

Annual Report and Financial Statements

Year ended 30 September 2018



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Welcome

Welcome to Integrity Action's 2018 annual report. I was privileged to be invited to chair Integrity Action's Board of Trustees as of 2019 and I am looking forward to serving the Trustees and the team.

I join at a truly exciting time for our organisation. What we do has a certain magic to it and we are still building our understanding of this, and developing best practice across our organisation and partners.

If you need any convincing please read the two case studies in this review! I love how Siti, a citizen monitor in rural Kenya, got the building contractor to dig the classroom's foundations to the right depth. As I was reading this, my immediate thought was, you go girl! And I felt a personal sense of hope.

Meanwhile the ever-growing number of monitors – well over 2000 now – in an increasing number of countries are holding us all to account and have accepted personal agency to address the inevitable issues that arise in project delivery.

Our approach to "inclusive" development and feedback is being recognised by development agencies, local governments and some corporations as creating a bridge between good intentions and high-impact delivery. Recently we were invited to DFID's Safeguarding Summit to showcase our work on building trust in communities and we have welcomed Apple as a new donor to help us enhance and scale our technology.

We are now embarking on a new and ambitious 5-year strategy which places even more emphasis on working in partnerships and sharing our approach so that we can scale impact more rapidly.

I'd like to thank the Integrity Action team under Jasmina Haynes' strong leadership this year for their unswerving commitment and professionalism, and thank the Trustees for their guidance. I'd like to thank all partners and donors for believing in Integrity Action's work and helping us to reach those who are underserved and unheard. I'd also like to thank our outgoing co-chairs, John Cutts and Kevin Radley, as well as our founder Fredrik Galtung, who left the organisation in 2018.

Integrity Action has a solution that can help address two of the most significant issues facing our world: the lack of trust in institutions and a sense of hopelessness that individuals and communities feel about changing what's around them. These issues drive so much of the discord we see in our communities and countries across the globe, as citizens quite rightly say **no more**.

Integrity Action builds trust and hope. This is why I feel proud to be involved with this organisation.



Gail Klintworth

Gail Klintworth

Chair, Integrity Action's Board of Trustees

Integrity Action: what's the big idea?

Integrity Action has a clear focus: to promote integrity in the delivery of essential services, infrastructure, and development projects in some of the world's most challenging environments.

Using mobile technology, we enable citizens to monitor the delivery of projects local to them – and to solve the problems they find.

Our work is inspired by the growth of open feedback, which transformed the consumer industry. This allowed consumers to post their feedback on products or services publicly, so anyone could see it. All this meant their feedback could not be ignored – and it gave them power.

We want to achieve the same in international development. Why?

Because there remains a major power imbalance between the institutions and organisations that “do” development, and the people and communities who are on the receiving end. This imbalance is even starker for people who are marginalised.

Removing this power imbalance would not only result in development that is better designed, more locally owned, and more worthy of people's trust. It would also eradicate an environment where corruption and abuses of the system can flourish. The sector's recent focus on safeguarding, and the stories from survivors which brought this to light, emphasise how this is a problem that urgently needs solving.

How we do it

Our approach involves three core components:

MONITORING: we enable citizens to become monitors of essential services and development projects. They learn how to access information such as infrastructure contracts, and then check that whatever was promised is being delivered.

TECHNOLOGY: when monitors find that a promise *hasn't* been kept, they report this on Integrity Action's easy-to-use and award winning website and app **DevelopmentCheck**. Their feedback is posted in real time and visible to anyone.

SOLUTIONS: monitors don't just report problems; they are actively involved in finding solutions. Monitors convene the relevant stakeholders and work towards finding solutions that work for everyone. These fixes are also posted on DevelopmentCheck.

To date, citizen monitors have used our technology tools to monitor more than \$1 billion worth of development spending – and so far they have found solutions to 52% of the problems they have found.



The monitors

You can find them in seven countries in Africa, Asia and the Middle East. They number more than 2,000 – and that figure is growing. Some are in their 80s, while others are in their teens. Some are savvy with smartphones and apps, while most haven't used them before. All have a desire to uphold integrity in their community and society – and they are happy to do this voluntarily.

Who are they? They are the citizen monitors involved in Integrity Action's programmes and when a government or development organisation promises something to their community, they are passionate about making sure that promise is kept.

People become monitors for a variety of reasons. Some want to solve pressing problems in their community, like Suleiman Ali Mwatsolozi, a monitor in Kenya. He said: "I became a monitor because I wanted to help my village with the issue of water. Water is a really big problem here, and people have to walk a very long way to get it." Together with two other monitors, Suleiman oversaw the construction of a water tank for his village, making sure it was built correctly and without delays.



Others see personal benefits to taking part. Yosur Assi, a school student and monitor from Palestine, said:

"As a Palestinian girl, my experience provided me with more confidence and broke the barrier of shyness. It also gave me the professional language to talk to the decision makers in my community."

How do citizens become monitors? In every country we work in, we collaborate with local civil society organisations who have a strong presence in communities. They use a range of approaches to recruit people to be monitors, including outreach, advertising, or inviting nominations.

Critically, any cohort of monitors must represent the communities they come from. As an example, let's take Armenia. During the last year our Armenian partner, Armavir Development Centre (ADC), recruited 40 individuals to monitor the construction of some long-promised secondary schools. These 40 individuals needed to be balanced between men and women, though it didn't stop there – ADC also ensured that people with disabilities were represented, that people of different ages were present, and so on.

Integrity Action has a steadfast commitment to diversity. We strongly believe that a diverse cohort of monitors has a bigger impact because the problems they identify – and fix – will affect a broader range of people, including those who are marginalised. This approach is guided by our gender equality and social inclusion (GESI) strategy, which is updated annually and available on our website.

During 2019, the number of citizens monitoring is set to grow further, which presents an exciting opportunity to learn *from them* about how to fix problems, promote integrity, and sustain monitoring and civic action in the long term.

