

Tiri: Making Integrity Work

Annual Report and Financial Statements

The year to 30 September 2011

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Legal and Administrative information

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Company registration number	4884328 (England and Wales)
Charity registration number	1120927
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank 60 Queen Victoria Street London EC4N 4TR

Trustees' report 30th September 2011

The Trustees present their statutory report together with the financial statements of Tiri – making integrity work (referred to throughout the remainder of this report as Tiri) for the year ended 30 September 2011.

The financial statements have been prepared in accordance with the accounting policies set out on page 23 therein and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005.

The Objects and the Powers of Tiri are set out in more detail in the Memorandum of Association as amended in May 2009.

Origins and Mission

Tiri is an organisation leading an active network of committed NGOs, universities and policy makers, working closely with governments, media organisations, businesses and their peers to identify ways of making integrity work in some of the world's challenging settings. Tiri was launched in 2003 with the conviction that integrity offers one of the largest opportunities for improvements in sustainable and equitable development. For its partners, Tiri provides opportunities for collaborative learning, project implementation, sharing of experiences and joint advocacy at a level that few organisations in our field can achieve on their own.

Tiri has set itself a goal through 2021 to deliver sustainable, scalable, high impact-responses to concrete integrity problems that can only be achieved through a collaborative partnership informed by independently verifiable evidence. We estimate that less than one percent of investments in development are currently targeted at achieving efficiency and qualitative gains that can be achieved through improvements in integrity or governance. On the other side of the ledger, hundreds of millions of dollars are invested annually to grease and defend the machinery of corrupt transactions.

Anti-corruption initiatives are an essential aspect of sound governance, but this focus alone is too narrow to sustain institutional reform, and it can sometimes have negative, unintended consequences. Top-down, macro governance gains, in turn, e.g. through fairer elections and enhancements in the rule of law, only rarely produce tangible short-term benefits, especially to weak and disenfranchised populations. Nor is it enough to be anti-corruption. The antidotes must be found, jointly developed and implemented.

Our vision, therefore, is for a just and equitable world, where citizens are empowered and integrity is central to vibrant societies. Our mission is to empower citizens to act with and demand integrity, actively taking part in building institutions to promote a state that is open, accountable and responsive to their needs and expectations. Without integrity, measures to safeguard human rights, protect the environment, strengthen democracy, promote social equality and reduce poverty are compromised. In the absence of integrity the corrupt flourish. In our approach, institutionalizing integrity requires the alignment of four factors:

- Accountability: "Enabling stakeholders to check that we do what we say we do"
- Competence: "Doing it well"
- Ethics: "Doing it with honour" and
- Corruption control: "Doing it without corruption"

To achieve its aims, Tiri has four objectives:

- Deliver **high impact, locally driven, scalable responses** to concrete integrity challenges through collaborative partnerships, capacity development and the mobilisation of a critical mass of integrity builders.
- Drive **action learning** by gathering empirical evidence, supporting policy research and independent evaluation, sharing tools and knowledge widely through a network of universities, training institutions and media partners.
- **Engage** policy makers, citizens and institutional leaders, **advocating** for policies and practices, accessing information and setting new integrity standards, where needed.
- Strengthen Tiri and our partners as vibrant organisations **fit for purpose**.

"I know from personal experience that the guardians also need guarding. Self-regulation does not work when the stakes are high. Tiri is playing a critical and leading role in finding innovative ways to empower citizens and NGOs to play this role in ways that are socially constructive." Elizabeth Filkin, former UK parliamentary commissioner for standards, Tiri trustee

In Tiri, one of our main ambitions is to explore ways in which governance structures can become accessible to marginalised groups that have previously been excluded as their ostracism is often a key factor in political conflict and instability. In all our work but particularly in training community monitors we ensure that women and youth are fairly represented and facilitate their participation.

Geographical Focus

Most of our work is concentrated on the following countries.

Africa:	Democratic Republic of Congo, Kenya, Liberia, Nigeria, Sierra Leone, Sudan (North and South), and Uganda.
Asia:	Afghanistan, China, India, Indonesia and Timor Leste.
Europe and Central Asia:	Armenia, Bulgaria, Georgia, Kyrgyzstan and Russia.
Middle East:	Egypt, Jordan, Lebanon and Palestine.

To support our work in the field, Tiri operates from a small office in London and with most staff based in the following locations: Amman, Beijing, Bishkek, East Jerusalem, Jakarta, Nairobi, Ramallah, Tbilisi, and Yerevan.

Approach

The problems we seek to redress are non-linear and highly resilient to change. Major breakthroughs require improved learning, information sharing and collective action. Tiri seeks to combine some of the most innovative work currently being conducted to build integrity in public and private life with high quality research and teaching at top universities and research centres. Tiri is a response to the urgent need to:

- Build integrity both top-down and bottom-up, in a process that empowers citizens and strengthens their transformative capabilities;
- Work directly with local communities, who are best placed to identify local integrity challenges, are fully aware of the local context and how to overcome challenges, and are most likely to identify practical, cost-effective solutions;
- Increase investments in independent monitoring and evaluation; and
- Share findings both within the sector and with the wider public in order to counter the widespread culture of cynicism and defeatism.

