice Fund to support the Judicial Integrity Group.
- Invites Member States to submit to the Secretary-General their views regarding the Bangalore Principles of Judicial Conduct and to suggest revisions, as appropriate.
- Requests UNODC to convene an open-ended intergovernmental expert group, in co-operation with the Judicial Integrity Group, to develop a technical guide to be used in providing technical assistance aimed at strengthening judicial integrity and capacity, as well as a Commentary on the Bangalore Principles of Judicial Conduct, taking into account the views expressed and the revisions suggested by Member States.
- Requests the Secretary-General to report to the Commission on Crime Prevention and Criminal Justice at its 16th session on the implementation of the resolution.

The JIG continues to be co-ordinated by Dr Nihal Jayawickrama and to be further supported by Jeremy Pope ([jeremy.pope@tiri.org](mailto:jeremy.pope@tiri.org)).

**Review of Activities and Achievements** (continued)

A. Policy Networks (continued)

*Cambridge Group of Election Commissioners*

Tiri hosted Shri TS Krishnamurthy, former Chief Election Commissioner of India, and member of the Cambridge Group, was a high level advisor to the Palestinian January 2006 legislative elections. He produced a report on the sustainability and long-term operations of the Palestinian Central Election Commission.

The 5th Cambridge Conference of Chief Election Commissioners in the Commonwealth on Electoral Democracy took place 13-15 July 2006 in Cambridge under the joint auspices of the MCSC and Tiri. This year's theme was 'Electoral Democracy in Plural Societies'. The participating commissioners gave detailed reports on recent elections in India, South Africa, Pakistan and elections preparations, e.g. in Guyana and the Democratic Republic of Congo. The participants agreed to move the efforts of the Cambridge Group from sharing ideas and views at the annual meeting to a more practical level of support and advice to Commonwealth and other countries. Tiri was asked to facilitate this process of creating an adequate body, which will exist in addition to the Cambridge Group.

The third day of the conference was dedicated to an informal Africa workshop discussing further aspects of a South-South cooperation to identify demands for support and the scope for collaboration with the Association of African Election Authorities (AAEA).

For more information on the work of the Cambridge Group contact Fredrik Galtung ([fredrik.galtung@tiri.org](mailto:fredrik.galtung@tiri.org)).

## Review of Activities and Achievements (continued)

### B. Capacity Development and Advice

#### *Public Integrity Education Network (PIEN)*

The objective for the Public Integrity Education Network (PIEN) over 2005/06 was to develop and test its methodology for the sustainable development of new knowledge and codification into course material for mainstream higher and professional education. PIEN has been active in establishing pro-integrity courses in some of the world's most challenging regions. The core PIEN activities were:

- Research: Scoping studies provide a view of the reform process, its organisations and instruments in the recent past. They provide a contextual framework for network building and needs analysis.
- Network development: Identifying partners and providing initial input into a collaborative process is the essential building block for creating the distributed structure on which PIEN depends.
- Curriculum development workshops: These workshops are central to assisting the rapid development of priority course materials.
- Online tools and resources: The ability to access peers, and resources as conveniently as possible is the goal of PIEN web based services.
- Collection of existing case materials: An audit of existing cases has been conducted and an initial database made available on TiriWeb.
- Specialised workshops and course delivery

The infrastructure for PIEN's organisational learning and delivery are the participating universities. These are increasingly being facilitated and supported through sub-networks, both at a national and regional level. The networks tend to include between 5 and 15 institutions. Large countries can easily sustain a national network. Smaller countries benefit by being able to work with other universities facing similar historical, social conditions, and often sharing common languages and legal and administrative traditions.

PIEN Middle East, North Africa: This sub-network puts PIEN at the vanguard to reform in the MENA region. The high profile partnership with the World Bank Institute and support from the Ford Foundation has enabled PIEN to rapidly develop in the MENA region. Ten national scoping studies have been conducted, and two Curriculum Development Workshops were carried out in 2006, with four more scheduled for the coming year.