Vision and Mission

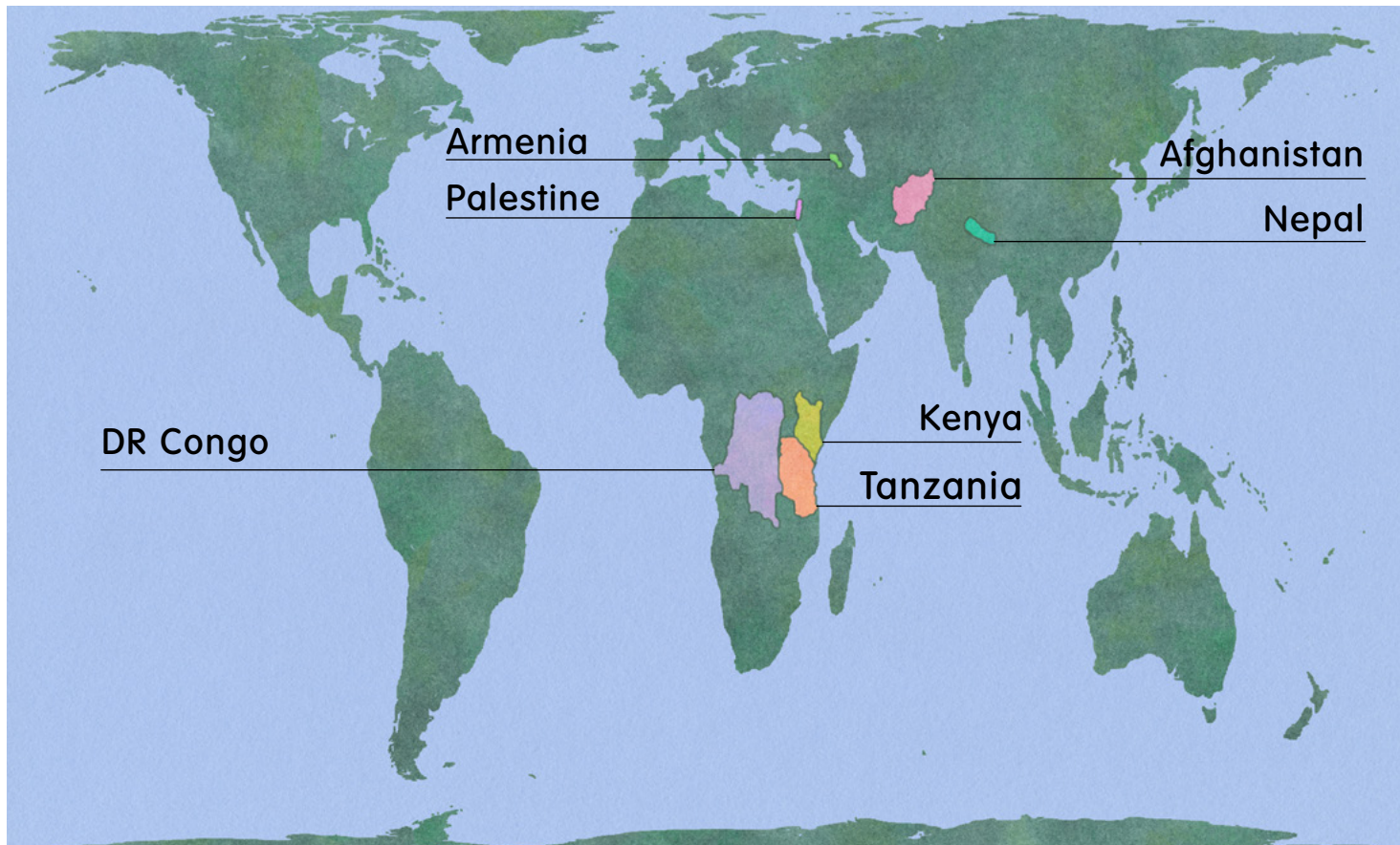
VISION

Our vision is for a just and equitable world, where citizens are empowered and integrity is central to vibrant societies.

MISSION

Our mission is to help build societies in which all citizens can – and do – successfully demand integrity from the institutions they rely on.

WHERE WE WORK



Key numbers

As of December 2018:



2197
citizens acting
as monitors



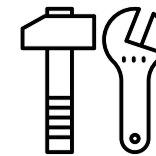
58%
female



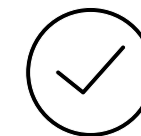
42%
male

in **7** countries

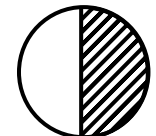
Since 2013:



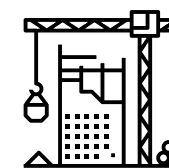
3766
problems found



1975
problems fixed



52%
Fix Rate



828
infrastructure
projects monitored



252
services
monitored



Over **\$1** billion
total value of
projects monitored

Year in review

In the last year Integrity Action ran, or played a key role in, a series of projects that enabled citizens from many backgrounds to successfully demand integrity from the institutions they rely on. We are grateful to our donors for their support to these programmes, including [Sida](#), [Norad](#), [DFID](#), [the William and Flora Hewlett Foundation](#), [the Asian Development Bank](#), [the Pro Victimis Foundation](#), and [UNODC](#). We are also excited to welcome [Apple](#) as a new donor to Integrity Action in 2019.

Most of these donors support specific programmes, but Sida's support is focused on Integrity Action's core functions, which maintains our capacity to innovate and refine our approach and technology tools.

Integrity Action always implements projects in partnership with other organisations. In many cases these are national or local civil society organisations based in the countries where we work, and which have similar goals to ours. These organisations have a strong footprint in communities, excellent knowledge of the context, and plenty of ideas on how to improve social accountability in their environment. All of this is indispensable to our work, and we only work with partners when both sides are confident that they will gain from the collaboration.

Combined with this, Integrity Action is increasingly partnering with international NGOs, which bring the potential to scale up our work to a degree that Integrity Action could not currently contemplate. Our partnerships with Raleigh International and Restless Development, described below, are two examples of this. There is more information on our approach to partnerships in our new 5-year strategy.

Integrity clubs lead the way to increase accountability in schools

Students from 118 schools across five countries identified and solved integrity problems in their schools this year. They are part of the SHINE (Students acting for Honesty, Integrity and Equality) project, led by Integrity Action, which will see 700 Integrity Clubs established in secondary schools by our local partners in Afghanistan, Nepal, Palestine, Kenya, and DR Congo by 2021. By the end of this programme, funded by Norway's aid agency Norad, over 10,000 students between 15 and 18 years old will have taken part in Integrity Clubs and monitored their own school.

To date, young people from the five countries used DevelopmentCheck to report a total of 254 problems in their schools. These related to issues including water and sanitation, teacher and student attendance



and behaviour, and lack of basic supplies like bins and soap. Of these problems, so far they have successfully solved 92 (36% Fix Rate), and they are working on finding solutions for many more. Some of these clubs have expanded their monitoring to services and infrastructure projects in their community, bringing the impact of monitoring outside the school's walls.