Programmes and Achievements

Through our five programmes, built up over the past eight years, we work with complementary, constituent components of an integrity building agenda:

- The **individual** (through the Education programme);
- The **community** (the Post-War Reconstruction, Pro-Poor Integrity, and aspects of the Education programmes);
- Public, private and third sector **organisations** (the Education, Post-War Reconstruction, Pro-Poor Integrity, and Workplace programmes); and
- **Electoral and judicial systems** as key aspects of the constitutional framework (the Democratic Governance and Education programmes).

Because we are seen to provide tangible programmatic benefits at these different levels, we are able to play a bridging role, both top-down and bottom-up, bringing together key constituencies to build integrity more effectively. Notwithstanding the challenges, we are committed to working collaboratively with state institutions. In countries with unelected governments, we employ a range of advocacy techniques and have often succeeded in achieving important gains for the local communities and partners we work with.

“The best short course I’ve been to in 20 years. Before the course, I knew what to say about corruption; after the course, I know what to do about corruption.” Alf Persson, SIPU International

“These two weeks have transformed the way I view governance and integrity and equipped me with ideas and necessary practical skills to implement positive reforms in my organization.” Prof. Wijayanto, Vice Rector of Paramadina University, Indonesia

Integrity Education Network (started in 2004)

We facilitate the largest academic network worldwide focused on empowering universities and national training institutes to teach practical and skills-building integrity courses to prepare future leaders for professional and public life.

- Our education network has 270 universities and integrity-focused NGOs and some 700 affiliated academics in 60 countries. Over 5,000 students in China, and 3,500 students and professionals elsewhere received integrity education last year.
- Tiri hosts a global library of documents on corruption and integrity, some of which have been translated into Arabic, Chinese and other national languages.
- Since 2004, Tiri Integrity School, held annually at the Central European University in Budapest has trained 500 integrity champions. The school has evolved into a leading, global venue for policy makers, donors, academics and practitioners to interact, share knowledge, experiences and motivate each other to spearhead integrity in their work situations.

Network for Integrity in Reconstruction (started in 2005)

The Tiri-led Network for Integrity in Reconstruction (NIR) is a unique network of civil society organisations in post-war settings engaging communities to monitor critical projects and services and advocate for more accountable reconstruction that delivers to their needs. NIR provides organisational support, tools and training, strengthens multi-stakeholder learning and governance, and acts as a policy platform for integrity reform. Across post-war societies, we share a common vision of empowering communities to actively take part in (re)building institutions to promote accountability and effectiveness in aid and the post-war state. The programme's main achievements:

- In the last year alone, 1,400 community monitors were trained in Afghanistan, Democratic Republic of Congo (DRC), Liberia, Nepal, Palestine, and Timor Leste to oversee 160 reconstruction projects worth £30 million.
- In Afghanistan, constructive engagement led to improvements in 61% of cases where community monitors detected serious deficiencies.
- In Eastern Democratic Republic of Congo, community monitors have ensured effective delivery of medicines and water pumps, and continue to engage authorities in monitoring roads, schools and the upcoming elections.
- In Liberia, a network of organisations works with communities in monitoring the Liberia Poverty Reduction Strategy. As a result of their work, the government has agreed to integrate community feedback in its monitoring and evaluation of the strategy.
- In Palestine, the Teacher Creativity Centre has worked with 560 teachers and students in 15 schools to monitor water and waste management projects, and improve municipal policies and procedures.
- In Timor Leste 101,660 people benefited from improved delivery of infrastructure, such as schools, roads, clinics and housing.
- NIR conceived and incubated the "Publish What You Fund" (PWYF) campaign on aid transparency, which played a key role in securing the aid transparency commitments of the Accra Agenda for Action and the International Aid Transparency Initiative. At the end of the year, PWYF has spun off as a separate independent NGO to continue the campaign.

"As human rights activists, we often want to confront the government to demand justice. If it were not for the integrity approach of building trust and credibility, I would be a dead man."
Floribert Kazingufu Kasirusiru,
Fondation Chirezi, DRC

"NIR represents the cutting edge of the field of integrity and corruption in post-war reconstruction." Liz Hart, former USAID Senior Anti-Corruption Advisor and Director of the U4 Anti-Corruption Resource Centre

Pro-Poor Integrity (started in 2008)

The programme identifies innovative ways of empowering civil society in seven countries in Africa, Asia and the Middle East to work collaboratively with state institutions to improve integrity in the delivery of essential services such as education, health, water, sanitation and social protection. Pro-Poor Integrity's major benefit is that it gives citizens a voice and processes for channelling and solving their grievances. The programme has seen:

- Improvements in the delivery of social protection in Kyrgyzstan's mountainous region;
- A modern community health centre built in Boboli district, Sierra Leone;
- More access to education for girls in Kabuli and Bushenyi districts of Uganda;
- Justice for abused girls in Kinango district, Kenya;

"Only with the support of my fellow monitors I could voice my concerns and report corruption." Abu Ali,
Jordan Valley, Palestine

"I will not rest until every one of the school child in my community goes back." Peter Majale, Taru village, Kenya

- Well-digging licenses issued to farmers, which had previously been blocked and a big improvement in solid waste collection in Nablus in the West Bank in Palestine.

Workplace Integrity (started in 2006)

We work with public, private and civil society organisations to strengthen organisation systems, embed business ethics and foster a culture of integrity. We build the capacity of professionals to recognise and implement effectively the ethics and integrity standards of their organisations in the context of relevant laws, institutions, values and work place norms.

