

FIPT Inspection Reporting for 2020 Conference Report

Article V, Section 3 of the *Fellowship Intellectual Property Trust (FIPT)* Operational Rules outline the current process for an Inspection of Trust Activities. Such an inspection was carried out in May 2018. We posted a final report about that inspection immediately following the inspection at www.na.org/fipt, but in accordance with the policy outlined in the Operational Rules we are reporting on it here as well.

Article V, Section 3, FIPT Operational Rules

Report of inspection

1. One of the two inspection team members drawn from the World Board will develop a report of the team's findings relative to the region's stated concerns. The report will include full documentation of the inspection team's findings.
2. The final report, along with a copy of the original request for inspection, will then be published in the next *Conference Report*.

This link leads to the final inspection report as well as the original request for inspection from the South Florida Region:

<https://www.na.org/admin/include/spaw2/uploads/pdf/bulletins/Inspection%20Report%20Final%20May%202018.pdf>

We have received a number of questions about the cost of the inspection. As we have previously reported, the cost of the inspection was much lower than we originally anticipated it might be, due to a reduction in scope agreed to at WSC 2018 on the part of the requesting region. We gave an initial estimate for cost of the inspection in the October 2017 NAWS News of more than \$100,000. The region requesting the inspection subsequently agreed to adhere to the standard auditing practice of inspecting a representative selection of records related to a concern rather than requiring every record related to each concern be produced. That smaller scope reduced the costs significantly.

Some inspection costs are relatively easy to calculate. Legal fees related to the inspection totaled just over \$34,500. Figuring that a typical Board meeting costs over \$48,000 for four days, the expense related to the Board's time was approximately 48,000 for the 4 days of discussion related to the issue in the course of the year. Other costs are not easy to estimate, among them, staff time, mailing costs, and the opportunity cost of the office, the Board, and other service bodies' time and attention being drawn to the inspection.

Most crucially, the costs of the May 2018 inspection are not predictive of any future inspection. The costs depend upon the range of an inspection, and may vary widely.

We have also received questions about the response time of an inspection. The World Board is responsive to requests of all kinds. Where legal issues are concerned, however, responses take longer than usual because our due diligence requires we seek legal counsel. That said, it's worth

noting that in the last cycle, the Board began meeting online much more frequently and we believe that will help us be more responsive.

We want to reassure the Fellowship, as we have repeatedly reported, we have a great deal of built-in oversight of our financial processes. The World Board, which is elected by the WSC, and Audit committee provide financial oversight of NAWS. We spend about \$43,000 dollars a year on an independent audit of NAWS financial reporting with tax preparation, including internal controls and routine operating processes. The report from that audit is reviewed by an Audit committee, approved by the World Board, and then published in the *Annual Report* each year and distributed to all Conference participants.

We have included recommendations for changes to the inspection clause in the 2020 Conference Agenda Report. As we explain in the CAR essay that introduces those motions, we believe the most significant consideration is the question of who is empowered to make decisions on behalf of the Fellowship. Our recommendations about changes to the inspection request are motivated by our understanding of group conscience and the belief that one region should not be able to make a decision for the WSC or Fellowship as a whole.