Young people from the five countries used DevelopmentCheck to report a total of 254 problems in their schools... so far they have successfully solved 92

In their clubs, students meet regularly to learn about integrity and accountability, facilitated by a focus teacher. In addition to debating hot topics and planning advocacy activities, students got the chance to play with "Play for Integrity", a snakes and ladders-style board game which was developed by Integrity Action thanks to funding from the UN Office on Drugs and Crime. The game tests students' knowledge of integrity and encourages them to promote it more broadly, and is already available in five languages and downloadable from Integrity Action's website.

Clubs are student-led and inclusive, with 52% of clubs led by girls, and 6.5% of members identified as being at risk of exclusion (for example due to disability, caste, or living in a particularly high level of poverty).

Monitoring school construction and rehabilitation in Armenia

Integrity Action has continued its project in Armenia, supported by the Asian Development Bank, in which 40 citizens are monitoring the construction and rehabilitation of earthquake resilient schools.

Armenia scores high on the earthquake hazard scale. The last major earthquake in 1988 reached a 6.8 magnitude, killing 45,000 people and making another 500,000 homeless. It also caused substantial damage to the country's infrastructure.

This project has engaged citizen monitors who have a vested interest in seeing these schools successfully built – they include parents, teachers, prospective students and local residents. So far they have found 31 problems with these projects and posted these on DevelopmentCheck, such as the use of low quality materials, health and safety issues, and problems with maintenance.

By speaking constructively with key figures including the building contractors and public officials, they have so far found solutions to 18 of the problems (58%). As well as this achievement, this project has helped us learn about the role citizens can play in overseeing relatively large and complex infrastructure projects.

Youth demanding accountability from development agencies in Tanzania

Integrity Action has started a four-year collaboration with Raleigh International to implement a DFID-funded project in three regions of Tanzania.

In the project, young people in rural communities will hold development agencies to account and ensure their interventions are effective and inclusive. We estimate that by increasing the success rate and value for money of these programmes, this monitoring could benefit half a million people in these regions.

In Tanzania, young people make up an especially large proportion of the population – but despite this, they do not feel they have a voice in how development projects are implemented in their communities.

The project kicked off during 2018 and so far we have been involved in training activities for young coordinators who will be involved throughout the four years. Ultimately 358 young citizen monitors from 179 communities will take part in monitoring and use DevelopmentCheck to report their findings.

In Tanzania, young people make up an especially large proportion of the population – but despite this, they do not feel they have a voice in how development projects are implemented in their communities. With this project we hope they will gain the confidence and skills to hold development agencies to account and encourage their communities to do the same.

“How did you get to be so powerful?”

It all started with a hole in the ground.

When Siti and her fellow monitors were overseeing the construction of a new classroom in their rural community in Kenya, they noticed that the hole for the foundations had been dug to the wrong height.

The project documents – which they had obtained through an access to information request – told them the hole should be four feet deep. What they saw before them was only three feet deep.

Is this difference trivial? The building contractor certainly thought so. “When we asked him about this,” said Siti, “he was not happy, he asked who we were to be asking him this.”

Siti went on, “We told him we are just community members who are concerned with this project. Our children are the ones who will study here, not the person who signed the contract with you.” Siti insisted that the hole should be the correct height.

This, by itself, is worth highlighting. Siti – a woman in rural Kenya – was challenging a male contractor on an issue that women are not expected to know much about. But many Kenyan communities become frustrated by buildings that crumble well before they should, and she wanted to ensure that this classroom was built to the exact specifications laid out in the contract.

So far, however, this did not convince the contractor. The monitors then pursued another strategy: bringing together the contractor and other key people involved in the project, in this case a local government official.

“At this meeting”, said Siti, “the contractor asked us to forgive him. And he then dug the hole to the correct depth.”

As in all of Integrity Action’s projects, the local authorities had already been engaged in the monitoring effort – they knew what it was and were happy for it to take place. At the meeting, the official explained that the monitors represented the community and that the contractor should respect them.

“At this meeting”, said Siti, “the contractor asked us to forgive him. And he then dug the hole to the correct depth.”

This story is about more than a hole in the ground. In Siti’s view, the attitude of the contractor changed after that moment and he was more motivated to follow the classroom’s specifications. Without this intervention, it’s possible he would have taken further shortcuts. Generating evidence for this kind of attitude change is a key focus of Integrity Action over the coming year.

Siti also told us, “I am friendly with the contractor now. And he recently asked me: **how did you get to be so powerful?**”

This perfectly encapsulates what Integrity Action is trying to achieve for people and communities. We want to see a transfer of power from service providers to citizens, so that citizens’ concerns are listened to and acted on. We also want to see a strong bond of trust between the two, so that citizens actually believe that their concerns will be acted on.

In this way, citizens will have the means, the motivation, and the opportunity to successfully demand integrity from the institutions they rely on.



From participation to open feedback in Kwale County, Kenya

Kwale County, one of the poorest counties in Kenya, is the focus of our project supported by the Hewlett Foundation. Kenya introduced devolution in 2013 and Kwale now has various mechanisms to help citizens participate in decision making. These seem to be much appreciated – citizens often turn up in large numbers for meetings on the county's annual plans, for example.

Experience from other projects suggests that citizen monitoring could yield greater results when both citizens and government have made some investment in participation. In this project, together with three Kwale-based organisations, we have engaged 142 citizen monitors to monitor 63 infrastructure projects and services provided by the county government. This represents over a quarter of the projects implemented by the county in 2018. To date monitors were able to identify 237 problems and solve 30% of them, though the project is in its relatively early days. In terms of inclusion, 44% of monitors are women and 24% are people at risk of marginalisation.