- We developed *Integrity@Work™*; a competency-based series of film-based scenarios, piloted in Nigeria and in Indonesia with KPK (the national anti-corruption agency) and the National Ombudsman's Office.
- We raised the institutional integrity of 20 Aga Khan Development Network institutions in eight countries in Africa and Asia.
- The programme supports grassroots activities, in particular through Pro-Poor Integrity.

Democratic Governance (started in 2003)

We empower citizens to assert their human rights through combining access to those in high positions of influence with citizen-led accountability to strengthen integrity in electoral and judicial processes.

- We co-host a gathering of electoral commissioners from around the world, held annually in Cambridge, UK.
- In September 2011, after 2 years of consultations, we launched the Accra Principles for Electoral Justice in Accra, Ghana, in partnership with a newly constituted Electoral Integrity Group composed of leading electoral and judicial authorities from all major regions of the world. The principles will be piloted in Ghana and Sierra Leone (where national elections are due in 2012) as well as in Uganda, where elections were recently held.
- We started legal clinics in Palestine and Uganda with leading law schools and members of the judiciary to introduce practical approaches to legal integrity education.

Publish What You Fund (started in 2008)

Publish What You Fund is an international campaign for aid transparency, which seeks a significant increase in the availability and accessibility of timely, comprehensive and comparable information on aid.

- We urge donors to disclose their aid information regularly and promptly, and in a standardised format that will be comparable with other countries and accessible to all.
- We support greater disclosure of aid information in line with the International Aid Transparency Initiative (IATI) Standard
- We promote the central importance of aid transparency within international discussions on aid effectiveness and freedom of information. Our campaign for aid transparency focuses primarily on the EU, U.S. and World Bank, as the world's largest aid donors.
- In support of our advocacy work we carry out research and monitoring to track the progress of aid transparency in donor countries. We have worked with partners to improve the accessibility of aid information to members of the public, for example a visualisation of aid spending by the UK's Department for International Development.
- At the end of the financial year, we successfully spun off PWYF as a separate independent NGO to continue the campaign.

Public Benefit

When setting the objectives and planning the work of the charity for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

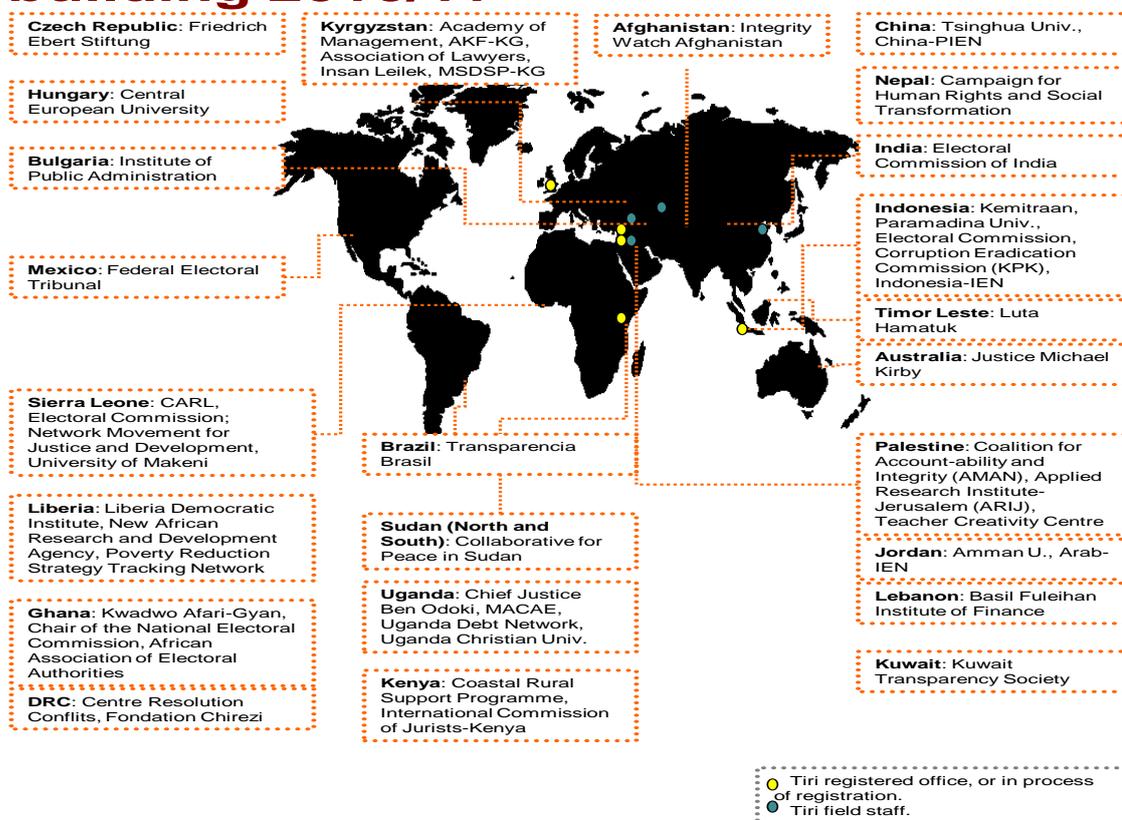
The trustees consider that all of the aims and objectives detailed in this report are there in order to benefit the public. The trustees believe that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission.

