

OGP Board of Directors Meeting Minutes

November 5, 2019 | 10:00 am - 12:00 pm | Washington D.C.

Members Present:

Sanjay Pradhan, CEO
Mark Robinson, Board Chair
Nathaniel Heller, Secretary/Treasurer
Laura Gorrie, Member
Mukelani Dimba, Member
Maria Baron, Member

Staff Present:

Joe Powell, Deputy CEO
Kate Lasso, CFOO
Judi McCormack, Finance Director

Invited External Guests:

Robin Talbot, Consultant

1. Welcome and Opening Remarks

Mark Robinson, Board Chair, opened the meeting at 10:04 am and provided a brief overview of the agenda. There are two action items on the agenda for this meeting: 1) review the pro-rata extension of the OGP budget to February 29, 2020 and 2) discuss the authorization to open new accounts – a World Bank segregated account and a core cash account related to an investment account that the OGP Secretariat will open at Citi. Robin Talbot joined to discuss the risk assessment portion of the meeting.

2. Approval of the Minutes from the July 2019 Meeting

Mark then referred the Board members to the minutes from the July 2019 Board meetings that they received in their packet, and asked if there were any corrections or changes to the minutes. There were none.

Decision: Mukelani then motioned to approve the minutes from the July 15, 2019 Board meetings, which was seconded by Maria. The motion passed with all in favor.

3. Action Items

A. Pro Rata Extension of the OGP Budget to February 29, 2020

Mark then asked the Board members to turn their attention to OGP's budget information that was included in the meeting materials. Mark then invited Kate to provide a brief overview of the budget.

Kate explained the reason for a pro-rata request for the extension of the OGP budget. While OGP had hoped to present the 2020 budget in 2019, as was explained during the July meeting, the Steering Committee review and endorsement of the 2020 Support Unit - IRM Implementation Plan will take place during the Berlin Steering Committee meeting in February 2020, which has an implication for the budget timeline. Laura indicated that she would like to see the 2021 budget prior to January 2020 and Joe suggested that the 3YP planning currently underway includes medium term budget planning that should allow OGP to engage in budget planning for 2021 in 2020.

Decision: Nathaniel then motioned to approve the pro-rata extension of the budget until February 29, 2020. The 2020 budget will be presented to the Board for approval in February 2020, following the February Steering Committee meeting. The motion was seconded by Laura and passed with all in favor.

B. Authorization to open new accounts - World Bank Segregated Account and Core cash account at Citibank

Mark then invited Kate to discuss the request for Board authorization to open an investment account and a segregated account to receive World Bank funds.

The Board authorized the opening of a Bank of America account to receive World Bank advanced funds, per the terms of a World Bank agreement with OGP for two staff positions to support Trust Fund activities.

The Board also authorized opening a cash account to accompany an investment account with Citi. The investment account itself was authorized at the July 2019 meeting, and will hold OGP's cash reserves. OGP's operating account is a non-interest bearing account, and OGP will earn modest returns on conservative investments, to keep pace with inflation.

Decision: Mukelani made the motion to approve both bank accounts which was seconded by Maria. The motion was passed with all in favor.

4. Additional Board Member Candidates

Background Context

Of the current Board five members, both Mark Robinson (Chair) and Nathaniel (Secretary/Treasurer) have terms ending in March 2020. There is also one vacancy on the Board, which can have up to six members.

Under the current rules, Board members are both appointed by the Steering Committee and must be members of the Steering Committee at the time of their appointment.

The July 2019 Board meeting kicked off the search for new board members. At that meeting, the consensus was to prioritize members coming from the Steering Committee. At their September 2019 retreat, the Governance and Leadership Subcommittee (GL) concurred with the Board, to first look for Steering Committee members for Board appointments.

On the October 31 GL subcommittee call, this issue was again discussed. Differing views were expressed in that GL meeting, which have been followed up via email. Two questions emerged when raising the issue of additional Board members to GL:

1. Are there appropriate candidates within the Steering Committee to join the Board to allow OGP to have strong Board of Directors (including candidates with governance or financial backgrounds)?
2. If not, do we need to change, or clarify, the rules of who is qualified for Board appointment?



Prior to this Board meeting, the OGP staff drafted a short list of seven strong candidates from the current Steering Committee.

Board of Directors Discussion

During the discussion among the Board, competing risks were identified:

1. There is a non-trivial risk that there could be a divergence of interests/disagreement between the Board and Steering Committee, which is why the rules were originally written as they currently are, to keep the two bodies in alignment, each with its own defined role.
2. The risk of having a board whose capacity in the areas of fiduciary responsibility born by the Board needs strengthening, because of who is eligible for membership.