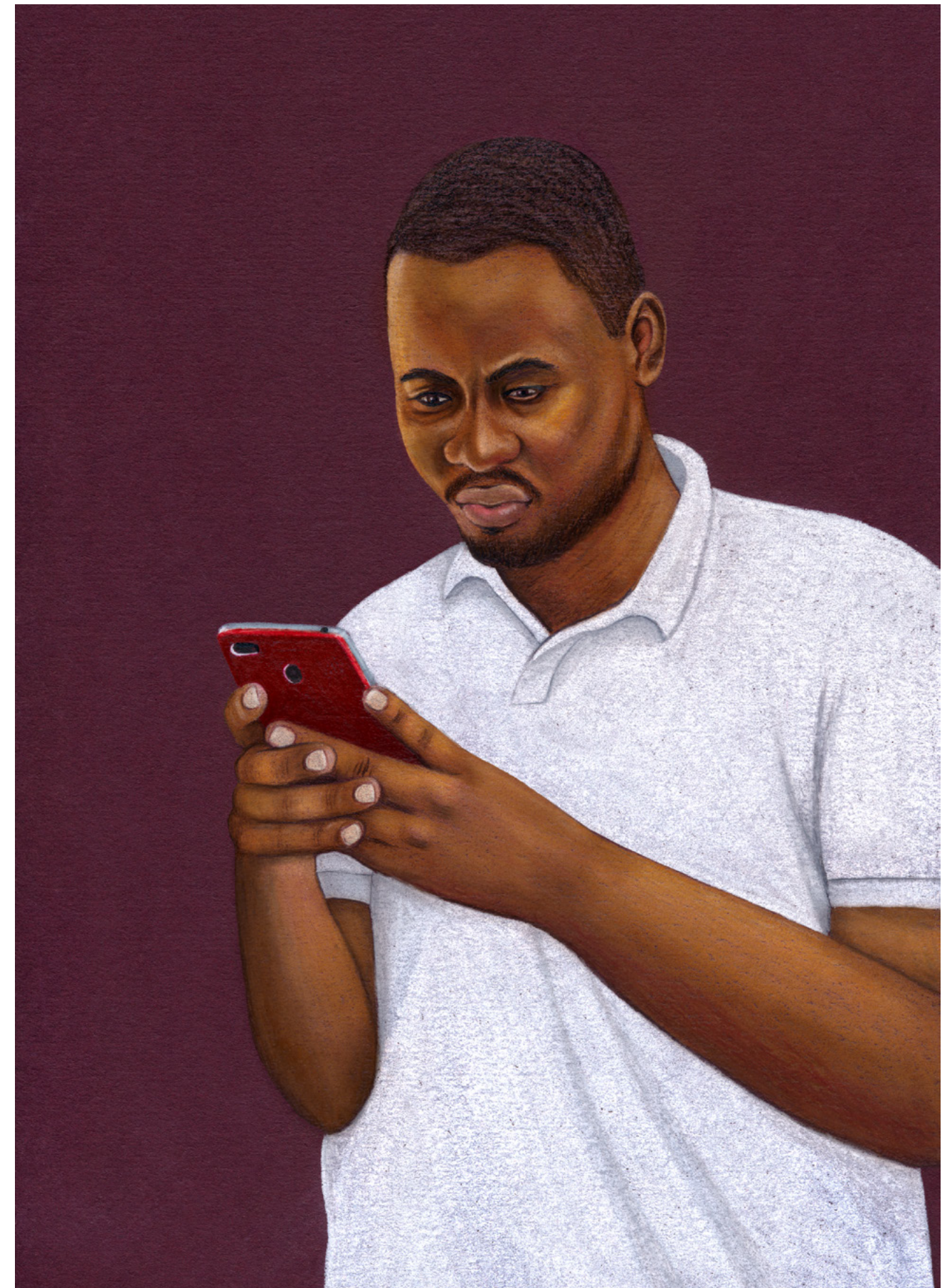
The project has prompted significant interest and collaboration between communities and a wide range of stakeholders across the county, including county government departments, village and ward administrators, community-based organisations, and the local media.

By the end of this project, we are hoping to learn how monitoring can contribute to improved service delivery in a devolved setting, and whether this can contribute to greater confidence of communities in their local government.

Making integrity clubs in Nepal inclusive of students with disabilities

At Integrity Action, we want to ensure that our projects bring about change that leaves no one behind. Within our projects that feature Integrity Clubs, we aim to take into account the needs of young people who are at risk of exclusion, such as young people with disabilities. However, ensuring they can participate meaningfully is a big challenge.

We are now addressing this in Nepal in a project supported by the Pro Victimis Foundation. It began by commissioning research that asked: what are schools doing to ensure participation of young people with disabilities? What are the barriers preventing young people with disabilities from taking part in Integrity Clubs? And how can we ensure integrity club members with disabilities take part in all activities, including monitoring and using DevelopmentCheck?



Interviews and focus group discussions were held with young people with disabilities, their parents, teachers, head teachers, and representatives of disabled people's organisations in Nepal.

The research then produced a series of recommendations on how to increase meaningful participation, which will be trialled by our partner CAHURAST in 10 pilot schools in Nepal. The research, its recommendations, and learning from the pilot schools will then be made available to all schools running Integrity Clubs in Nepal and elsewhere, as well as to the wider sector.

Monitoring solves problems in earthquake reconstruction in Nepal

In 2017 Integrity Action launched a new app to help Nepali citizens monitor the reconstruction of homes that were destroyed in the major 2015 earthquake. Citizen monitors used the app to monitor around 750 homes in Sindhupalchowk, one of the districts that suffered the most damage in 2015. Two international NGOs, Helvetas and Solidar, were helping homeowners to rebuild their homes with funding from Swiss Solidarity.

Integrity Action received support from Swiss Solidarity to ensure that the reconstruction process was delivered to the satisfaction of the people who had lost their homes.

This project, and the accompanying "SindhupalCheck" mobile app, was among three finalists for the Innovation Award at the Bond International Development Awards 2018.

By June 2018, 1310 problems had been identified and more than two-thirds of them had been solved – a Fix Rate of 68%. What is more, 94% of beneficiaries felt that their new home would withstand another earthquake and 98% felt respected and treated with dignity throughout the process.

What we learnt from this project is that constructive collaboration between implementing agencies, funders, monitors and citizens, all combined with a real-time open feedback tool, can result in a high rate of problems being solved. We also, for the first time, started asking communities whether they feel respected when interacting with development agencies – a topic we are keen to explore further.

This project, and the accompanying "SindhupalCheck" mobile app, was among three finalists for the Innovation Award at the Bond International Development Awards 2018.

Integrity action at the heart of the development alternative

How do you shift the power in development and put citizens in charge?

This is a question of utmost interest to Integrity Action – and it is also at the heart of a new DFID-funded consortium, led by Restless Development, that Integrity Action is involved in.

"The Development Alternative" is a new consortium of eight organisations that is exploring ways to disrupt "business as usual" and provide a new paradigm that guides the way development is carried out. It will focus on young people as agents of change and will combine Integrity Action's approach to open citizen feedback with Restless Development's youth leadership and accountability model.