Achievements

Tiri has successfully demonstrated impact through the following methods:

- Providing strategic advice on managing corruption risks and implementing integrity reforms.
- Developing resources to support integrity including online tools, manuals, curricula, and an online library of corruption and integrity building materials collected from around the world, which is currently accessible to all our partners.
- Building networks to inform and support anti-corruption programmes, as well as central and decentralised government institutions. We currently have almost 300 education partners, 9 Network for Integrity in Reconstruction partners and 15 jurists within our Electoral Integrity Group. Tiri is currently a key convenor of these networks.
- Producing country studies and policy papers based on findings to inform policy making and aid delivery.
- Skill-building and strategic workshops (including in-country training on integrity in aid, community-led development and community monitoring).
- The Tiri Integrity School, our annual flagship programme attracts professionals from diverse backgrounds and many different countries. We convene policy labs to promote peer review of integrity challenges, practical learning and disseminate successful integrity tools and approaches. We have established a vibrant group of alumni of past students and are creating an interactive forum where they can share and disseminate successful approaches and experiences for the benefit of fellow peers.
- Producing videos to inform civil service management (including our Public Sector Ethics and Integrity training videos).
- Advocacy at both local and international levels, changing policies to reflect a pro-citizen, pro-integrity and pro-transparency agenda so that long-term change can be sustained. We work with our partners in clearly defined campaigns to promote policy changes to deliver to the needs of citizens.

Our key local partners in integrity building 2010/11



Integrity Education Network (IEN) achievement summary table

Programme	Key Achievements
No. of IEN partners	257 active formal partner institutions: 108 Europe and Central Asia; 92 Indonesia; 45 China; 12 Arab World; ~25 others in Memorandum of Understanding signing process
No. of individual scholars in the IEN network	830; 400 China; 200 Indonesia; 30 Arab World; 200 ECA and Africa
No. of students taking integrity courses	22,000 annually
No. of participants in Integrity School 2011 (Budapest)	47 participants from 21 countries (3 donor agencies, 6 government officials, 15 NGO, 19 academics, 4 other)
No. of students attending Tiri Integrity School (2005-2011)	280 students; 60 non-Tiri faculty; 35 Tiri staff
No. Student Integrity Associations	China: 20; Arab World: 1; Indonesia: 7
No. of documents uploaded on the Global Classroom	600
No. of documents in languages other than English	28 Chinese; 11 Russian; 8 Arabic; 1 each in Spanish, Armenian and Portuguese
Publications	3 textbooks; 30 case studies on China (at printer); 9 research projects in Indonesia and 8 films

Network for Integrity in Reconstruction (NIR) achievement summary table

Programme	Key Achievements
No. of countries	6: Afghanistan, DRC, Liberia, Nepal, Palestine, Timor Leste
No. of partners	7 (+ engagement with CSOs in Haiti, Sierra Leone, South Sudan and Sudan)
No. of trained monitors	1,614 in six countries
No. of monitored projects	234
Types of projects	Schools, clinics, roads, water pumps and wells, canals, irrigation, walls, gardens, parks, sports stadium, community centres.
Value of projects	Total: US \$101,122,377 (excluding national budgets) Afghanistan: 184 projects valued at US\$100 million DRC: 27 projects – no details on value Nepal: 8 projects valued at US\$28,485

	Timor Leste: 15 projects valued at US\$1,093,892 & national budget of US\$1.3 billion.
Success rate	In Afghanistan, for example, 61% of cases where deficiencies were detected were rectified. In other cases, success is measured through the provision of information and greater oversight by communities and responsible bodies throughout the project cycle.
Population in the project areas	Total: 771,561 (estimated) Afghanistan: 60,000 DRC: 180,391 Liberia: 246,053 Nepal: 43,457 Palestine: 140,000 Timor Leste: 101,660
International advocacy	Two publications to inform policy and practice for greater transparency, accountability and effectiveness in infrastructure (CoST) and fragile states (U4 brief) Distinct role linking transparency and fragile states agendas at the High Level Forum on Aid Effectiveness and the New Deal for Engagement in Fragile States.
Incubator	Successfully incubated Publish What You Fund, which became an independent NGO on 30 th September 2011.
Training	Training on social accountability delivered in-country by partners in Afghanistan: 4; DRC: 2; Nepal: 2; Timor Leste: 9. Course delivered on (Re)Building the Post-War State from Below at the Central European University. Two donor-government-civil society workshops facilitated for greater transparency, accountability and effectiveness in fragile states (i.e. South Sudan with U4 and procurement workshop with 6 reps from 6 countries).

Pro-Poor Integrity (PPI) achievement summary table

Programme	Key Achievements
Countries where PPI is implemented	Afghanistan, Kenya, Kyrgyzstan, Palestine
Measures of success	<ul style="list-style-type: none"> In Kenya, justice for abused girls in the Kinango district. In Kyrgyzstan, improvements in the delivery of social protection in the mountainous regions. In Liberia, the government has agreed to integrate community feedback into its monitoring and evaluation of the poverty reduction strategy. In Sierra Leone, a modern community health centre was built in Boboli district as a result of our work. In Uganda, increased access to education for girls in Kabuli and Bushenyi districts.