Another question was raised, if a current Board member is reappointed to the Board, is it a new appointment or a re-appointment? The bylaws are silent on the process for reappointing existing members to the Board. As such, it has been interpreted that potential Board members must be members of the Steering Committee at the start of each Board term.

There was also recognition that the currently constituted Board includes the addition of three new members only a year ago, and has done a lot of work to achieve cohesion and momentum.

The discussion concluded that while there may be merit in looking at an expansion/relaxation of the rules outlined in the bylaws, since it currently appears that there are good candidates to draw from the current Steering Committee, it does not seem to be the right time to change the rules. If a change were to be considered in the future, OGP will need to consider how a rule change will be perceived by the larger OGP community when an extension of term limits is seen as an exercise of arbitrary power in OGP countries (the example of Armenia's Velvet Revolution was cited).

Further, this is a governance decision that requires the approval of the OGP Steering Committee, which must manage the risk of potential divergence between the Steering Committee and the Board. If a decision to change the bylaws is to be considered by the Steering Committee in the future, three aspects must be taken into account:

- a. **Divergent directions** – the structure that is created is a legacy left for OGP. In the future, a board chair could try to lead OGP in a different direction from the Steering Committee. This significant risk would provide conflicting signals to OGP.
- b. **Candidates** – we have identified several well qualified from Steering Committee members. We should also consider gender balance

A number of well qualified potential candidates were discussed, and it was agreed to encourage them to apply.



The appointment process begins when GL sends a memo to the Steering Committee for a call to solicit interest from potential candidacies. The Steering Committee then appoints new members. Discussions with potential members and submission of their applications should be done soon so they can be presented by the GL to the Steering Committee in January. Ideally, the new Board members will be appointed in time to join the Board in Berlin.

Risk Management Slides

Mark stated that Laura will provide an introduction to the planning done so far by the subcommittee formed, which includes Mukelani and Kate. Robin Talbert has been contracted to help engage in this risk assessment, and Robin will join us for this portion of the meeting.

Once Robin Talbert was finished, Mark then thanked Robin, who then left the meeting.

5. Fraud Incidents

A. Smash Strategies

In August 2019, it came to OGP's attention that one of our vendor's IT system was hacked and instructions regarding payments were changed so that OGP's payment of two invoices were fraudulently diverted. After a careful investigation, and relying upon the advice of OGP's legal counsel, OGP negotiated a confidential settlement agreement with the vendor, with no recognition of liability, resulting in a settlement payment of approximately one-half of the value of the two invoices.

In terms of risk management, OGP has also submitted our applications for cyber insurance and crime insurance policies and have implemented the rule that changes in payment instructions received in writing must also verbally verified with a known representative of the vendor. OGP staff were also informed, to sensitize them to this possibility of fraud.

B. Staff Member

OGP is still gathering facts about another confidential matter. Late in the week prior to this meeting, OGP's Finance Director identified some expenses on a Tides credit card account that stood out as questionable. OGP is confident that these are inappropriately made personal charges demonstrating willful wrongdoing and the staff member has been dismissed. OGP's Finance Director continues to investigate this issue with our lawyer to assess the legal side of the matter and we are considering asking an independent accounting firm to assess the charges and make recommendations. OGP will also think carefully about additional risk mitigation efforts that will be taken and report back to the Board on this matter.

6. Updates

A. Three-Year Planning: *Not discussed due to time constraints*

B. Organizational Risk Assessment

A subcommittee has been informed to oversee a comprehensive organization risk assessment that will be carried out by a consultant. Laura Gorrie gave an



overview of the approach that will be taken. The goal is to identify risk by reviewing documents and interviewing key leaders and staff. The goal is to prioritize risk by impact and likelihood and incorporate them into a risk register that has a review cycle. OGP expects to have a report in time for discussion at the February 2020 Board meeting.

C. The 990 tax return has been filed with the US Internal Revenue Service

D. Final disposition of GBP account

OGP has looked into opening a British pounds bank account, to deposit funds from DFID that would also be paid out in pounds, as a way of avoiding currency conversion risks. By making inquiries at three banks, OGP learned that, as a US organization, the OGP Secretariat is only able to open a British pounds account by qualifying for a commercial account, with higher bank balances than what is currently on deposit, as a small business account.

E. Identify date and location for upcoming Board meetings

The next Board meeting is being planned to take place in Berlin, following the Feb 25 - 27, 2020 (Tuesday - Thursday) Steering Committee meeting, and a joint Steering Committee - Board session. OGP expects that the Board meeting itself will be for three hours and additionally, also expects to have a three- hour board orientation meeting for new Board members. OGP will need to identify any conflicts Board members have with these dates.

7. Adjournment

With no other business at hand, Mark motioned that the meeting be adjourned and Nathaniel seconded the motion, with all in favor. The meeting was adjourned at 12:03 pm.