MENA PIEN was informally launched in April 2006 at the Mediterranean Development Forum in Beirut. A draft curriculum for the region was developed with a regional working group. A masters course in Administration and Governance is launched in Morocco, and new courses based on the regional curriculum are being run in Kuwait and Jordan. The Ford Foundation was willing to significantly increase its commitments to MENA-PIEN based on the past year's achievements.

**Review of Activities and Achievements** (continued)

B. Capacity Development and Advice (continued)

PIEN China: PIEN China includes nine of the country's top universities. They are developing core curriculum materials jointly as well as a range of case studies. The effort is being facilitated by Tsinghua University. The case studies will be translated into English in 2007. A text book on anti-corruption is nearly complete. Seven of the nine members have created research centres for Anti-Corruption. C-PIEN is recognised as China's foremost network developing knowledge and skills for combating corruption.

PIEN Central & Eastern Europe, Central Asia, Russia: Several universities participated in the two PIEN consultations; more have taken part in two curriculum development workshops hosted by the CEU's Curriculum Resource Center with PIEN; others participated in the 2006 CEU summer school and will take part in the 2007 summer school. PIEN is directly facilitating curriculum development in Serbia and Bulgaria.

PIEN Lusophone: The Lusophone (Portuguese speaking) sub-network has joined members from four continents (in South America, Europe, Africa and Asia) to produce three introductory courses over TiriWeb. It has done this with no external resources and needs some support in order to maintain the level of activity and focus, particularly in the development of case materials and other course development activity. Initial courses are being developed for delivery 'on-line' through Tiri's web resources.

PIEN Africa: The universities are under-resourced as are the advocacy and research communities in much of Africa. In 2006/07, PIEN will focus on the development of at least two sub-networks in Africa, in Nigeria and Southern Africa.

PIEN Latin America: This is one of the under-represented regions in PIEN. Because of the strength of many Latin American universities and the breadth of valuable experiences gained in this region for the past decade, PIEN should be able to engage a range of universities in the region in a relatively short time. Moreover, much would be gained in other regions by codifying and sharing experiences from Latin America.

PIEN in South Asia: There is strong interest among several universities in different countries in South Asia to start a regional and or national PIEN sub-networks. In spite of the richness of civil action on anti-corruption, right to information, accountability, etc. the only university with a dedicated specialised course at present is BRAC University in Bangladesh.

PIEN courses have tended to be in the fields of public administration, political science, and other social sciences. In order to broaden the source of reform knowledge being used in courses PIEN has sought links with NGOs and think-tanks working in the field. The pilot project currently under way involves the Revenue Watch Institute and the Central European University.

## Review of Activities and Achievements (continued)

### B. Capacity Development and Advice (continued)

Content partners in this process are listed below:

- Commonwealth Legal Education Association
- International Budget Project
- International Association of Prosecutors
- Network for Integrity in Reconstruction
- Revenue Watch Institute
- U4 Anti-Corruption Resource Centre
- World Bank Institute
- PIEN and the U4 anti-Corruption Resource Centre

The U4 group of donors fund a corruption resource centre at the prestigious CMI institute in Norway ([www.u4.no](http://www.u4.no)). PIEN has been engaged to partner U4 in providing workshops to donors in a number of countries. This collaboration is increasingly deep and high profile. The workshops have enabled PIEN to engage with new PIEN members where funding would otherwise not have permitted. (more details below)

#### *TiriWeb*

TiriWeb is an innovative approach to help networks to work together and build and share knowledge. The first version, based on a forum site was not well adapted to this actual need, but provided valuable learning. The version developed towards the end of 2006 received better feedback and has also provided Tiri a valuable asset with potential for development as an online learning tool. The ability of PIEN and Tiri to use this technology to support its activities has become a key part of its efforts to provide low cost and flexible solutions to network development and maintenance.

PIEN receives funding from a variety of sources, including the Open Society Institute, the Ford Foundation, and the World Bank Institute. PIEN's programme director is Nick Duncan ([nick.duncan@tiri.org](mailto:nick.duncan@tiri.org)).