	<ul style="list-style-type: none"> In Afghanistan, dozens of schools have been repaired as a result of our work. In Palestine, roads have been repaired, and garbage is being collected as a result of our work.
No. of local integrity challenges resolved	<p>Afghanistan (see reporting in NIR section above, which is largely funded through PPI)</p> <p>Palestine (six specific problem redressed)</p> <p>Kyrgyzstan (10 problems redressed)</p> <p>Kenya (1 major problem area)</p> <p>All cases documented on PPI website and publicly accessible.</p>
Evidence of sustainability and take-up	<p>Palestine: 4 new municipalities have requested similar work; Hebron University has requested assistance to develop their own legal clinic</p> <p>Kenya: request from one new district</p>
Evidence of joint working groups as sustainable frameworks for citizens to hold institutions accountable	<p>Palestine (6 joint working groups)</p> <p>Kyrgyzstan (2 documented cases of ongoing activity)</p> <p>Kenya (11 joint working group meetings held in KDDSF framework)</p>

Workplace Integrity achievement summary table

Programme	Key Achievements
No. of training resources completed	8 films in Bahasa Indonesia, cartoon work books
No. of public officials completing the certified integrity officer's course	291 (China), unknown number in Kyrgyzstan
No. of public officials trained directly by Tiri	216 in Indonesia
No. of memoranda of understanding (MOU) with government institutions	1 with the Ombudsman's Office, Indonesia (for 5 years)
No. of partnerships with civil service training institutions	1 with the Academy of Management under the Presidency of Kyrgyzstan
No. of locations where GrantCheck is being implemented	Indonesia

Democratic Governance achievement summary table

Programme	Key Achievements
Pilot countries for the Accra Principles	Sierra Leone and Ghana
Pilot countries for the Legal Integrity Education Network	Palestine and Uganda

Publish What You Fund (PWYF) achievement summary table

Programme	Key Achievements
Governance	<ul style="list-style-type: none"> • Successfully spun off our incubated “Publish What You Fund” campaign into an independent entity on 30th September 2011.
Advocacy	<ul style="list-style-type: none"> • Participating in the IATI Steering Committee. • Worked with partners to improve the accessibility of aid information to members of the public, for example a visualisation of aid spending by the UK’s Department for International Development. • Presenting the preliminary 2011 pilot Aid Transparency Index data to U.S. two agencies – MCC and USAID – and sharing our publication plans and methodology. <p>Meeting senior level World Bank officials to discuss their respective agendas for the Fourth High Level Forum on Aid Effectiveness (HLF-4) and planning side events on aid transparency. We also requested current International Aid Transparency Initiative (IATI) data and greater depth of data on the IATI Registry.</p> <ul style="list-style-type: none"> • Working to successfully influence the European Commission (EC) Communication on Busan (a proposal from the EC to EU Member States for a Common EU position for HLF-4).
Research and Monitoring	<ul style="list-style-type: none"> • Finalising the collection and verification of the Aid Transparency Tracker data. • Drafting the 2011 pilot Aid Transparency Index. • Finalised the ‘Where Does My Money Go? Uganda’ visualisation, working with Open Knowledge Foundation (OKF) to approve the underlying data platform. • Published a paper on Chinese aid, ‘Transparency of Chinese Aid: An analysis of the published information on Chinese external aid flows’.

Future Plans

The following is a summary of our key activities by objective for the coming year:

Objective 1: High-Impact, Locally-Driven, Scalable Responses and a Critical Mass of Integrity Builders

- Integrity Education Network (IEN) is the world’s largest and fastest growing network of educators and universities committed to teaching integrity¹. It has grown to 270 universities and integrity-focused NGOs in over 60 countries in early 2011; 80 in Europe and Central Asia, 75 in Indonesia, 45 in China, and 5 in the Arab World. Over 5,000 students in China, and 3,500 students and

¹ Efforts in a similar field to IEN include the Hills Governance Program at CSIS, the UN Principles for Responsible Management Education (PRME), a research network facilitated by Transparency International, and Globethics.net.

professionals elsewhere received integrity education as a direct result of activities of the network and its member institutions last year. We aim for this number to increase by at least 10 percent this year.

- The 14 NGO partners of the Network for Integrity in Reconstruction worked with 1,400 community monitors in the past year. While continuing to support this work and its gradual growth, in the coming year we will devote more attention to engaging key stakeholders, including donors in key countries, to better understand how this type of work can be scaled up so that the post-war state can be more effectively (re)built from below.
- In Indonesia our Integrity@Work training tools will be piloted with several hundred public officials this year, including the Ministry of Finance, the Ministry of Education, as well as with MOUs and partnerships with KPK (the national anti-corruption agency) and the National Ombudsman's Office.
- The Pro-Poor Integrity project will focus its activities on four countries in FY2012 (down from seven countries last year) and will, in turn, seek to increase funding and new support to our partners to scale up their activities and maximise impact.
- In the coming year we will seek to pilot the implementation of the Accra Principles of Electoral Justice in Ghana and Sierra Leone; electoral commissions and NGOs in several other countries have also expressed interest.

New in 2012:

- Expansion of IEN in Africa, with focus on law and business.
- Expansion of youth-oriented social accountability activities in selected key countries and regions, notably DRC, Egypt, India, Jordan, and Palestine.

Objective 2: Action Learning

- Deliver Tiri Integrity School at the Central European University's SUN in 2012 with 3 specialised policy labs: business integrity in emerging markets; electoral justice and electoral integrity; social accountability.
- Global Classroom on Integrity will be published online.
- Implement coherent Tiri-wide M&E strategy for all core programmes.
- Continue to implement field exchanges between Network for Integrity in Reconstruction partners.
- Peer review workshop of best practices and learning in integrity education.