In 2018, the consortium embarked on a co-creation phase. Following this the programme's model will be tested in three countries in 2019 – Uganda, Iraq and Madagascar – before being scaled up to a further five countries. The consortium is supported through DFID's Aid Connect funding stream.

Eight principles of feedback: working with the sector to create best practice

During 2018, Integrity Action's Head of Programme Development Derek Thorne became co-chair of Bond's sector-wide Feedback and Accountability Learning Group. The group has since produced a widely circulated paper explaining how effective feedback mechanisms are essential to ensure communities have trust in development organisations, and are willing to raise safeguarding concerns.

The paper, titled "Eight principles for building trust through feedback", was cited by DFID in their response to the UK parliament's International Development Committee, which launched an inquiry into sexual exploitation and abuse in the aid sector during 2018.

Take one fix. Then multiply it.

Three toilets for 590 school students. This was the situation facing students at Institut Itara in South Kivu, DR Congo.

It's a problem that can prevent students, particularly girls, from attending school – poor sanitation is a big deal for quality education. One female student said, "The lack of clean toilets made us uneasy when we were in our menstrual period. We had to stay at home for three or four days."

But in this case a group of students did something about the problem and, already, a new block of toilets is nearly completed.

How did this happen? Institut Itara is one of the schools involved in Integrity Action's SHINE programme, alongside schools in Nepal, Afghanistan, Kenya and Palestine. At each school an Integrity Club has been set up – a group of 15 or more students who learn about integrity and carry out monitoring at their own school.

At Institut Itara, the students reported the lack of toilets through our DevelopmentCheck app. They then took their findings to the school management, who had already consented for monitoring to take place.

One member of the Integrity Club said, "We raised the problem with the headmaster, who is a woman, on the urgent need for toilets, especially for girls. She was sensitive to this problem but the funds had to be mobilized. We then arranged a meeting with the parents' committee, teachers, the headmaster, and CERC [the local organisation supporting monitoring in DR Congo]. During the meeting, it was agreed to build eight toilets, including two adapted for girls."

Across Integrity Action's monitoring programmes, we have linked fixes achieved by monitors to specific indicators in eight different SDGs.

This story represents a wider trend we see in the four-year SHINE programme. In its first year, we have seen that water and sanitation is one of the most frequently raised problems. For example, in Nepal, 69% of Integrity Clubs have reported a problem concerning water and sanitation in their school – and so far 64% of those problems have been solved.

Outside of water and sanitation, we have seen Integrity Clubs secure "fixes" for a range of problems, all of which have resulted in tangible improvements for their fellow students - and sometimes the wider community.

For example, at a girls' secondary in Kenya, the Integrity Club secured more beds for their dormitories so that an additional 43 girls could be safely accommodated.

And at a school in Sange, DR Congo, students identified problems with a local electrification project. This resulted in new street lights which now help shops and restaurants stay open later - not to mention keeping the community safer at night.

Fixes like these represent a contribution to achieving the **Sustainable Development Goals** before 2030. Across Integrity Action's monitoring programmes, we have linked fixes achieved by monitors to specific indicators in eight different SDGs, including **quality education, good health and wellbeing, and clean water and sanitation.**

That doesn't include the overall contribution we make to Goal 16, **peace, justice and strong institutions.**

With an expected 700 schools involved during the programme, and an estimated 250,000 students studying at those schools, this contribution can only get bigger in the coming years.



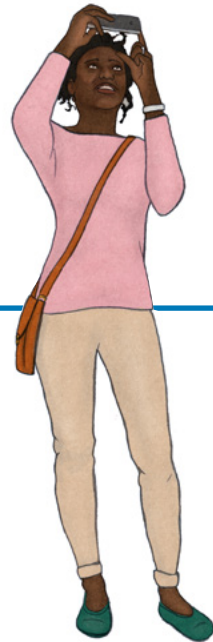
Integrity Action: our new five-year strategy

At the moment...

Strong appetite among citizens to feed back and find solutions

Development sector recognises importance of citizen feedback, and wants to do more

When citizens monitor with our approach, it works



But...

How do we turn this into systemic change?

How do we embed or sustain feedback systems that transfer power to the citizen?

How do we make open feedback the norm in development?

Where we want to be in 5 years:

At the forefront of demonstrating the transformational value of open citizen feedback to sustainable development.

Three objectives:

1. ACHIEVE

ACHIEVE RESULTS FOR CITIZENS THAT MAXIMISE QUALITY, DURABILITY AND INCLUSIVITY

Here's where we keep innovating, guided by evidence – acting as an "R&D" organisation in development

Inclusion and proven impact will remain central

2. AMPLIFY

COLLABORATE TO AMPLIFY RESULTS AND FUEL FURTHER INNOVATION

We will partner with organisations that scale up our approach

This work will feed into future R&D

3. CONVINC

BUILD A ROBUST CASE FOR OPEN CITIZEN FEEDBACK TO INSPIRE ITS MAINSTREAMING

We will lead on evidencing open citizen feedback

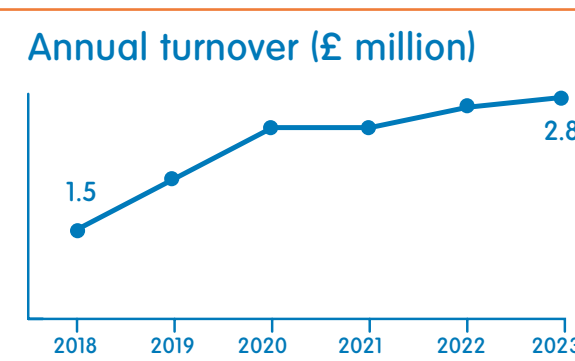
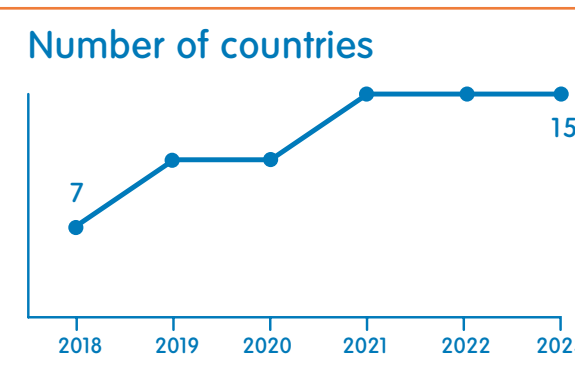
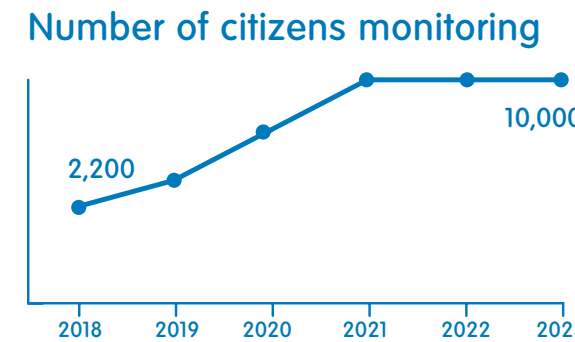
We will convince others in the sector to use it, demand it, or even require it

What will this look like?