#### *integrity@work™*

This public sector ethics and integrity programme provides an innovative, competency-based, capacity building resource for public officials and others who have dealings with government agencies. The principal application of the resource is to build the 'ethical competence' of public officials, and public managers in particular, so that they may understand, interpret, and apply, the professional ethics and integrity standards of their organisations reliably and effectively.

This new approach to ethics training is based on the use of structured video case-scenarios, which show realistic problem situations in the context provided by the country's administrative institutions and practices, law, and cultural norms. The particular issues to be covered by the case scenarios are identified initially in-country, by focus groups and partner agencies.

## Review of Activities and Achievements (continued)

### B. Capacity Development and Advice (continued)

Designed on established adult learning principles, this resource-based approach ensures that participants master the skills of problem-identification and resolution, values clarification, and decision-justification.

A testing regime is able to identify those participants who are competent to recognise and deal effectively with emerging integrity and corruption issues, measured against relevant objective standards such as law, government policy, and norms of professional responsibility. Without such competence officials at all levels may be an integrity risk to the government, their organisation, themselves, their staff, and citizens. Ethically incompetent or negligent officials may also enable incompetence, corruption, illegality and other abuses to flourish unchecked.

In addition, the competency-based approach can be applied diagnostically to an organisation as a whole, to identify areas where there is a risk to the integrity of the organisation because of a lack of staff competence to identify problem situations, or to manage and enforce required integrity standards.

The competency-based learning process can readily be managed centrally and linked to an organisation's learning needs analysis and individual performance management processes, such as promotion and assignment to managerial positions, if desired.

The program can be delivered in a variety of forms, from face-to-face workshops to on-line self-directed learning. This training methodology was developed initially in Australia, and has now been successfully adapted for use in a number of countries in Africa and Europe.

In 2006 Tiri started a pioneering effort to adapt this technology for use in Nigeria. This work was developed in partnership with Dr Goke Adegoroye, Director General of the Bureau for Public Service Reform of the Federal Government of Nigeria. The work was supported by DFID and Norad. The programme is led by Howard Whitton, Programme Director Ethics ([howard.whitton@tiri.org](mailto:howard.whitton@tiri.org)). The Nigerian resource will be completed in January 2007.

#### *Training Workshops: Afghanistan, Palestine, Georgia, Egypt*

Tiri reached an agreement with the U4 Anti-Corruption Resource Center at the Christian Michelsen Institute in Bergen, Norway, to conduct three workshops to train local researchers in the skills to undertake corruption and anti corruption research in Afghanistan, Palestine and Yemen in 2006. The aim of the first course was to build the capacity of local Afghan researchers in the skills necessary to conduct evidence-based anti-corruption research. Through a partnership with Kabul University, it is hoped that these skills will later be taught by the university, with support provided by PIEN and regional universities. The second Afghan course was designed to support government officials involved in anti-corruption work by providing training in strategic approaches to integrity and reform.

**Review of Activities and Achievements** (continued)

B. Capacity Development and Advice (continued)

The second country workshop was held in Ramallah, Palestine, in September, and was designed to provide increased skills to bilateral donors active in the country.

The third workshop took place in Yemen in November 2006. The partnership with U4-CMI continues in 2006/07.

A training workshop was also held in Tbilisi, Georgia, in March 2006 for high-ranking public officials in partnership with the Caucasus School of Business in Georgia (a PIEN member).

In June Tiri ran a high level a workshop with the Egyptian Ministry of Investments, the Ministry of Administrative Reform and the heads of all the Egyptian organisations of oversight. The workshop was attended by former Latvian Prime Minister Valdis Birkavs funded by the World Bank Institute.

For more information on Tiri's training workshops please contact Nick Duncan (nick.duncan@tiri.org).

*Anti-Corruption Case Law Reporter*

Together with Professor John Hatchard of the Open University and the Commonwealth Legal Education Association, Tiri publishes a biannual compendium of case law from Common Law countries. The Reporter is available from [www.tiri.org](http://www.tiri.org). For more information on the Reporter contact Jeremy Pope ([jeremy.pope@tiri.org](mailto:jeremy.pope@tiri.org)).