New in 2012:

- Lay groundwork for expansion of Tiri Integrity School to Nairobi and Indonesia (in late 2012), and China (in 2013). These editions of the Integrity School will include new policy labs that respond to local and regional needs.
- Launch of a Global IEN newsletter, with news, professional literature reviews, new teaching materials, interviews with integrity champions, from Tiri and our field partners.
- Explore the possibility of establishing a collaborative of NGOs working on e-accountability in politics.

Objective 3: Engagement and Advocacy

- To advance the agenda of integrity in post-war reconstruction, 19 donor agencies and 19 partner countries, including eight post-war states are involved in the International Aid Transparency Initiative and endorse aid transparency standards, to which Network for Integrity in Reconstruction contributes through the establishment and spin-off of Publish What You Fund; its own work with GOVNET in the OECD; bilateral work with UNDP and the World Bank; and a joint project with the U4 Anti-Corruption Resource Centre, the Fragile States Integrity Initiative, which is supported by DFID.
- To advance the agenda of electoral justice, focus on pilot implementation and eventual roll-out and further endorsement of the Accra Principles for Electoral Justice; establishment of the Electoral Integrity Group as a semi-independent unit hosted by Tiri.
- At national level, to advance the integrity agenda from a pro-poor, aid, reconstruction and institution building perspective work to support our partners - especially in Afghanistan, DRC, Indonesia, Kyrgyzstan, Palestine - to undertake more effective advocacy strategies. An emphasis in 2012 will be on the aid transparency agenda in post-war countries.

New in 2012:

- To advance the agenda of integrity education, start a process of consultation and an advocacy strategy for an Integrity Education Manifesto and a set of Principles for Integrity Education.
- Explore the establishment of an international annual forum on governance to be hosted in Turkey.

Objective 4: Governance and “Fit for Purpose”

Operations

- Tiri’s policies and procedures will be fully reviewed and updated, to effectively manage operational risk, optimise our organisational efficiency and strengthen our operational support capabilities. This will include a complete review and improved processes for finance;
- Tiri is already legally registered in England (as a charity), The Netherlands, East Jerusalem (as an international development agency), Kenya (as a not-for-profit company). This year we will seek to complete registration with the Palestinian Authority and in Indonesia.

Governance

- Recruit a new board chair in 2012.
- Increase the number of trustees from 8 to 10.

Communications, marketing

- Rebrand Tiri as “Integrity Action”.
- Launch new website.

Fundraising

- To secure at least £2m in new project funding and at least £150,000 in new institutional funding.

Reserves policy and financial position

Reserves policy

The Board has examined the requirement of establishing a target level of unrestricted reserves in order for the charity to have adequate working capital to respond to unforeseen shortfalls in cash resources in the future. Currently the charity'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 2011 the level of free reserves should be approximately £334,806 (2010 - £437,161).

Financial position

The balance sheet shows total funds of £701,929 (2010 - £517,148).

General funds of the charity at 30 September 2011 total £89,371 (2010 - £46,379). These funds are represented by tangible fixed assets with a net book value of £7,357 (2010 - £11,732) and 'free reserves' of £82,014 (2010 - £34,647).

The charity has guaranteed funding for its core operational and support activities to 31 May 2012. The charity is actively pursuing funding beyond this date and in the future with both existing and potential funders.

The trustees consider that this level of free reserves has improved sufficiently, however plans are in place to ensure that the charity receives more unrestricted funding in the future that will in turn facilitate the opportunity to build its free reserves closer to the target level.

Also included in total funds is a restricted fund balance of £612,558 (2010 - £470,769). 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 trustees have reviewed the company's risk assessment register and continue to do so on an annual basis in order to manage the major risks to which the company is exposed, in particular those relating to the specific business and operational areas of the company and its finances. The review ensures that the trustees 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 2011 the net book value of fixed assets held by the company was £7,357 (2010 - £11,732).

Trustees

Each trustee 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 trustees has all the necessary skills required to contribute fully to the company's development.

The following trustees were in office at 30 September 2011 and served throughout the year, except where shown.

Trustee	Appointed/Resigned
A L Karney (chair)	
J Cutts	
E J Filkin	
F Galtung	
G Johnson	Appointed 10 June 2011
K Radley	Appointed 2 December 2010
R Sankar	
R Webster	

Audit committee	Appointed/Resigned
R Webster (chair)	
F Galtung	
A L Karney	
R Sankar	

Senior Executives

Name	Position
Fredrik Galtung	Chief Executive and Co-Founder

Statement of trustees' responsibilities

The trustees (who are also directors of Tiri – making integrity work for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board and signed on their behalf by:

Chair of the Audit Committee

Date:

Independent auditor's report to the members of Tiri

We have audited the financial statements of Tiri for the year ended 30 September 2011 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement of trustees' responsibilities set out in the Trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of Financial Activities Year to 30 September 2011