"Amplifying partnerships" mean a big increase in reach and impact...

...without the same increase in turnover

= value for money



Financial Review

Reserves policy

We aim to hold sufficient reserves to:

- Cover essential investment to ensure our technological platform delivers programmatic and strategic requirements;
- Meet our commitments in the event of delays in receipt of income; and
- Enable us to complete existing contracts in a planned and orderly fashion should our sources of income cease.

Integrity Action's reserves policy is reviewed on an annual basis as part of the overall risk management of the organisation.

The trustees maintain the view that reserves should not be set too high as this would tie up funds which could and should be spent on charitable activities.

As a result the organisation aims to hold unrestricted reserves amounting to a minimum of three months' and a maximum of six months' total expenditure. Based on our total expenditure for the year ended 30 September 2018, this is equivalent to a range between £329,000 and £658,000.

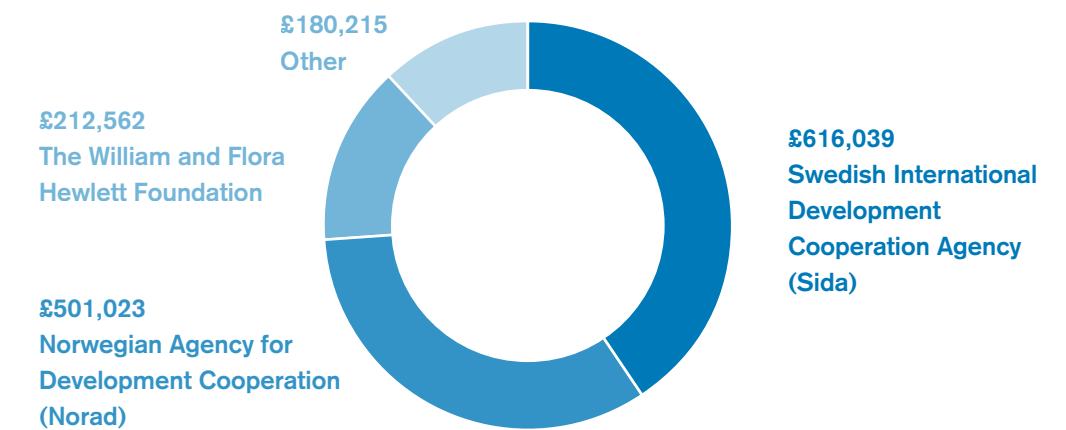
The balance sheet shows unrestricted reserves of £582,907 (2017: £550,916). This equates to 5.3 months of total expenditure and is in accordance with our reserves policy.

Total funds were £800,239 (2017: £607,376) and included a restricted fund balance of £217,332 (2017: £56,460). This balance will be used in the next accounting period for specific programme-related purposes.

Income

Our income increased by 81% this year from £834,050 to £1,509,839. Most of our income comes from institutional donors and private foundations and we are pleased to have increased the number of significant donors (i.e. providing funds of over £100,000 per annum). Over the next strategy period we will explore ways to further diversify our income and we aim to stabilize income at around £2.8 million per annum.

Income



Fundraising policy

As noted above our funds come mainly from institutional donors and foundations. We do not raise funds from the general public. Our Funding policy which aligns with our organisation's values can be found on our website.

Expenditure

Our total expenditure of £1,316,976 was in line with plans.

We started a major software development project during the year to ensure our technology platform, DevelopmentCheck, remains fit for purpose. This will be completed in 2019. We have committed to spend £190,000 in the years ending 30 September 2019 and 2020 of which £73,000 is not yet funded. The trustees have agreed that this will be funded from unrestricted reserves if further funding is not found as the project is vital to our continued effectiveness as an organisation.

Pay policy for senior staff

The Chief Executive Officer is the key management personnel of the charity. She is in charge of directing and controlling, running and operating the charity on a day to day basis.

The total employee benefits of the key management personnel are included in Note 3 to the accounts.

Executive Pay is reviewed by the Remuneration Committee on an annual basis. The review takes into account personal performance, market rates and the financial performance of the charity.

All trustees give of their time freely and no trustee received remuneration in the year for this role. Details of trustees' expenses and related party transactions are disclosed in Notes 4 and 12 to the accounts respectively.

Risk management

The trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks.

A detailed strategic and operational risk register is updated by the senior management team ahead of each quarterly Board meeting. The risk register states the risk appetite for each risk, estimates the likelihood and impact of the risk, notes the changes since the last review, details the actions which have been taken to manage the risk and calculates a post-mitigation risk score. This ensures that the trustees are aware of significant risks and can satisfy themselves that control procedures are adequate to manage these risks.

The key risks identified for the coming financial year are as follows:

Risk	Mitigating measures
<p>Technology</p> <p>Our technology platform, DevelopmentCheck, does not perform as intended – the cost and speed of technological advancements undermine it as a viable platform that delivers effective “real-time” and autonomous feedback from citizens.</p>	<p>A major project is underway to upgrade DevelopmentCheck. The project is currently on time and on budget.</p> <p>Funds needed for development and regular maintenance are earmarked within donor budgets.</p> <p>A technology specialist has been appointed on a part time basis to develop and implement our technology strategy.</p>
<p>Funding</p> <p>Our ability to meet income targets and our strategic requirement to diversify the source and nature of funding is unsuccessful.</p>	<p>Diversification is embedded in the fundraising strategy and progress is reviewed by the executive team monthly. The Fundraising Committee reviews it on a quarterly basis.</p> <p>We are currently testing the viability of different business models which complement our current work.</p>
<p>Evidencing</p> <p>We are not able to demonstrate our impact due to a lack of quality evidence.</p>	<p>Funds have been earmarked in the FY19 budget to obtain an external evaluation of our work and to implement the evaluator’s recommendations.</p>

Public Benefit

The trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The trustees further confirm that the activities of Integrity Action are carried out, in line with its objects, for the public benefit as described in this report.

