



# Ethics and Compliance Unit (ECU)

# FY 2022 Annual Report

March 2023 | International Rescue Committee

# IRC's Ethics & Compliance Unit (ECU): Promoting a Culture of Integrity, Compliance, and Risk Management

IRC's Ethics and Compliance Unit (ECU), created in 2016, works collaboratively and globally across the IRC to promote and implement an ethics and compliance program for the IRC.

The ECU's mandate is to ensure that the International Rescue Committee, Inc., and its affiliates, maintain, promote, and implement an ethics and compliance program as a priority in the Organization, focusing on the effective prevention, detection, investigation and deterrence of potential violations of IRC's Code, the law or regulations, material failures to meet obligations under contracts, grants, or agreements and IRC's standards of ethical conduct. IRC's Ethics and Compliance program directly supports the Organization's ability to serve the needs of its clients and to meet donor requirements, as trusted stewards of their resources.

ECU's responsibilities include:

- **Promote a Culture of Integrity** to ensure that IRC integrates a culture of ethics, integrity, and compliance into its business practices at all levels of the organization, in accordance with the IRC's Code of Conduct ("The IRC Way"), our values, policies, national laws and regulations
- **Promote IRC's Code of Conduct** and train staff annually
- **Develop and Implement Training and Communications** to raise awareness on integrity issues; prevent potential misconduct; and share lessons learned throughout the organization
- **Provide Advice** and subject matter expertise on ethics and compliance issues
- **Establish consistent and effective Organizational risk management** through implementation and maintenance of a global *Enterprise Risk Management Process (ERM)*
- **Embed Fraud and Corruption Prevention** activities and strategies working with key IRC stakeholders
- **Due Diligence** to assure that IRC has appropriate mechanisms in place for staff and third-party due diligence
- **Management of IRC's Hotline and Conduct of Internal Investigations** of potential violations of IRC's Code of Conduct and policies, laws or regulations and material failures to meet obligations under agreements
- **Remediation** to ensure appropriate steps are undertaken and control gaps corrected when identified through investigations or other means

The ECU Charter can be found [here](#).

ECU has a professional and dedicated team of 22 staff, working on proactive and reactive measures to promote a culture of integrity, raise staff awareness and prevent misconduct such as fraud and corruption, enhance Organizational risk management capacity, and detect and investigate alleged misconduct. Working collaboratively with key stakeholders across the IRC, ECU moved forward in several key areas in 2022, while managing a record number of new matters reported into the Unit:

- **Disseminated IRC’s Global Online Code of Conduct training** (September – December 2021) which had an 85% completion rate in FY2021 (included in this report as the training was completed in Q1 FY22)
- **Enterprise Risk Management** implementation advanced across Crisis, Response, Recovery, and Development (CRRD), Resettlement, Asylum, and Integration (RAI) and Operational areas
- **Deployed IRC’s First Mandatory Online Basic Fraud Prevention Training**
- **Conducted Advanced Interactive Virtual Fraud Red Flags Detection Training** using scenario-based discussions facilitated by trainers, in partnership with IRC’s Awards Management Unit (AMU). In total, 404 participants were trained across 26 sessions conducted in four languages (18 in English, one in Arabic, four in Spanish, and three in French).
- **Managed** a substantial increase in new matters<sup>1</sup> reported into ECU, with 1253 new matters received in FY2022, a 38% increase over FY2021 with 907 new matters received. Not all matters resulted in an investigation by ECU. This was the highest number of reports received through ECU since 2016.

The ECU is headed by IRC’s Chief Ethics and Compliance Officer (CECO), who reports directly to the IRC General Counsel and the Audit Committee of the Board of Directors. The ECU Organizational Chart for FY2022 can be found [here](#).

## **The IRC Way, *Every Day*: How We Honor Our Commitments**

IRC’s Code addresses how we honor our commitments to those who are impacted by our work - our clients, colleagues, donors, suppliers, and partners. It provides practical advice and scenarios to help employees make good decisions and includes information on how to report suspected misconduct. Staff are required to certify their understanding of and intention to comply with the Code each year through a mandatory Code of Conduct training: IRC Way, *Every Day*.