	Notes	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds as restated £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
. Investment income		—	—	—	150
Incoming resources from charitable activities					
. Grants	1	—	3,939,776	3,939,776	2,928,595
Total incoming resources		—	3,939,776	3,939,776	2,928,745
Resources expended					
Charitable expenditure					
Cost of charitable activities					
. Democratic Governance		—	114,563	114,563	64,073
. Education		—	480,032	480,032	364,872
. Indonesia		—	527,544	527,544	138,886
. Pro-poor Integrity		—	1,230,337	1,230,337	1,045,719
. Post-War Reconstruction		—	205,934	205,934	392,667
. Publish What You Fund		—	467,102	467,102	347,052
. Workplace		—	59,872	59,872	150,475
. Core		—	651,191	651,191	888,499
Governance costs		—	18,420	18,420	18,164
Total charitable expenditure		—	3,754,995	3,754,995	3,410,407
Total resources expended	2	—	3,754,995	3,754,995	3,410,407
Net incoming (outgoing) resources before transfers					
		—	184,781	184,781	(481,662)
Transfer between funds	9	42,992	(42,992)	—	—
Net income (expenditure) for the year		42,992	141,789	184,781	(481,662)
Fund balances at 1 October 2010					
		46,379	470,769	517,148	998,810
Fund balances at 30 September 2011					
		89,371	612,558	701,929	517,148

There is no difference between the net movement in funds stated above and the historical cost equivalent.

The Publish What You Fund activities were spun off into an independent entity at year end, all of the other charity's activities derived from continuing operations during the above two financial periods.

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet 30 September 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	6		7,357		11,732
Current assets					
Debtors	7	714,881		153,725	
Cash at bank and in hand		686,638		463,504	
		1,401,519		617,229	
Creditors: amounts falling due within one year					
	8	706,947		111,813	
			694,572		505,416
Total net assets			701,929		517,148
Represented by:					
Funds					
Unrestricted funds	9		89,371		46,379
Restricted funds	10		612,558		470,769
			701,929		517,148

Approved by the Board
and signed on their behalf by:

Trustee

Date:

Company Registration Number: 4884328

Principal accounting policies 30 September 2011

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the requirements of the Companies Act 2006.

Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice “Accounting and Reporting by Charities” (SORP 2005) have been followed in these financial statements.

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. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

The charity operates a grant management system under International Accounting Standards. On conversion to UK GAAP, differences on income recognition in 2010 were corrected and the figures restated accordingly. Under International Accounting Standards, the charity made a surplus of £23,877.

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 financial statements 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 received

	2011 £	2010 as restated £
Restricted		
Open Society Foundation (OSF)	1,464,186	706,900
Department for International Development (DFID)	1,225,641	1,224,635
Netherlands Ministry of Foreign Affairs (via Kemitraan)	505,013	312,037
Hewlett Foundation	214,301	—
Ford Foundation	169,378	254,789
Norwegian Agency for Development Cooperation (NORAD)	142,068	177,525
Aga Khan Foundation	—	81,368
Siemens Integrity Initiative	120,232	—
Canadian International Development Agency (CIDA)	—	41,907
United Nations Democracy Fund (UNDEF)	47,353	45,425
Malaysian Commonwealth Studies Centre	20,000	20,000
Christian Aid	—	10,000
Japanese Intern Cooperation Agency	—	16,822
Development Initiatives	—	11,659
PriceWaterhouse Coopers	9,648	7,480
Chr. Michelsen Institute (CMI)	—	5,638
ONE	5,000	—
UNDP	—	4,236
CAFOD	4,000	—
Organisation for Economic Co-operation & Development (OECD)	3,738	6,624
WaterAid	—	—
NCC Management and Development	2,392	—
Save the Children	2,000	—
World Vision	1,924	—
Korea's Ministry of Finance	1,855	—
Deutsche Gesellschaft für Internationale Zusammenarbeit (GTZ)	1,047	1,176
International Business Partnership (IBP)	—	374
Total grants	3,939,776	2,928,595

2. Resources expended

	Democratic governance £	Education £	Indonesia £	Pro-poor integrity £	Post war reconstruct ion £	Publish what you fund £	Workplace £	Core £	Governance £	2011 £	2010 as restated £
Restricted											
Direct project costs											
. Staff costs	24,586	191,631	57,651	153,632	72,968	233,282	41,065	346,984	—	1,121,799	999,018
. Travel *	70,782	114,838	95,904	52,876	27,071	31,973	2,102	102,074	—	497,620	314,007
. Technical Assistance	12,623	16,508	38,942	69,433	2,931	106,377	14,854	83,769	—	345,437	420,105
. Office Costs	1,697	2,396	8,617	1,446	815	3,675	228	11,546	—	30,420	24,489
. IT	26	1,731	4,199	911	—	7,389	29	24,615	—	38,900	17,887
. Publications	1,501	2,672	61,904	54	186	21,739	182	5,700	—	93,938	39,769
. Rent	1,209	21,157	17,648	7,509	11,746	37,976	87	76,503	—	173,835	172,000
. Other costs	2,139	20,444	65,054	146,697	15,383	24,691	1,325	—	18,420	294,153	888,383
. Grants	—	108,655	177,625	797,779	74,834	—	—	—	—	1,158,893	534,749
Total expenditure	114,563	480,032	527,544	1,230,337	205,934	467,102	59,872	651,191	18,420	3,754,995	3,410,407

Overheads and staff costs are apportioned to the various activities based on direct project expenditure.

* Includes travel by Tiri staff as well as partners and participants to conferences, workshops and events.

