

PARTNERS

MEMBERS

STRUCTURE

FINANCE

2018
**PEOPLE &
NUMBERS**

hqai

HUMANITARIAN QUALITY
ASSURANCE INITIATIVE

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1+1= ANNUAL REPORT

In an annual report readers would expect information about the state of business, key events, trends and learnings, financial analysis, people and resources, an outlook for the coming years, etc.

We have decided to cut this wealth of information into two separate documents:

“2018 IN FOCUS”

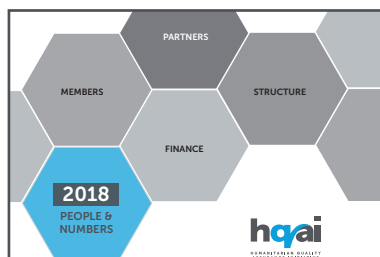


This flagship publication is a punchy overview of 2018, HQAI's activities and impact. You can access this document on our Website.

» www.hqai.org/publications



“PEOPLE AND NUMBERS”



The document you are about to read gets straight to the point: who are the **people** behind HQAI and how and where does **money** flow.

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INTRODUCTION

CONTEXT IN A NUTSHELL

HQAI has operated since December 2015 with the decisive and continued support of the governments of **DENMARK, GERMANY** and **SWITZERLAND**, as well as the Republic and Canton of **GENEVA**.

By the end of 2018, **37 ORGANISATIONS** of different sizes, mandates and regions had engaged with HQAI in a third-party quality assurance process against the Core Humanitarian Standard on Quality and Accountability (CHS).

In this period, HQAI has:

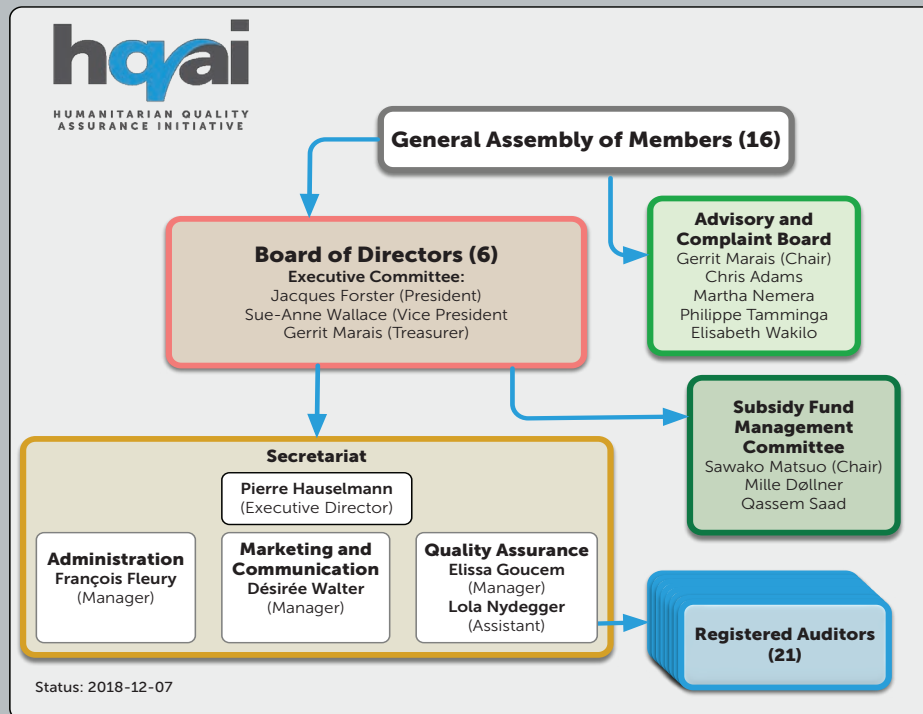
- developed quality assurance processes that are flexible, relevant and adaptable to very different types of organisations and contexts;
- endorsed the localisation agenda by establishing two specific mechanisms to facilitate access to its services to small organisations: a subsidy fund and a group scheme;
- confirmed that the CHS is relevant for different types of organisations and applicable in different contexts;
- developed the confidence to make the case it can audit donor's due diligence requirements on the basis of the CHS.