Since IRC’s annual Code of Conduct training runs on a calendar year schedule, in FY2021, the IRC Way, *Every Day* 2021 course was delivered to staff between early September (FY2021) and December 31<sup>st</sup>, 2021 (FY2022). For the first time, largely in response to COVID-19 restrictions for in-person gatherings, the IRC developed and deployed an **online eLearning training**. The 90-minute course included seven modules and was offered in Arabic, English, French and Spanish. Leaders were provided **Leader**

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<sup>1</sup> Matters include all reports, inquiries and allegations of misconduct received by ECU. Not all matters received result in an ECU investigation.

**Toolkits** to facilitate more in-depth optional discussions with staff on one or more of the following topics: Fraud and Corruption Prevention, Safeguarding, and Diversity, Equality, and Inclusion (DEI). In addition, **one-page information sheets** on various IRC Way related topics were created, translated into all IRC languages, and distributed to staff. Staff unable to access the online eLearning module due to language needs and/or inadequate access to internet or an electronic device were provided with a live PowerPoint training locally.



*Staff in Uganda attend an IRC Way, Every Day Live Toolkit Session.*

IRC Way, *Every Day* 2021 also continued our tradition of engaging **IRC Way Ambassadors**, our Code of Conduct Champions who serve as local focal points, to work with senior management, HR, and a cross-functional team at their location to support staff participation and engagement for the training. In FY2022 **386 Ambassadors from across the globe** dedicated their time and enthusiasm to support colleagues.

*“This training was outstanding!! Bravo to the individuals who put this together. I have been with IRC for 10 years and I was really impressed with the quality of this training and its ability to reach diverse audiences with relevant content. Thank you so much for putting this together so thoughtfully!” – feedback from IRC colleague*

IRC had an 85% staff completion rate (13,320 staff online; and 3,719 via live PowerPoint training). Since IRC Way, *Every Day* 2021 was so well-received, it was decided a similar method should be employed for IRC’s 2022 Code of Conduct Training: IRC Way, *Every Day* 2022.

The FY2022 training will again include the online eLearning module as well as mandatory **Live Focus Sessions**. This change was inspired by very favorable feedback on the FY2021 training as well as comments by staff that they also wanted an in-person element to their training experience. These Live Focus Sessions will give staff the opportunity to gather either in-person or online to have more in-depth discussions on certain topics and much needed team bonding after the pandemic. The planning process began in the summer of 2022 with a committee composed of IRC staff representing numerous departments, positions, and locations across the IRC. IRC Way, *Every Day* 2022’s course window will be from November 2022 - February 2023.

# Enterprise Risk Management (ERM)

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The integration of Enterprise Risk Management (ERM) represents a significant transition for the IRC, as the Organization continues to adopt best practices and evolves to establish a consistent, proactive approach to risk management. The goal of ERM is to enhance decision making and bolster resilience by strengthening the Organization's ability to identify, assess and manage the challenges and opportunities faced in pursuit of our objectives. In doing so, ERM provides essential support to the implementation of Strategy 100, improvements in performance, resource optimization and, importantly assurance to Partners, Donors, Clients, and Staff that IRC has robust risk management practices in place.

Our ERM approach was designed with risk management global best practice, specifically ISO 31000, in mind. This ensures that the IRC focuses attention and efforts on the most important risks to achieving our objectives rather than a list of perceived issues. Objectives are derived from our mission statement, strategy, department goals and management priorities, and are reviewed annually as part of the Organizational planning cycle. Management at the Department Level (and in the case of CRRD and RAI, Regional Level) review, refresh and update their risks to achieving their respective objectives on a quarterly basis as part of existing standard management routines to ensure full integration and minimal administrative burden.

The Risk and Compliance Committee, chaired by the Senior Director, Enterprise Risk Management, is comprised of senior leaders who meet quarterly to highlight the most prominent and urgent risks, discuss mitigation strategies, collaborate on cross-cutting issues, and create awareness regarding the many instances that can affect objective achievement. The value of these discussions and the opportunities for collaborative and coordinated mitigation activities will grow as ERM is fully implemented at the IRC.

To further implement and establish a consistent, centralized platform for risk information and management, an ERM Application was designed and deployed in FY2022. The ERM Application enhances user experience, consolidates risk information in a digestible format, increases peer learning and transparency, and lays the foundation for detailed analysis and reporting once ERM is fully implemented. ERM Application training and ongoing support is provided to all users so they can work effectively within this dedicated system.