2 Resources expended (continued)

Included in the above are the following:

	2011	2010
	£	£
Depreciation of tangible fixed assets (note 6)	19,085	17,179
Auditor's remuneration		
. Audit		
.. Current year	11,700	11,585
.. Prior year	6,720	—
. Other services	12,672	3,415

3 Staff costs

	2011	2010
	£	£
Wages and salaries	932,193	913,299
Social security costs	85,660	36,599
Pension costs	42,086	30,184
Other staff costs	61,860	6,733
	1,121,799	986,815
Freelance staff and consultancy fees	76,364	58,083
	1,198,163	1,044,898

The average number of employees throughout the year was:

	2011	2010
	Number	Number
Project workers	25	21
Admin staff	3	5
	28	26

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:

	2011	2010
	Number	Number
£90,000 - £99,999	1	1
£60,000 - £70,000	2	3

The above higher paid employees received employer pension contributions of £6,325 (2010 - £3,250).

4 Trustees' remuneration

£205 (2010: £1,800) of expenses were reimbursed to one trustee (2010: five) during the year for travel and accommodation to attend trustee meetings. No trustee received remuneration in respect of their role as trustee of the charity.

Fredrik Galtung was appointed a trustee of Tiri on 4 September 2009. Fredrik Galtung remains the chief executive of Tiri, but is not remunerated in his role as a Trustee. During 2011, Fredrik was remunerated in his capacity as chief executive for the sum of £98,500 (2010: £96,000).

5 Taxation

Tiri is a registered charity. The charitable 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 2010	10,032	55,993	66,025
Additions in the year	3,952	10,758	14,710
At 30 September 2011	<u>13,984</u>	<u>66,751</u>	<u>80,735</u>
Depreciation			
At 1 October 2010	8,552	45,741	54,293
Charge for year	3,454	15,631	19,085
At 30 September 2011	<u>12,006</u>	<u>61,372</u>	<u>73,378</u>
Net book values			
At 30 September 2011	<u>1,978</u>	<u>5,379</u>	<u>7,357</u>
At 30 September 2010	<u>1,480</u>	<u>10,252</u>	<u>11,732</u>

The company has a floating charge over its assets in favour of the bank in order to operate its credit card facility. At 30 September 2011, the facility was for £33,000 (2010 - £33,000).

7 Debtors

	2011 £	2010 £
Other debtors and accrued income	714,881	135,403
Prepayments	—	18,322
	<u>714,881</u>	<u>153,725</u>

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Expense creditors	647,929	77,450
Deferred income	18,188	—
Accruals	40,830	34,363
	706,947	111,813

9 Unrestricted funds

	At 1 October 2010 £	Incoming resources £	Resources expended & transfers £	At 30 September 2011 £
General purposes	46,379	—	42,992	89,371

A transfer was made to unrestricted funds due to income that had been granted by overheads.

10 Restricted funds

	At 1 October 2010 £	Incoming resources £	Resources expended & transfers £	Transfers £	At 30 September 2011 £
Democratic Governance *	8,068	47,905	(114,563)	33,990	(24,600)
Education	109,385	450,190	(480,032)	(3,348)	76,195
Indonesia *	—	505,013	(527,544)	21,608	(923)
Pro-Poor Integrity	—	1,225,641	(1,230,337)	4,696	—
Post-War Reconstruction	195,604	192,054	(205,934)	(27,397)	154,327
Publish What You Fund	70,352	479,455	(467,102)	(3,157)	79,548
Workplace	23,446	42,639	(59,872)	20,616	26,829
Core funding	63,914	996,879	(669,611)	(90,000)	301,182
	470,769	3,939,776	(3,754,995)	(42,992)	612,558

*Deficits are due to timing differences in submitting fund requests and receiving cash from donors after expenditure has occurred rather than overspending in projects.

Transfers between funds have been included to correct fund balance misstatements in the prior year due to changes in systems and a subsequent reanalysis of income.

Democratic Governance: empowering citizens to assert their human rights, combining access to people in high positions of influence, with citizen-led accountability to strengthen integrity in electoral and judicial processes.

Education: addressing the capacity gap of reform by facilitating a growing global network of universities, business schools, and civil service training institutions providing evidence-based integrity courses. The educational programme includes activities in Indonesia.

Post-War Reconstruction: addressing the particular integrity and corruption challenges and opportunities of post-war reconstruction through civil society engagement.

Pro-Poor Integrity: an action-learning partnership to identify innovative ways of strengthening community engagement to promote integrity improvements in the delivery of health, education, water, sanitation and social protection services in seven countries in Africa, the Middle East and Asia.

Publish What You Fund: an international campaign for aid transparency, which seeks a significant increase in the availability and accessibility of timely, comprehensive and comparable information about aid.

Workplace: building the capacity of professionals in the public, private and civil society sectors to recognise and implement effectively the ethics and integrity standards of their organisations in the context of relevant laws, institutions, values and workplace norms. This programme also includes activities in Indonesia.

Core funding – the Open Society Foundation (OSF) provides funding to support a number of existing or pending programme initiatives, the design and development of new programme initiatives as well as operational support.

11 Analysis of net assets over funds

	Unrestricted funds £	Restricted funds £	Total funds 2011 £	Total funds 2010 £
Tangible fixed assets	7,357	—	7,357	11,732
Net current assets	82,014	612,558	694,572	505,416
	89,371	612,558	701,929	517,148

12 Commitments under operating leases

As at 30 September 2011 the company has annual commitments under non-cancellable operating leases as set out below:

	2011 Land and buildings £	2010 Land and buildings £
Operating leases which expire:		
Within one year	26,860	74,008
Between two and five years	—	138,804
	26,860	212,812