HQAI's original business model is very much in line with that of a start-up. It aims at financial sustainability based on the income derived from its services, while at the same time making sure that the services it provides remain accessible and relevant for the diverse organisations and institutions involved in supporting people affected by crisis.

The year 2018 revealed the following challenges and opportunities:

HQAI's business model has been largely confirmed and medium-term prospects are good. Yet, the transaction costs of audits are higher than initially foreseen. Current projections are that HQAI will need 220 organisations using its services (previous projection was 200). Before reaching this break event point, the initiative requires continued financial support from donors.

2018 revealed a slowdown in the uptake by new organisations and therefore incomes were lower than projected. The situation confirms that adequate promotion of HQAI's independent audits and the attitude of donors are key, as registrations for HQAI's services surge when donors recommend, recognise or require third-party quality assurance from their partners. HQAI was nevertheless able to finish 2018 without requesting further funds from donors.



An organisation comprises its structure, strategy, investments, rules and regulations. But most of all it exists through its people.

PEOPLE AND STRUCTURE

HQAI is a non-profit non-government organisation established as an association under Swiss law. It was created as a **THIRD-PARTY QUALITY ASSURANCE MECHANISM SPECIFIC TO THE SECTOR OF ORGANISATIONS THAT WORK WITH VULNERABLE AND AT-RISK PEOPLE AND COMMUNITIES.**

To all its stakeholders HQAI is an accountable, open and trustworthy partner applying the internationally recognised principles of auditing, such as impartiality, competence, responsibility, openness, confidentiality and responsiveness to complaints. The set-up of HQAI's governance reflects these principles. HQAI seeks to ensure that its different bodies, but in particular the Board of Directors, reflect geographic representation, technical experience, gender, knowledge relevant to the sector and to standards and certification, and ensure adequate linkages to other standards bodies and interested parties.

The "people behind the brand HQAI" can be presented numerically: At the end of 2018 HQAI had 16 members, 6 directors, 5 members of the Advisory and Complaints Board, 3 members of the Subsidy Fund Management Committee, 5 secretariat staff and 21 registered auditors.

However, what makes them so valuable is the quality of their work, their competence and dedication to the mission of HQAI.

The key roles and responsibilities of HQAI's various corporate bodies, as well as their members are presented on the following pages.

I wish to express my heartfelt gratitude to all my colleagues, namely the staff of our secretariat and our auditors under the leadership of HQAI's Executive Director Pierre Hauselmann, as well as to the members of HQAI, who, on the Board of Directors and other bodies of our association generously grant our institution the benefit of their competence and wisdom.



Jacques FORSTER
President of HQAI

GENERAL ASSEMBLY OF MEMBERS

The General Assembly (GA) of Members is the supreme authority of the organisation. In December 2018 HQAI's membership was comprised of 16 members, six of whom are the founding members of the Board of Directors.

Chris Adams	Senior Advisor, Learning and Outreach, Institute for Human Security and Social Change, La Trobe University, Australia
Marian Casey-Maslen	Executive Director at CDAC Network, United Kingdom
Jacques Forster	Professor Emeritus at the Graduate Institute of International and Development Studies in Geneva, Switzerland. Vice-President of the International Committee of the Red Cross (ICRC) from 1999 to 2007.
Lola Gostelow	Independent Humanitarian Policy Adviser, United Kingdom
Judith Greenwood	Former Executive Director of the CHS Alliance
Kate Halff	Executive Secretary of the Steering Committee for Humanitarian Response (SCHR), Switzerland
Gerrit Marais	SGS Certification and Business Enhancement, South Africa
Sawako Matsuo	Secretary General of the Quality and Accountability Network in Japan (JQAN), Manager, Multi-Sector Engagement Group, Japan NGO Center for International Cooperation, Japan
Martha Nemera	Directress of Women Support Association, Ethiopia
Jyotsna (Jo) Puri	Head, Independent Evaluation Office of the Green Climate Fund, South Korea
Qassem Saad	Chairman of Development Action without Borders / Naba'a, Lebanon
Ed Schenkenberg	Executive Director of HERE-Geneva, Switzerland
Philip Tamminga	International Consultant specialising on AAP and organisational accountability and performance measurement
Elizabeth Wakilo Righa	Board Member of Action Aid International; Programs Manager with Anglican Development Services Pwani, Kenya
Sue-Anne Wallace	Director High Resolves, chair Australian Committee, and former Chair of the Australian Council for International Development's Code of Conduct Committee
Tanya Wood	Executive Director of CHS Alliance, Switzerland

BOARD OF DIRECTORS

The Board of Directors (BoD) is comprised of members of HQAI. Its specific responsibilities include: appointing members to the Executive Committee, providing strategic direction and guidance to the secretariat, ensuring the statutes are respected, supporting HQAI in achieving its objectives, mission and vision whilst also publicly representing the organisation.