## Review of Activities and Achievements (continued)

### C. Monitoring and Measuring Reforms

#### *Georgia: Integrity System Mapping*

Tiri continued to support a country wide integrity system mapping project in Georgia in partnership with Griffiths University in Australia and the Georgian Young Lawyer's Association, the Caucasus Institute, and TI Georgia. The effort is supported by the Local Government Initiative of the Open Society Institute and the Open Society Georgia Foundation. The integrity system mapping will be completed in early 2007 and will be published in both English and Georgian. For more information contact Martin Tisné ([martin.tisne@tiri.org](mailto:martin.tisne@tiri.org)).

#### *Integrity and Anti-Corruption Reform Web Search Tool*

Tiri secured a small grant from Norad to undertake an innovative web-based project: a dedicated crawler to trawl the web daily for organisations and projects dedicated to integrity and anti-corruption reforms. This will be a public resource available through [www.tiri.org](http://www.tiri.org). The web crawler is the first step in a project to make knowledge on integrity and reform more accessible and to make contacts between people working in the field easier to establish. It has some unique features. It

- Provides a single point of search for material on integrity related topics
- Sorts hits according to key word and by site (e.g. World Bank articles on indicators)
- Provides a list of email addresses from the search which can be saved (e.g. who is working)
- Telephone numbers related to search terms.

This sort of processing of the large amount of data available makes coordination significantly easier. The site will go live in early 2007. Further enhancements are planned for 2007.

#### *Internal MIS*

Essential to the management of a highly mobile and dispersed organisation such as Tiri is the ability to manage and communicate in a highly flexible manner. This year Tiri installed a fully featured online contact management system. This software is open source and provides much needed flexibility to manage the presentation of Tiri and the relationships on which it depends. For more information contact Nick Duncan ([nick.duncan@tiri.org](mailto:nick.duncan@tiri.org)).

## **Reserves policy and financial position**

### **Reserves policy**

The Board are in the process of examining the requirement of establishing a target level of unrestricted reserves in order for the company to have adequate working capital to respond to unforeseen shortfalls in cash resources in the future. The current proposal is that the company's target level of unrestricted 'free reserves' is equivalent to 6 months annual expenditure on core funding. Based on the values as at 30 September 2006 the level of free reserves should be approximately £166,000.

### **Financial position**

The balance sheet shows total funds of £53,189.

General funds of the company at 30 September 2006 total £41,225 deficit. These funds are represented by tangible fixed assets with a net book value of £1,423 and 'free reserves' of £42,648 deficit.

The directors consider that this level of free reserves falls short of their desired level as set out in the company's reserve policy above and in particular with a free reserve deficit at the year end. However the directors anticipate that that free reserves balance will replenish itself over the next financial year by way of further fundraising initiatives and better cost control.

Also included in total funds is a restricted fund balance of £94,414. This balance will be used in the next accounting period, and its use restricted to specific purposes. Full details of these restricted funds can be found in note 10 to the accounts together with an analysis of movements in the year.

### **Risk management**

The directors are presently considering the company's risk assessment which highlights the major risks to which the company is exposed, in particular those relating to the specific operational areas of the company and its finances. The directors will review the risk assessment on a periodic basis to ensure that they are aware of all business risks of the company and that they are satisfied that the control procedures are adequate to mitigate these risks.

### **The company's assets**

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts, and as at 30 September 2006 the net book value of fixed assets held by the company was £1,423.

### Directors

Each director has taken responsibility for monitoring the company's activities in specific operational areas and constant regard is had to the skills mix of the trustees to ensure that the board of directors has all the necessary skills required to contribute fully to the company's development.

The following directors were in office at 30 September 2006 and served throughout the year, except where shown.

