

**REPORT OF THE AUDIT AND FINANCE COMMITTEE
ANNUAL MEETING OF THE ASSEMBLY OF PARTIES
12 December 2025**

The Audit and Finance Committee (AFC) is established pursuant to Article 33 of the Rules of Procedure of the Assembly of Parties to assist the Assembly of Parties through the Standing Committee in its oversight responsibilities, with particular attention to audit and compliance, the review of the proposed annual budget, financial reporting, and an effective and efficient financial performance.

In accordance with Article 2 of the Rules of Procedure of the Audit and Finance Committee of the Assembly of Parties, the AFC shall be comprised of five to seven Member Parties elected for a renewable two-year term; the Chair shall be appointed by the Assembly.

As of the 2024 meeting of the Assembly of Parties, the AFC was composed of the following six members:

- Kuwait (Chair)¹
- China
- Italy (Vice-Chair)
- Kenya
- Türkiye
- United States

The AFC held five meetings in 2025: three in hybrid form, with most members attending in person, and two remotely.

The meetings on 17 April, 17 July and on 8 October were regular meetings. The remote meeting on 3 April was held to brief members on the preliminary 2024 Financial Report, and the remote meeting on 1 October was held to brief members on the proposed 2026 Operating Budget.

Summary of AFC activities in 2025:

1. Monitoring of the 2025 Operating Budget and financial performance

The AFC supported the Standing Committee by reviewing financial reports and budgets prepared by the Secretariat, and ensuring IDLO revenue and expenditure corresponded with the approved 2025 Operating Budget. Additionally, members of the AFC, including its Chair or Vice-Chair, participated as an observer in the Standing Committee meetings.

2. Review and endorsement of the 2024 audited financial statements

Pursuant to Article 1.2(b) of the Rules of Procedure of the AFC, members reviewed and

¹ Ms. Eman B. Al-Abdulrazzaq of Kuwait served as Chair of the AFC until her retirement in May 2025. Ms. Stefania Costanza of Italy was appointed Vice-Chair by the members of the AFC on 19 June 2025, pursuant to the AFC Rules of Procedure (Art. 2(3)), and thereafter presided over meetings of the AFC.

endorsed the audited financial statements for IDLO for the year ended 31 December 2024. Members also reviewed the Management Letter issued by the auditors after completion of the 2024 institutional audit, in which no material issues were raised.

3. Operational Fund

Further to Resolution 2/2019 adopted by the Assembly of Parties at its meeting on 13 November 2019, the AFC endorsed the proposal that no amount would be allocated to the Operational Fund from 2024.

3. IDLO's Risk Register

Members of the AFC reviewed the annual top-level risk register, noting the mitigation measures taken to address the risks highlighted and the implementation of IDLO's Risk Management Policy.

4. Internal Audit and Compliance

The AFC reviewed the Internal Audit and Compliance Officer's report of the internal audit activity undertaken in 2024. The report offered an overview of the main findings from internal audits conducted in 2024 and management's response to the related recommendations.

5. Endorsement of the 2026 Operating Budget

The AFC reviewed the proposed Operating Budget for 2026, noting that it is balanced, despite a significant reduction in expected programme revenue. The AFC recommended to the Standing Committee that it be forwarded to the Assembly of Parties for approval.

Conclusion

In 2025, IDLO's operations continued to be impacted by conflict and instability in many regions, as well as a constrained funding environment. Despite this, IDLO managed its expenditure well, ending the year with a positive net result.

A balanced budget for 2026 has been prepared to support the implementation of the 2025-2026 Management Plan.

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