During FY2022, we continued to partner closely with colleagues across the IRC to further implement ERM, provide risk management support, and further enhance the Organization's decision-making capabilities. By the end of September 2022, over two thirds of the Organization had implemented ERM into their existing management practices. Departments currently working with ERM include CRRD, RAI and key operational functions. ERM training sessions and interactive workshops have been conducted to further integrate ERM into these departments. Additionally, regular check in meetings and support is provided for regional and department teams to ensure that the approach remains tailored to the needs of the Organization.

We expect that by the end of FY2023 the ERM process will be fully implemented with additional Operational departments participating.

For additional information on ERM and its development at the IRC, see the [ECU 2021 Annual Report](#) and the [ERM Mini Guide](#).

# Enhancing Awareness of Fraud and Corruption Prevention and Detection

FY2022 brought exciting advancements in fraud and corruption prevention and detection at the IRC. Working with key stakeholders in the Organization, together we developed and launched **an online mandatory training**, *Preventing Fraud and Corruption at the IRC: An Introduction*. The 30-minute interactive 'choose your own adventure' eLearning module draws from real life scenarios and is available in Arabic, English, French and Spanish. It will also be made available for the onboarding of new IRC staff and partners.

Additionally, ECU worked in partnership with the IRC's Awards Management Unit (AMU) to develop a **second more advanced training**, *Fraud Awareness: Detecting Red Flags*. This three-hour session focuses on identifying and mitigating red flags using a story-based scenario and discussions with colleagues across the Organization. A total of 404 participants were trained across 26 sessions conducted in four languages (18 in English, one in Arabic, four in Spanish, and three in French). The training facilitators were trained by AMU/ECU staff.

These two trainings create a solid base for fraud awareness raising at IRC, which we will continue to build upon in FY2023.



*The Preventing Fraud and Corruption at the IRC: An Introduction eLearning course (above) teaches learners how to prevent fraud and corruption in a variety of contexts.*

In addition to IRC's fraud prevention awareness training, ECU continued to **engage with CRRD Compliance Coordinators** across the globe. In FY2022, ECU worked with approximately 16 CRRD Compliance Coordinators in 15 countries. While the positions have some variations across countries, the Compliance Coordinator role generally supports the Country Director and senior staff to oversee ethics and compliance related functions across the country program. They have a dual role to engage in both prevention/oversight activities and, at the same time, support ECU investigations related to alleged misconduct in their country.

ECU and the CRRD Director for Internal Controls met monthly with the Compliance Coordinators for important peer learning and development sessions. These monthly sessions allow the group to share resources, troubleshoot common problems, and engage in discussions with senior leaders and experts across the organization on topics relevant to their work such as procurement standards, investigations, audits, risk management and donor compliance. Our goal is to support the creation of a community of best practice with the Compliance Coordinators.

FY2022 also featured research on developing a more holistic fraud prevention approach, with the aim of creating an organizational methodology for conducting fraud risk reviews at IRC locations. This work will continue into FY2023 with expected initiation of implementation.

## Internal Investigations and Remediation

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ECU's Investigation Team supports a critical mission of the ECU: to safeguard our employees, beneficiaries, staff and resources from misconduct and abuse in complex and high-risk operating environments through investigating allegations of fraud, collusion, and corruption in the use of the grant funds, safeguarding, and other alleged misconduct.

To do this, the ECU has a comprehensive and integrated framework for handling allegations of misconduct including fraud, corruption, safeguarding, and other alleged violations of the IRC Way, by a dedicated, centralized, and independent investigation division within the ECU. In FY2022, the Senior Director Investigations supervised three senior investigators; eight investigators; and one senior case officer, one case officer, and one data analyst who oversee the IRC hotline, case intake process and donor notifications. While conducting investigations is the main remit of the Investigation team, it also dedicates substantial time to donor communication through quarterly meetings as well as ad hoc responses to donors' requests for information.

The IRC maintains a whistleblower hotline and other mechanisms (Ethics Hotline, ECU Integrity Email, HR, Managers, Technical Advisors) to provide multiple pathways for raising concerns and reporting potential misconduct. In 2016, the IRC centralized the reporting of all potential misconduct into the ECU. All issues and concerns raised through the ECU are consolidated in the IRC's Ethics Hotline and case management system for review and investigation, as appropriate. Currently, approximately one half of all concerns raised to ECU relate to HR Employee Relations matters. The ECU Investigation Team works closely with Employee Relations (Global Human Resources) on the review of each allegation involving Employee Relations matters (e.g., workplace misconduct, staff sexual harassment). In most instances, ECU refers Employee Relations allegations to Employee Relations for preliminary review and an investigation, if necessary. ECU and Employee Relations also conduct joint investigations, as appropriate.