Director	Appointed / Resigned
A L Karney (chair)	
J P Carver CBE	
J J Corballis	Resigned 4 December 2006
S Beg	
E Cotran	
R Sankar	
C Short	Appointed 4 December 2006

### Company secretary

Martin Tisne

### Senior executives

Name	Position
Fredrik Galtung	Chief Executive
Jeremy Pope	Policy Director

### Other Staff members

Name	Position
Martin Tisné, Associate Programme Director	Joined as Programme Manager in 2004
Imran Ahmad, Director of Regional Development	Joined in 2005
Nick Duncan, Programme Director	Joined as Programme Manager in 2005
Hani Hindiyeh, Programme Assistant	Joined in 2005
Michael Kyriakides, Director of Finance*	Joined in 2005
Rana Malki, Programme Manager	Joined in 2005, left in 2006
Nicole Neumeister, Programme Manager	Joined in 2006
Eiji Oyamada, Director of Regional Development*	Joined in 2006
Howard Whitton, Programme Director	Joined in 2006

\* Part-time

**Statement of directors' responsibilities**

Company law requires the company to prepare accounts, which give a true and fair view of the state of affairs of the company at the end of the financial year and of its surplus or deficit for the financial year. In preparing accounts giving a true and fair view, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enables them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that so far as they are aware, there is no relevant audit information of which Tiri's auditors are unaware. They have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that Tiri's auditors are aware of that information.

**Auditors**

Buzzacott will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approved by the Board and signed on their behalf by:



Fredrik Galtung  
Chief Executive  
Date: 27 February 2007

**Report of the independent auditors to the members of Tiri**

We have audited the accounts on pages 18 to 27 which have been prepared under the historical cost convention and the accounting policies set out on page 22.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described on page 15 the directors are responsible for the preparation of the directors' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charity's state of affairs as at 30 September 2006 and of its incoming resources and application of resources, in the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Buzzacott  
Chartered Accountants and Registered Auditors  
12 New Fetter Lane  
London  
EC4A 1AG

**Statement of financial activities** Year to 30 September 2006

	Notes	Unrestricted funds £	Restricted funds £	<b>2006 Total funds £</b>	2005 Total funds £
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Incoming resources from generated funds					
. Grants	1	—	363,040	<b>363,040</b>	483,154
Incoming resources from charitable activities					
. Fees		66,850	—	<b>66,850</b>	73,071
Other income:					
. Interest		1,332	—	<b>1,332</b>	2,314
<b>Total incoming resources</b>		<b>68,182</b>	<b>363,040</b>	<b>431,222</b>	558,539
<b>Cost of generating funds</b>		<b>11,519</b>	<b>—</b>	<b>11,519</b>	21,014
<b>Net incoming resources available for charitable application</b>		<b>56,663</b>	<b>363,040</b>	<b>419,703</b>	537,525
<b>Resources Expended</b>					
<b>Charitable expenditure</b>					
Cost of charitable activities					
. Capacity development		89,556	292,546	<b>382,102</b>	202,616
. Implementation and enforcement		23,107	184,830	<b>207,937</b>	114,692
. Measuring and monitoring		5,698	18,914	<b>24,612</b>	20,970
. Governance costs		5,356	—	<b>5,356</b>	6,114
<b>Total charitable expenditure</b>		<b>123,717</b>	<b>496,290</b>	<b>620,007</b>	344,392
<b>Total resources expended</b>	2	<b>135,236</b>	<b>496,290</b>	<b>631,526</b>	365,406
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(67,054)</b>	<b>(133,250)</b>	<b>(200,304)</b>	193,133
Transfer of funds		(20,724)	20,724	—	—
<b>Net (outgoing)/incoming resources after transfers</b>		<b>(87,778)</b>	<b>(112,526)</b>	<b>(200,304)</b>	193,133
<b>Fund balances at 1 October 2005</b>		46,553	206,940	<b>253,493</b>	60,360
<b>Fund balances at 30 September 2006</b>		(41,225)	94,414	<b>53,189</b>	253,493