The Board's President, Vice-President and Treasurer from the Executive Committee, whose role is to facilitate efficient operations of the Board. The Committee may take decisions that fall within its delegated authority in between Board meetings.

Jacques Forster	President	Professor Emeritus at the Graduate Institute of International and Development Studies in Geneva, Switzerland. Vice-President of the International Committee of the Red Cross (ICRC) from 1999 to 2007.
Kate Halff	Director	Executive Secretary of the Steering Committee for Humanitarian Response (SCHR), Switzerland
Gerrit Marais	Treasurer	SGS Certification and Business Enhancement, South Africa
Sawako Matsuo	Director	Secretary General of the Quality and Accountability Network in Japan (JQAN), Manager, Multi-Sector Engagement Group, Japan NGO Center for International Cooperation, Japan
Ed Schenkenberg	Director	Executive Director of HERE-Geneva, Switzerland
Sue-Anne Wallace	Vice-President	Director High Resolves, chair Australian Committee, and former Chair of the Australian Council for International Development's Code of Conduct Committee

ADVISORY AND COMPLAINT BOARD

The Advisory and Complaint Board (ACB) handles complaints made to or about HQAI and safeguards the rules of impartiality, confidentiality and avoiding conflicts of interests in the work of HQAI. In this function the ACB acts independently from the other corporate bodies.

The members represent solid knowledge and competencies in the fields of CHS, quality assurance and mediation.

Chris Adams		Senior Advisor, Learning and Outreach, Institute for Human Security and Social Change, La Trobe University, Australia
Gerrit Marais	Chair	SGS Certification and Business Enhancement, South Africa
Martha Namera		Directress of Women Support Association, Ethiopia
Philip Tamminga		International Consultant specialising on AAP and organisational accountability and performance measurement
Elizabeth Wakilo Righa		Board Member of Action Aid International; Programs Manager with Anglican Development Services Pwani, Kenya

List of members as of 31.12.2018

SUBSIDY FUND MANAGEMENT COMMITTEE (SFMC)

The committee manages the independent subsidy fund established to support financially organisations that want to access HQAI services but for which cost would be a barrier.

The SFMC provides an impartial service to the sector, reflecting the perspectives of donors, humanitarian NGO's and HQAI. It makes decisions independently from the GA, BoD and secretariat.

Mille Døllner Fjeldsted		Head of Section at Ministry of Foreign Affairs, Denmark
Sawako Matsuo	Chair	Secretary General of the Quality and Accountability Network in Japan (JQAN), Manager, Multi-Sector Engagement Group, Japan NGO Center for International Cooperation, Japan
Qassem Saad		Chairman of Development Action without Borders / Naba'a, Lebanon

SECRETARIAT

The secretariat is responsible for managing the organisation's activities and financial operations and for implementing the organisation's overall objectives through the agreed strategy.

The Executive Director heads the secretariat, managing its activities and reporting to the BoD and the Executive Committee.

François Fleury		Administrator
Elissa M. Goucem		Head of Quality Assurance
Pierre Hauselmann		Executive Director
Lola Saga Nydegger		Quality Assurance Officer
Désirée Walter		Marketing and Communication Manager

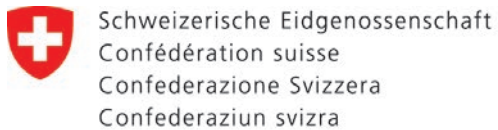
REGISTERED AUDITORS

A pool of specially trained registered auditors is mandated by HQAI to undertake auditing of clients' systems and practices. Auditors are responsible to collect and analyse sufficient information to generate objective and impartial conclusions.