Information on how to report is available internally on IRC's Intranet and [externally on IRC's public website](#).

### ***Building Investigation Capacity***

In FY2022, the ECU rolled out the **first Pilot of its new investigation training** consisting of five eLearning modules used in conjunction with live virtual sessions conducted over a five-week period. The Pilot brought together ECU investigators as trainers and 14 IRC staff members working on ethics

issues – mostly Compliance Coordinators, as well as HR Employee Relations staff, and one Safeguarding Advisor. Feedback from the Pilot was overall positive, with all who took part in the feedback session reporting they felt comfortable to assist in an investigation as a result of attending the training. ECU is hoping to revisit an official rollout plan in Q3 FY2023 depending upon the Investigations team's capacity.

It is expected, resources permitting, that there will be a rollout of the training to a larger cohort of staff supporting ECU and HR investigations in late FY2023 or early FY2024.



*The training utilizes five eLearning modules to engage participants and teach the theoretical part of the course (above).*

## **Safeguarding Focus**

Consistent with FY2021, Safeguarding matters relating to the sexual and economic exploitation of clients remained the largest category of new cases opened by ECU in FY2022. Also included in this category are some staff sexual harassment matters, which typically are referred to HR (56% or 235 cases in FY2022) for review and resolution. As a result, the ECU allocated additional resources to expand its capacity, skills, and knowledge in this area. This included the creation of the position of Senior Investigator and Safeguarding Lead and recruitment of a new Safeguarding investigator reporting to the Safeguarding Lead. The Safeguarding team works across all regions and focuses on high priority safeguarding cases. They also provide expert advice and support to the other ECU investigators working on such cases.

The designated Investigation Safeguarding Lead for ECU continues to actively engage with various UN Agency and INGO PSEA working groups, including those hosted by the Inter-Agency Standing committee (IASC), to share sector wide practices with ECU investigators and ensure a uniform, consistent, survivor-centered approach to such investigations.

The ECU continues to strengthen its partnership with IRC's Violence Prevention and Response (VPRU) and Gender, Equality, Diversity, and Inclusion (GEDI) Units to ensure that their technical expertise is considered and incorporated into ECU's approach to safeguarding investigations, particularly as it relates to IRC's Survivor-Centered Approach. ECU contributed to the development of the IRC Safeguarding Strategy for FY2022-FY2024 and sits on the IRC Global Community of Practice, which was designed to promote collaboration between global support functions, facilitate discussions on best practice, and share updates on the implementation of the strategy.



## Investigation Statistics for FY2022

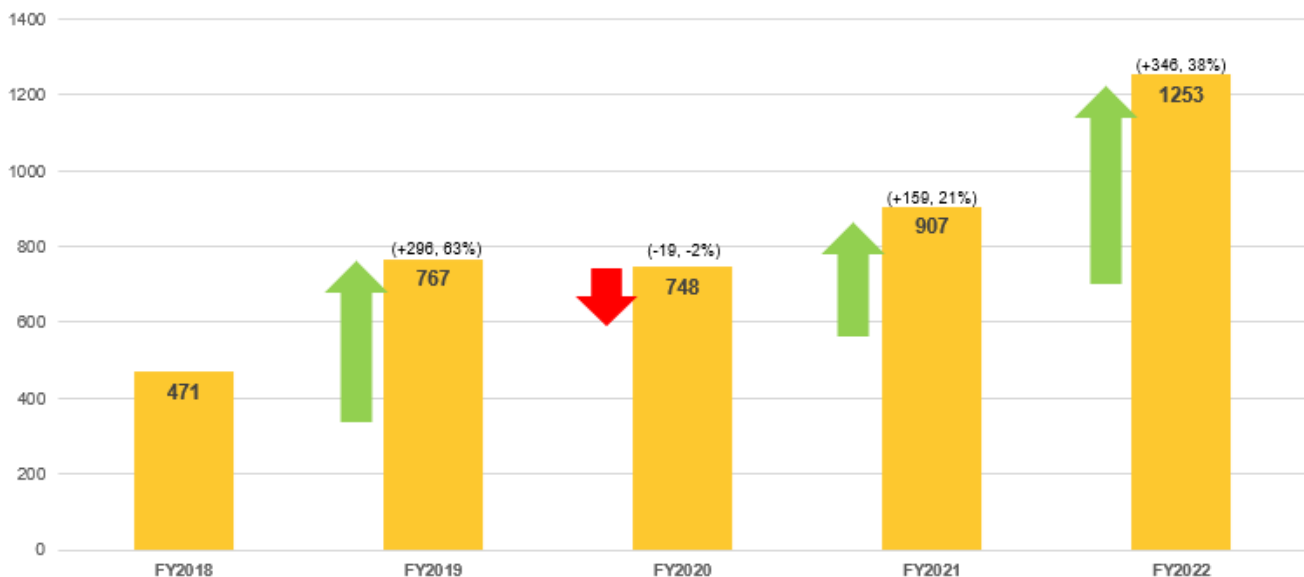
In FY2022, the IRC continued to see an increase in reporting. **Number of new matters received in FY2022 was 38% higher than FY2021.**