**Balance sheet** 30 September 2006

	Notes	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	6		<b>1,423</b>		3,138
Current assets					
Debtors	7	<b>17,900</b>		12,093	
Cash at bank and in hand		<b>288,994</b>		305,673	
		<b>306,894</b>		317,766	
Creditors: amounts falling due within one year	8	<b>255,128</b>		67,411	
			<b>51,766</b>		250,355
Total net assets			<b>53,189</b>		253,493
Represented by:					
Funds					
Unrestricted funds	9		<b>(41,225)</b>		46,553
Restricted funds	10		<b>94,414</b>		206,940
			<b>53,189</b>		253,493

Approved by the Board  
and signed on their behalf by:



A. L. Karney  
Director

Date: 27 February 2007

### **Basis of accounting**

The accounts have been prepared under the historical cost convention, and in accordance with the requirements of the Companies Act 1985 and applicable accounting standards.

The directors have followed the principal requirements of the Statement of Recommended Practice “Accounting and Reporting by Charities” (SORP 2005) as they believe that, given the activities undertaken, this better presents a true and fair view of this company’s activities and state of affairs than the formats prescribed in Schedule IV to the Companies Act 1985.

### **Going concern**

The financial statements have been prepared on the going concern basis. At 30 September 2006 the company’s unrestricted funds were in deficit. The directors anticipate, however that the unrestricted fund balance will replenish itself over the next financial year by way of further fundraising initiatives and better cost control, and therefore believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments to assets or provisions for liabilities that would result from the basis of preparation being inappropriate.

### **Incoming resources and resources expended**

Restricted income is recognised when receivable. All other income and non grant-making expenditure is recognised on an accruals basis as goods and services are delivered or performed. Grants payable are recognised as expenditure when a binding commitment has been entered into.

### **Tangible fixed assets**

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised. Depreciation is at the following annual rates in order to write assets off over their estimated useful lives:

- Computer equipment 50% per annum based on cost
- Fixtures and Fittings 50% per annum based on cost

### **Restricted funds**

Income received for purposes specified by the donor are shown as restricted fund income in the statement of financial activities. Expenditure for the purposes specified is applied to the relevant fund and any unexpended amount at the balance sheet date is carried forward within restricted funds.

### **Cash flow**

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 “Cash flow statements”.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

**Allocation of staff and overhead costs**

Staff and overhead costs are apportioned between projects according to the amount of time spent by each member of staff on each respective activity.

**1 Grants receivable**

	<b>2006</b>	2005
	<b>£</b>	£
Restricted		
Stiftung Open Society	<b>291,074</b>	246,386
Canadian Int. Development Agency (CIDA)	<b>3,951</b>	10,419
Norwegian Agency for Development Cooperation (NORAD)	<b>91,460</b>	85,934
Department for International Development (DFID)	<b>110,000</b>	—
Syed Babar Ali Foundation	—	13,431
Ford Foundation (Cairo Office)	—	52,411
United Nations Development Programme (UNDP)	<b>11,667</b>	1,475
World Bank Institute	<b>11,076</b>	—
Cambridge Commonwealth Trust	<b>20,000</b>	—
Christian Michelsen Institute (CMI)	<b>7,337</b>	—
	<b>546,565</b>	410,056
Add/(Less): deferred income – Stiftung Open Society	<b>(183,525)</b>	73,098
	<b>363,040</b>	483,154
Total grants receivable	<b>363,040</b>	483,154