Senior auditors have the authority for the management, control and performance of auditing activities.

Catherine Blunt	Senior	Australia	Andrew Nzimbi		Kenya
Annie Devonport	Senior	United Kingdom	Johnny O'Regan	Senior	Ireland
Elissa M. Goucem	Senior	Switzerland	Nik Rilkoﬀ		New Zealand
Claire Goudsmit	Senior	United Kingdom	Sylvie Robert	Senior	Ethiopia/ Spain
Marie Grasmuck		France	Carlos Rodriguez Ariza		Ethiopia
Belinda Lucas		Australia	Birgit Spiewok		Germany
Jorge Menendez		Argentina	Jo Thomson		Australia
Stephen Morrow		Australia	Naveed Ul-Haq Mirza		Pakistan
Susanne Neymeyer		Germany	Karin Wierenga		Netherlands
Camille Nussbaum		Spain	Nina Wöhrmann		Germany
Lola Nydegger		Switzerland			

List of auditors registered with HQAI as of 31.12.2018.
The country indicated is the auditor's residential country.



THANK YOU

None of HQAI's successes so far would have been possible without the precious core financial support provided by its historical funding partners: Denmark, Germany, the Swiss Confederation and Geneva. In addition to their direct financial contribution, HQAI's major donors value the initiative, facilitate HQAI's activities and may sit on the Subsidy Fund Management Committee.

HQAI would like to take this opportunity to warmly thank its donors and partners for their generosity and continuing support. HQAI's steady progress and growing impact is our all success.

FINANCE AND FUNDING

While the audit activity in the first quarter was more intense than expected, it slowed down the second and following quarters. As a result, 2018 was a year of consolidation. All previously audited organisations continued the four-year quality assurance cycle and new national organisations went through their first audits.

CONTINUED DONOR SUPPORT

HQAI's historical donors have continued to support our work in 2018 and committed to continue doing so in 2019. HQAI received a total of CHF 516.2 thousand in **CORE FUNDING** from Denmark, the Federal Republic of Germany, the Swiss Confederation and a Geneva-based foundation.

HQAI has established mechanisms to facilitate access to audit services to small organisations. Its **SUBSIDY FUND** can cover up to 90% of the cost of an audit. The Danish and German Foreign Offices contributed CHF 165.9 thousand to the Subsidy Fund. With these resources, subsidies were attributed to three national organisations, namely International Blue Crescent (Turkey), ORDA (Ethiopia) and EFICOR (India).

GENERAL & ADMINISTRATIVE EXPENDITURES

At end of 2018 and according to plan, five **MEMBERS OF STAFF** were on HQAI's payroll for full- or part-time positions.

Compared to 2017, **OFFICE RUNNING EXPENSES** increased. This was mainly a result of intensified fundraising activities and the expenses linked to the accreditation of HQAI's certification scheme against ISO/IEC 17065:2012. ACCREDIA granted this accreditation to HQAI in December 2018.

2018 RESULT

The financial result still mainly depends on funds received from donors. The loss is fully covered by accumulated profits from the past three years. The equity of the organisation at the end of 2018 remains positive at a level consistent with a not-for-profit association.

CONTINUITY OF EXPLOITATION AND CASH

The amount held in banks at end of year combined with the firm commitments received from donors in 2018 for 2019 is significant. HQAI can finance its planned activities for 2019.



Pierre HAUSELMANN
Executive Director of HQAI

2018 was a difficult year for HQAI, financially speaking. On the one hand the growth of uptake stalled and on the other hand audits have proved to be more expensive to run than expected. Yet, HQAI has decided not to increase prices but rather continue its efforts to make its services accessible to a majority of organisations, namely through the subsidy fund and our group scheme.