FY2022 was a challenging year for Investigations, notably in terms of staffing with the Senior Director of Investigation position open for much of the year, and some normal attrition of several Investigator positions. The team was called upon to manage increased caseloads and take on additional supervisory responsibilities. While this impacted case closure time, ECU was able to grow the team with a Safeguarding Investigator, as well as additional dedicated investigators to cover the RAI and Afghanistan portfolios, respectively. Covid-19 continued to impact investigative activities with most investigations conducted remotely.

### All New Matters Received by ECU in 2022

ECU is responsible for maintaining a centralized case management system that includes all new matters reported to ECU directly and through the IRC's centralized Ethics Hotline/EthicsPoint, the Integrity Mailbox, and any other means. All matters are reviewed and researched by the Case Intake team. Since the formation of the ECU in 2016, the **1253 new matters** reported to ECU in FY2022 represents the highest number reported in any one year. Of the 1253 new matters, not all resulted in an investigation. Some matters received were inquiries, programmatic issues, did not allege misconduct, or raised issues more appropriately reviewed and considered by Human Resources or another Organizational Unit.

### All Matters Received by ECU FY2018 through FY2022 (YOY % Change)<sup>2</sup>



<sup>2</sup> Matters includes all reports, inquiries and allegations of misconduct received by the ECU. Not all matters received result in an investigation. Approximately 50% of matters received are referred to Global Human Resources (HR).

The 1253 new matters received by ECU were triaged by the Case Intake team and assigned to ECU or Global Human Resources (HR) for further review and action based upon the issues raised. ECU holds a weekly case intake meeting to review all new matters reported, chaired by the Senior Director of Investigations. Any Employee Relations matters reported, which rest outside ECU's remit to investigate, are referred to Global Human Resources and are discussed in a weekly HR triage meeting with the Chief Human Resources Officer, Director Global Employee Relations and Senior Director of Investigations. For the new matters that were assigned to ECU, 34% involved inquiries or programmatic issues not requiring an investigation.

**All New Matters Received by ECU FY2022**

**FY22 All New Matters Received by ECU and HR (1253 Matters)**

Portfolio	FY2022	
	#	%
ECU	638	51%
HR	615	49%
Total	1253	100%

**FY22 New ECU Matters Received (638 Matters)<sup>3</sup>**

Case/Matter Breakdown	FY2022	
	#	%
Investigation	422	66%
Inquiry/Programmatic Issues (investigation not required)	216	34%
Total	638	100%

For further information on the ECU case intake, triage, and investigation process, see [ECU Investigation Guidelines \(2020\)](#).

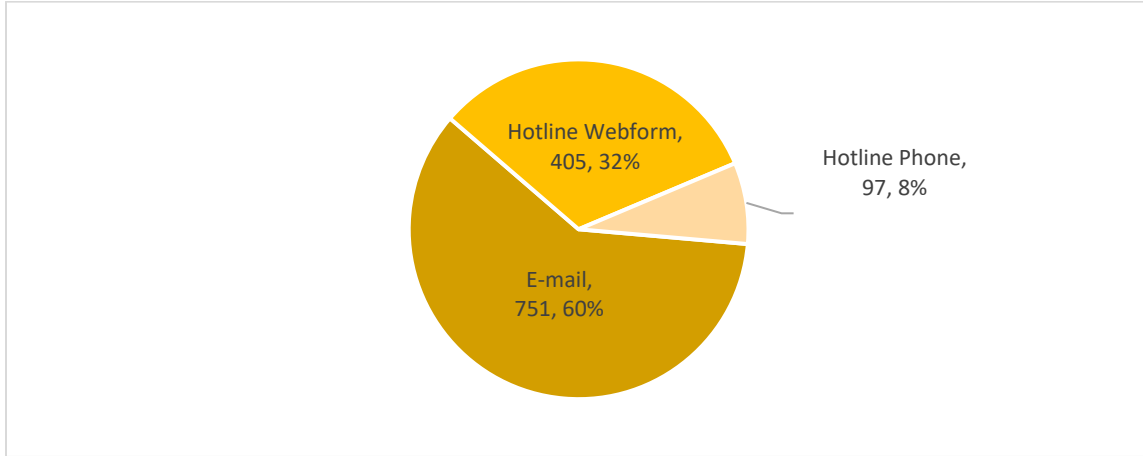
Most new matters received by ECU were reported by email (60%), with 32% reported via the EthicsPoint hotline webform, and 8% received via the hotline phone service.