**2 Resources expended**

	Fundraising and programme development £	Capacity development £	Implementa- tion & enforce- ment £	Measuring & monitoring £	Governance £	2006 £	2005 £
Unrestricted					—		
. Direct project costs	—	43,234	3,060	2,725	—	<b>49,019</b>	33,036
. Apportioned support costs							
.. Staff costs	—	19,017	4,990	1,218	—	<b>25,225</b>	50,153
.. Travel	857	1,240	685	80	303	<b>3,165</b>	—
.. Computer costs	—	3,883	2,147	250	—	<b>6,280</b>	—
.. Printing Postage & Stationery	—	2,621	1,449	169	—	<b>4,239</b>	—
.. Other office costs	—	7,100	3,925	457	—	<b>11,482</b>	—
.. Audit & accountancy	—	6,527	3,608	421	5,053	<b>15,609</b>	—
.. Sundries	10,662	2,112	1,130	132	—	<b>14,036</b>	(4,602)
Foreign Exchange differences	—	3,822	2,113	246	—	<b>6,181</b>	—
	<u>11,519</u>	<u>89,556</u>	<u>23,107</u>	<u>5,698</u>	<u>5,356</u>	<b>135,236</b>	<u>78,587</u>
Restricted							
. Direct project costs	—	132,800	92,080	10,418	—	<b>235,298</b>	146,960
. Apportioned support costs							
.. Staff costs	—	119,679	69,895	5,714	—	<b>195,288</b>	72,079
.. Travel	—	1,821	1,039	126	—	<b>2,986</b>	3,577
.. Computer costs	—	5,704	3,253	396	—	<b>9,353</b>	2,943
.. Printing Postage & Stationery	—	3,850	2,196	267	—	<b>6,313</b>	14,109
.. Other office costs	—	10,427	5,948	724	—	<b>17,099</b>	12,828
.. Audit & accountancy	—	9,587	5,468	666	—	<b>15,721</b>	25,750
Foreign Exchange differences	—	3,064	1,749	212	—	<b>5,025</b>	8,573
.. Sundries	—	5,614	3,202	391	—	<b>9,207</b>	—
	<u>—</u>	<u>292,546</u>	<u>184,830</u>	<u>18,914</u>	<u>—</u>	<b>496,290</b>	<u>286,819</u>
Total expenditure	<u>11,519</u>	<u>382,102</u>	<u>207,937</u>	<u>24,612</u>	<u>5,356</u>	<b>631,526</b>	<u>365,406</u>

Overheads and staff costs are apportioned to the various activities based on a percentage of staff time. The percentage of staff time spent on the different activities is calculated using the number of days worked on each activity out of the number of days worked in the year.

**Included in the above are the following:**

	2006 £	2005 £
Depreciation of tangible fixed assets	<b>4,562</b>	7,269
Auditors' remuneration		
. Audit	<b>7,989</b>	2,938
. Other services	<b>4,113</b>	793

**3 Staff costs**

	<b>2006</b>	2005
	<b>£</b>	£
Wages and salaries	<b>217,160</b>	117,778
Social security costs	<b>3,353</b>	3,902
	<b>220,513</b>	121,680

The average number of employees throughout the year was:

	<b>2006</b>	2005
	<b>Number</b>	Number
Project workers	<b>4.5</b>	3.5
Admin staff	<b>1.0</b>	0.5
	<b>5.5</b>	4.0

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	<b>2006</b>	2005
	<b>Number</b>	Number
£80,000 - £89,999	<b>1</b>	1

**4 Directors' remuneration**

	<b>2006</b>	2005
	<b>£</b>	£
Directors emoluments	<b>—</b>	24,000

The above emoluments were paid to Messrs F Galtung and J Pope prior to their resignation as directors in April 2005.

**5 Taxation**

Tiri has applied for registration as a charity. The company is not subject to corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to charities.

**6 Tangible fixed assets**

	Fixtures & Fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 October 2005	4,256	10,281	14,537
Additions in the year	695	2,150	2,845
At 30 September 2006	4,951	12,431	17,382
Depreciation			
At 1 October 2005	2,128	9,271	11,399
Charge for year	2,474	2,086	4,560
At 30 September 2006	4,602	11,357	15,959
Net book values			
At 30 September 2006	349	1,074	1,423
At 30 September 2005	2,128	1,010	3,138

**7 Debtors**

	2006 £	2005 £
Other debtors	10,080	5,677
Prepayments and accrued income	7,820	6,416
	17,900	12,093

**8 Creditors: amounts falling due within one year**

	2006 £	2005 £
Expense creditors	48,252	61,536
Deferred income (see note 1)	183,525	—
Accruals	23,351	5,875
	255,128	67,411