December 2018



duchosal berney

**Report of the statutory auditor
To the Committee of**

Association Humanitarian Quality Assurance Initiative

duchosal.berney.ch

Dears Sirs,

Report of the Statutory Auditor on the Financial Statements

not to read !!
case postale 6540
1211 Genève 6
T 022 234 92 00
F 022 234 92 11

As statutory auditor, we have audited the accompanying financial statements of Association Humanitarian Quality Assurance Initiative, which comprise the balance sheet as at 31 December 2018, the income statement, the cash flow statement and notes 2018 for the year 2018 then ended.

duchosalberney.ch

Committee's Responsibility

The Committee is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Committee is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**EXPERT
SUISSE**



Association Humanitarian Quality Assurance Initiative

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Opinion

In our opinion, the financial statements for the year 2018 ended 31 December comply with the Swiss GAAP RPC and particular with FER 21, the Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Committee.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Duchosal Berney SA


Michaël Lehmann
Licensed Audit Expert
Auditor in charge


Philippe Lathion
Licensed Audit Expert

Geneva, 12 March 2019
MLLM182075A3

Enclosures : Financial statements (balance sheet, income statement and notes),
Proposed appropriation of available earnings

OVERVIEW FINANCIAL STATEMENTS

For the period 01 January 2018 - 31 December 2018,
according to Swiss GAAP

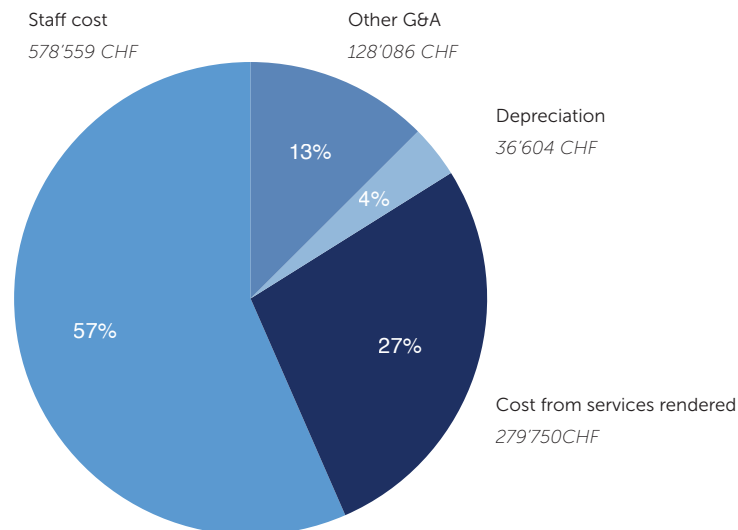
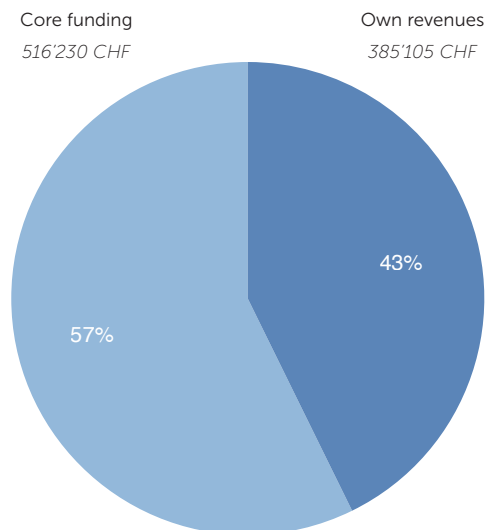
REVENUES

CHF COST

CHF RESULT

CHF

Grants from the public sector: untied		Cost from services rendered	(279'750)	Operating result	44'260
German Ministry of Foreign Affairs	113'170	General & Administrative (G&A) Expenses		Attribution to restricted funds	(165'925)
DANIDA	203'060	Staff cost	(578'559)	Financing Profit/(Loss)	2'456
Swiss Agency for Development	100'000	Other G&A expenditures	(128'086)	Profit/(Loss) before Tax	124'121
Geneva-based foundation	100'000	Depreciation and Amortisation	(36'604)		
Grants from the public sector: tied (Subsidy Fund)	165'925				
Revenues from services rendered	385'105				
Revenues	1'067'259	Operating cost	(1'022'999)		



STATEMENT OF FINANCIAL POSITION

(in Swiss francs)	2017	2018
ASSETS		
Cash and banks	381'924.01	257'421.07
Receivables: clients	38'577.39	97'068.25
Receivables: other third parties	428.78	519.60
Other current assets	188'080.57	34'974.24
Total current assets	609'010.75	389'983.16
Financial assets	1'368.15	1'368.30
Tangible assets	10'665.07	9'485.82
Intangible assets	35'860.58	12'701.72
Total non current assets	47'893.80	23'555.84
TOTAL ASSETS	656'904.55	413'539.00