Structure, Governance and Management

The Board of Trustees governs the organisation in line with its memorandum and articles of association, vision, aims and charitable objectives, as well as providing overall policy direction. The Board is responsible for compliance with all the legal and statutory requirements of a UK charity and of a registered company.

The organisation is run by the CEO who has overall responsibility for strategic and programmatic development and design, operations, fundraising and finances.

The CEO manages the Senior Management Team that includes the Head of Finance and Corporate Services, the Head of Operations and the Head of Programme Development.

The Board has a Governance Manual which is published on the Integrity Action website. The Governance Manual stipulates the provisions for appointments to the Board of Trustees, their term limits, and nominations and appointments to the positions of Chair, and the various committees of the Board. These include:

- Openings on the Board of Trustees are published openly on relevant websites, including our own website;
- The Manual stipulates the roles and person specifications for trustees, the Chair of the Board, the Chair of the Audit Committee, the Nominations and Remuneration Committee, the Fundraising Committee, the Ethics Point Person and the Integrity Action Development Group;
- Terms of appointment to the Board are three years, renewable for a further two terms up to a maximum of nine years.

Statement of trustees' responsibilities

Each trustee has taken responsibility for monitoring the charity's activities in specific operational areas and constant attention is paid 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 charity's development.

The trustees (who are also directors of Integrity Action 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's

website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.



Gail Klintworth

Chair of the Board

25 January 2019

Audit report

Independent auditor's report to the members of Integrity Action

Opinion

We have audited the financial statements of Integrity Action for the year ended 30 September 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the charitable company's net movement in funds, including the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 30, the trustees (who are also the directors of the charitable

company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' Report (which incorporates the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Report (which incorporates the Directors' Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report (which incorporates the Directors' Report).

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

- Adequate accounting records have not been kept by the charitable company; or
- The charitable company 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; or
- The Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Use of our report

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.



Murtaza Jessa

Senior Statutory Auditor
25 January 2019

For and on behalf of haysmacintyre, Statutory Auditors
10 Queen Street Place
London, EC4R 1AG

Statement of Financial Activities

Year ended 30 September 2018

Income	Note	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Investment income		1,255	66	1,321	761
Charitable activities					
Grants, donations and consultancies	1	637,157	871,361	1,508,518	833,289
Total income		638,412	871,427	1,509,839	834,050
Expenditure					
Raising funds		43,934	–	43,934	14,653
Charitable activities					
Open Citizen Feedback		572,195	700,847	1,273,042	1,170,443
Total expenditure	2	616,129	700,847	1,316,976	1,185,096
Net incoming/(outgoing) resources before transfers		22,283	170,580	192,863	(351,046)
Transfers between funds	9	9,708	(9,708)	–	–
Net movement in funds		31,991	160,872	192,863	(351,046)
Funds as at 1 October		550,916	56,460	607,376	958,422
Funds as at 30 September	9,10	582,907	217,332	800,239	607,376

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

Balance sheet

As at 30 September 2018

Fixed assets	Note	2018 £	2017 £
Tangible assets	6	–	1,697
Current assets			
Debtors and accrued income	7	95,773	89,775
Cash at bank and in hand		832,455	583,553
Total current assets		928,228	673,328
Liabilities			
Creditors: Amounts falling due within one year	8	127,989	67,649
Net current assets		800,239	605,679
Net assets		800,239	607,376
The funds of the charity			
Unrestricted		582,907	550,916
Restricted		217,332	56,460
Total funds	9,10	800,239	607,376

Approved by the trustees and signed on their behalf by:



Gail Klintworth

Chair of the Board

25 January 2019

Statement of Cashflows

Year ended 30 September 2018

	Note	2018 £	2017 £
Net cash inflow/(outflow) from operating activities	13	247,205	(459,314)
Cash flows from investing activities			
Write off/(purchase) of tangible fixed assets		1,697	(2,360)
Change in cash and cash equivalents in the year		248,902	(461,674)
Cash and cash equivalents at 1 October		583,553	1,045,227
Cash and cash equivalents at 30 September		832,455	583,553

Principle accounting policies

Year ended 30 September 2018

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Integrity Action meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Preparation of accounts on a going concern basis

Based on a review of the financial position, reserves levels and future plans, the Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

Income and expenditure

Income from charitable activities is recognised when the charity is legally entitled to the income, any performance conditions attached to the income have been met, receipt is probable and the amount can be measured reliably.

Income is deferred when the charity has to fulfil conditions before becoming entitled to it, for example if activities related to the income have not yet begun or the funder has specified that the income is to be expended in a future accounting period.

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

Expenditure is recognised when there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Partnership costs are amounts paid/payable to our implementing partners. They are recognised in the period in which they are payable. An accrual is made when activities have been undertaken but payment is in arrears and has not been made at the year end.

Tangible fixed assets

All assets costing more than £3,000 (including VAT) and with an expected useful life exceeding one year are capitalised.

Software development costs are not capitalized.

Depreciation is charged 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 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.

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.

Employee termination benefits

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Pension scheme

Integrity Action operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of the charity in an independently administered fund. Pension costs charged in the financial statements represent the contributions payable during the year.

Operating leases

Rental charges are charged on a straight line basis over the life of the lease.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity date of three months or less.

Taxation

Integrity Action is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the financial statements

1. Grants, donations and consultancies

	2018 £	2017 £
Unrestricted		
Swedish International Development Cooperation Agency (Sida)	616,039	622,137
Consultancies and donations	21,118	4,450
Total unrestricted	637,157	626,587
Restricted		
Norwegian Agency for Development Cooperation (Norad)	501,023	42,802
The William and Flora Hewlett Foundation	212,562	–
Asian Development Bank	38,481	43,591
Raleigh International Trust (DFID Aid Direct funding)	38,050	–
Pro Victimis Foundation	26,778	1,784
European Union (EU)	17,995	–
Restless Development (DFID AID Connect funding)	17,785	–
Basel Institute on Governance (DFID/British Academy funding)	7,125	21,125
United Nations Office on Drugs and Crime (UNODC)	7,102	–
University of Zambia	4,460	6,696
Swiss Solidarity	–	49,784
Comic Relief	–	37,929
Other donors	–	2,991
Total restricted	871,361	206,702
Total grants, donations and consultancies	1,508,518	833,289