**9 Unrestricted funds**

	At 1 October 2005 £	Incoming resources £	Resources expended & transfers £	At 30 September 2006 £
General purposes	46,553	68,182	155,960	(41,225)

## 10 Restricted funds

	At 1 October 2005 £	Incoming resources £	Resources expended & transfers £	At 30 September 2006 £
Capacity development				
PIEN	70,548	68,894	126,457	12,985
integrity@work™	—	110,000	89,507	20,493
Georgia Training	16,914	15,786	29,054	3,646
Implementation and enforcement				
Network for Integrity and Reconstruction	107,526	122,772	167,773	62,525
Measuring and Monitoring Georgia Mapping	11,952	—	17,187	(5,235)
Core funding – OSI & UNDP	—	45,588	45,588	—
	<u>206,940</u>	<u>363,040</u>	<u>475,566</u>	<u>94,414</u>

PIEN: a university network to introduce practical courses on anti-corruption and integrity reform. During the year this project had a deficit balance of £20,724 and this sum was transferred to unrestricted funds prior to the year-end.

integrity@work™: an interactive, video-based capacity-raising tool for ethical competence in the public service.

Georgia Training: intensive training for senior public sector officials on integrity reform strategies.

NIR: a civil society network committed to raising levels of integrity in reconstruction to contribute towards reducing the likelihood of countries reverting to violent conflict.

Georgia Mapping: an analysis of the national integrity system, to assess both what works and what doesn't and how agencies interact with each other.

At 30 September 2006, the Georgia Mapping project was in deficit; however income for this project expected to be received in 2007, in order to replenish this fund.

## 11 Analysis of net assets over funds

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	1,423	—	<b>1,423</b>
Net current assets	(42,648)	94,414	<b>51,766</b>
	<b>(41,225)</b>	<b>94,414</b>	<b>53,189</b>

**12 Commitments under operating leases**

As at 30 September 2006 the company has annual commitments under non-cancellable operating leases as set out below:

	<b>2006</b>	2005
	<b>Land and</b>	Land and
	<b>buildings</b>	buildings
	<b>£</b>	£
Operating leases which expire:		
Within one year	—	—
In two and five years	<b>18,367</b>	—
	<b>18,367</b>	—



Tiri gratefully acknowledges the financial support obtained for its work from a range of organisations since 2003. Tiri works in close partnership with all major stakeholders in the integrity reform process, from public to the private sector. Tiri does not receive direct core financial support from corporations or governments.

*Major Funding Partners*

- Aga Khan Foundation
- Ford Foundation (Cairo Office)
- Norwegian Agency for Development Cooperation (Norad)
- Open Society Institute (OSI)

*Foundations, Trusts, and other*

- British Council
- Cambridge Overseas Trust
- Central European University Summer School
- CEU Curriculum Resource Center
- Local Government and Public Service Reform Initiative (LGI)
- Malaysian Commonwealth Studies Centre
- Open Society Georgia Foundation
- Open Society Latin America Program
- Syed Babar Ali Foundation
- U4 Anti-Corruption Resource Center (U4 CMI)

*Governments*

- Australian Aid Agency (AusAid)
- Canadian International Development Agency (CIDA)
- Department for International Development (DFID)
- Government of Nigeria
- Government of Pakistan
- Royal Norwegian Ministry of Foreign Affairs

*Inter-Governmental Organisations*

- European Commission
- Organisation for Security and Cooperation in Europe (OSCE)
- UNDP Malaysia
- UNDP Philippines
- UNDP Programme of Assistance to the Palestinian People
- United Nations Development Programme (UNDP)
- United Nations Office on Drugs and Crime (UNODC)
- United Nations Volunteers (UNV)
- World Bank
- World Bank Institute



The open, transparent orange book is the logo for the Public Integrity Education Network (PIEN), one of Tiri's major programmes. PIEN works with universities and civil service training institutions around the world to facilitate the introduction of practical, evidence based courses on integrity, governance and reform.



## ANNUAL REPORT AND ACCOUNTS 2006

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