(in Swiss francs)	2017	2018
LIABILITIES		
Payables: suppliers	23'322.78	27'699.61
Payables: other third parties	200'407.11	137'729.45
Accrued liabilities	92'426.52	44'882.91
Other short-term liabilities	160'089.90	71'415.34
Total short-term liabilities	476'246.31	281'727.31
Equity: sourced by grants		
- Initial	111'777.58	131'415.80
- Tied	49'242.44	124'516.56
- Untied	19'638.22	(124'120.67)
Total equity for the organisation	180'658.24	131'811.69
TOTAL LIABILITIES	656'904.55	413'539.00

INCOME STATEMENT

(in Swiss francs)	2017	2018
Grants from the public sector		
- including tied grants	-	165'925.00
- including untied grants	392'902.12	516'230.00
Revenues from services	393'926.81	305'779.55
Revenues from subsidised services	32'008.90	79'325.44
Total revenues	818'837.83	1'067'259.99
Grants given	-	-
Staff cost	(431'158.36)	(578'559.18)
General & Administrative expenditures		
- Cost of sales: auditors fees	(273'733.80)	(279'749.66)
- Office running expenses	(85'551.78)	(128'086.36)
Depreciation and amortisation	(10'362.06)	(36'604.44)
Provisions	-	-
Total operating cost	(800'806.00)	(1'022'999.64)
Operating result	18'031.83	44'260.35
Financing profit / (loss)	1'606.39	(2'456.02)
Non operating result	-	-
Exceptional result	-	-
Result before variation of equity sourced by grants	19'638.22	41'804.33
Attribution to restricted funds	-	(165'925.00)
Variation of equity sourced by grants	-	-
PROFIT / (LOSS)	19'638.22	(124'120.67)

STATEMENT OF CASHFLOW

(in Swiss francs)	2017	2018
Result before variation of equity sourced by grants	19'638.22	(124'120.67)
Variation of equity sourced by grants	(87'973.56)	75'274.12
Depreciation and amortisation	10'362.06	36'604.44
(Decrease) / increase of provisions	-	-
Decrease / (increase) of deposits	-	-
Decrease / (increase) of receivables	(13'044.08)	(58'581.68)
Decrease / (increase) of inventories	-	-
Decrease / (increase) of other current assets	(169'156.77)	153'106.33
(Decrease) / increase of payables	66'859.44	(58'300.83)
(Decrease) / increase of other current liabilities	226'530.09	(136'218.17)
Net cash from operating activities	53'215.40	(112'236.46)
(Investment) / divestment		
- Tangible assets	(32'726.61)	(5'431.71)
- Intangible assets	-	(6'834.62)
- Financial assets	(0.15)	(0.15)
Net cash from investing activities	(32'726.76)	(12'266.48)
(Decrease) / increase of long-term loans	-	-
Net cash from financing activities	-	-
CASH VARIATION	20'488.64	(124'502.94)
Cash opening balance:	361'435.37	381'924.01
Cash closing balance:	381'924.01	257'421.07

STATEMENT OF CHANGES IN EQUITY

(in Swiss francs)	01.01.2018	Variation	31.12.2018
Equity sourced by grants			
Tied funds			
Total equity sourced by grants			
Equity of the organisation			
- Tied equity			
- Reserves			
* Financing of new projects	49'242.44	75'274.12	124'516.56
- Untied equity	131'415.80	(124'120.67)	7'295.13
Total equity of the organisation	180'658.24	(48'846.55)	131'811.69

GROSS MARGIN ANALYSIS

(in Swiss francs)	2017	2018
Audit services		
Revenues	416'569	385'105
Cost of sales	(269'534)	(279'750)
Total audit services	147'035	105'355
Training		
Revenues	9'367	-
Cost of sales	(4'200)	-
Total training	5'167	-
GROSS MARGIN	152'202	105'355
GROSS MARGIN in % of revenues	35.73%	27.36%

ADDRESS

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Humanitarian Quality Assurance Initiative
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CONTACT

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Phone: +41 22 566 13 99

To file a complaint, please write to complaints@hqai.org
and read more on www.hqai.org/complaints