2. Expenditure

	2018			2017			
	Note	Open Citizen Feedback £	Raising funds £	Total £	Open Citizen Feedback £	Raising funds £	Total £
Partnership costs		313,512	–	313,512	84,156	–	84,156
Staff costs	3	547,690	38,087	585,777	684,796	10,486	695,282
Technical assistance		95,550	1,669	97,219	148,058	4,167	152,225
IT and software development		98,963	–	98,963	5,806	–	5,806
Rent, rates and other office costs		60,080	4,178	64,258	86,069	–	86,069
Travel and events		61,558	–	61,558	91,848	–	91,848
Governance costs		31,739	–	31,739	16,470	–	16,470
Other costs		63,950	–	63,950	53,240	–	53,240
Total expenditure		1,273,042	43,934	1,316,976	1,170,443	14,653	1,185,096

	2018 £	2017 £
Net income is stated after charging:		
Fees payable to charity's auditors for audit of the financial statements for the current year	14,700	14,220
Fees payable to charity's auditors for other accountancy services	6,532	4,429

3. Staff costs

	2018 £	2017 £
Wages and salaries	494,464	597,572
Employer's National Insurance costs	57,681	60,168
Employer's contribution to defined contribution pension scheme	24,996	27,742
Redundancy costs	8,636	9,800
	585,777	695,282

Wages and salaries fell during the year principally due to an organisational restructuring which took place during the year ended 30 September 2017.

The average headcount in 2018 was 11 (2017: 14).

Redundancy payments agreed in the year came to £8,636 (2017: £39,506 of which £29,706 was funded in previous years and £9,800 was funded in the year ended 30 September 2017).

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

	2018 £	2017 £
£100,000 – £109,999	1	1
£90,000 – £99,999	–	–
£80,000 – £89,999	–	–
£70,000 – £79,999	1	2
£60,000 – £69,999	1	–

The above higher paid employees received employer pension contributions of £11,900 (2017: £13,358).

The total employee benefits of the key management personnel of the charity were £225,460 (2017: £211,207).

Key management personnel include the CEO and the President (until 31 May 2018 when the role of President ceased to exist).

4. Trustees' remuneration

No trustees were reimbursed any expenses in 2018 (2017: £nil).

No trustee received remuneration in respect of their role as trustee of the charity.

5. Taxation

Integrity Action 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

Cost	Computer equipment £
At 1 October 2017	2,360
Written off in the year	(2,360)
At 30 September 2018	–
Depreciation	
At 1 October 2017	663
Written off in the year	(663)
At 30 September 2018	–
Net book value	
At 30 September 2018	–
At 30 September 2017	1,697

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 2018, the facility was for £25,000 (2017 – £32,000).

7. Debtors

	2018 £	2017 £
Debtors and accrued income	83,389	69,692
Prepayments	12,384	20,083
	95,773	89,775

8. Creditors: amounts falling due within one year

	2018 £	2017 £
Expense creditors	13,326	9,781
Taxation and social services benefits	12,179	2,676
Accruals	41,080	55,192
Deferred revenue	61,404	–
	127,989	67,649

Deferred revenue relates to a contract with Apple Inc which had been signed at the year-end but work had not yet begun.

9. Fund movements

	At 1 October 2017 £	Income £	Expenditure £	Transfers £	At 30 September 2018 £
Unrestricted funds					
Total unrestricted funds	550,916	638,412	(616,129)	9,708	582,907
Restricted funds					
Students Acting for Honesty, Integrity and Equality (SHINE)	–	508,191	(319,310)	(9,708)	179,173
From participation to open feedback in Kwale County, Kenya	–	212,562	(180,871)	–	31,691
Youth demanding accountability from development agencies in Tanzania	–	38,050	(33,988)	–	4,062
Monitoring school construction and rehabilitation in Armenia	34,499	38,481	(71,670)	–	1,310
The Development Alternative	–	17,785	(17,785)	–	–
Making integrity clubs in Nepal inclusive of students with disabilities	955	26,778	(26,637)	–	1,096
Other	21,006	29,580	(50,586)	–	–
Total restricted funds	56,460	871,427	(700,847)	(9,708)	217,332
Total funds	607,376	1,509,839	(1,316,976)	–	800,239
	At 1 October 2016 £	Income £	Expenditure £	Transfers £	At 30 September 2017 £
Unrestricted funds	617,431	627,348	(850,136)	156,273	550,916
Restricted funds	340,991	206,702	(334,960)	(156,273)	56,460
Total funds	958,422	834,050	(1,185,096)	–	607,376

See the Year in Review in the annual report for details about the restricted funds projects.

A transfer was made to unrestricted funds in respect of income received for the reimbursement of core costs.

10. Analysis of net assets over funds

	2018			2017		
	Unrestricted funds £	Restricted funds £	Total funds £	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	–	–	–	1,697	–	1,697
Net current assets	582,907	217,332	800,239	549,219	56,460	605,679
	582,907	217,332	800,239	550,916	56,460	607,376

11. Commitments under operating leases

The charity had total commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2018 £	2017 £
Within one year	16,188	38,079
Between two and five years	–	16,188
	16,188	54,267

12. Related party transactions

In both 2018 and 2017 there were no related party transactions.

13. Reconciliation of net income to cash flow from operating activities

	2018 £	2017 £
Net movements in funds	192,863	(351,046)
Depreciation	–	663
(Increase)/decrease in debtors	(5,998)	43,545
Increase/(decrease) in creditors	60,340	(152,476)
Net cash inflow/(outflow) from operating activities	247,205	(459,314)

Reference and administrative details

Trustees

Alan Barlow
John Cutts
(resigned 31 December 2018)
Gail Klintworth
(appointed 1 January 2019)
Nilima Gulrajani
Arun Nanda
(resigned 13 June 2018)
Kevin Radley
(resigned 31 December 2018)
Siobhan Turner
Sunil Vaswani
Philip Welply

Audit Committee

Kevin Radley
(resigned 31 December 2018)
Siobhan Turner

Fundraising Committee

Alan Barlow
Sunil Vaswani

Remuneration Committee

Nilima Gulrajani
Siobhan Turner
Philip Welply

Registered and business office

The Leather Market, Unit 12.1.2
Weston Street
London, SE1 3ER
Tel: +44(0)203 119 1187

Auditor

haysmacintyre
10 Queen Street Place
London EC4R 1AG

Bankers

HSBC Bank
60 Queen Victoria Street
London, EC4N 4TR

Chief Executive Officer

Jasmina Haynes
jasmina.haynes@integrityaction.org

Company registration number: 4884328 (England and Wales)

Charity registration number: 1120927

www.integrityaction.org