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<sup>3</sup> Of the 638 matters reported to ECU, 422 (66%) resulted in investigations, and 216 were assessed as inquiries/ programmatic issues, not requiring an investigation.



## FY2022 All Matters: Reporting Method



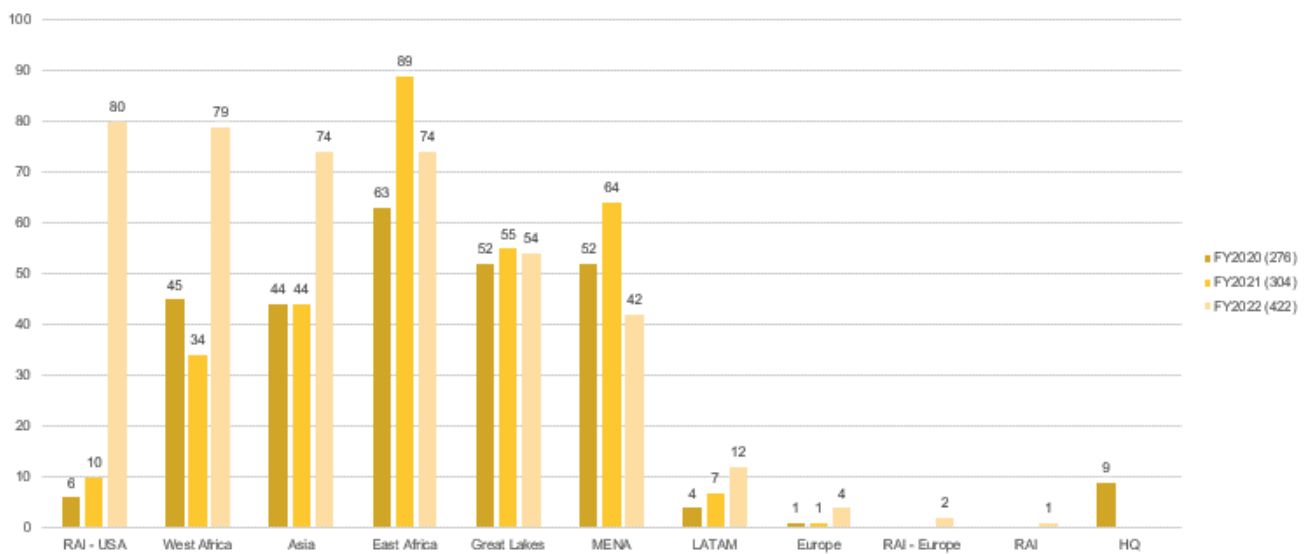
### Breakdown of New ECU Investigations by Region

The regional breakdown for the **422 new investigations** opened by ECU in FY2022 is depicted below.

There are a few variances between regions with a notable increase in RAI (Europe, USA, RAI), from 10 investigations in FY2021 to 83 investigations in FY2022. This increase is related to the Afghanistan crisis and the arrival of refugees in the US. There is also a notable increase in investigations opened in Asia (44 in FY2021 to 74 in FY2022) and West Africa (34 in FY2021 to 79 in FY2022).

One should not infer that a higher number of investigations indicates there are more problems in a certain region. Instead, the number of investigations may indicate higher concentration of staff, programming and investment; a healthy reporting environment; or the presence of Country Program Compliance Coordinators that actively work with teams on compliance issues and support ECU investigations.

### New ECU Investigations by Region FY2020, FY2021, & FY2022

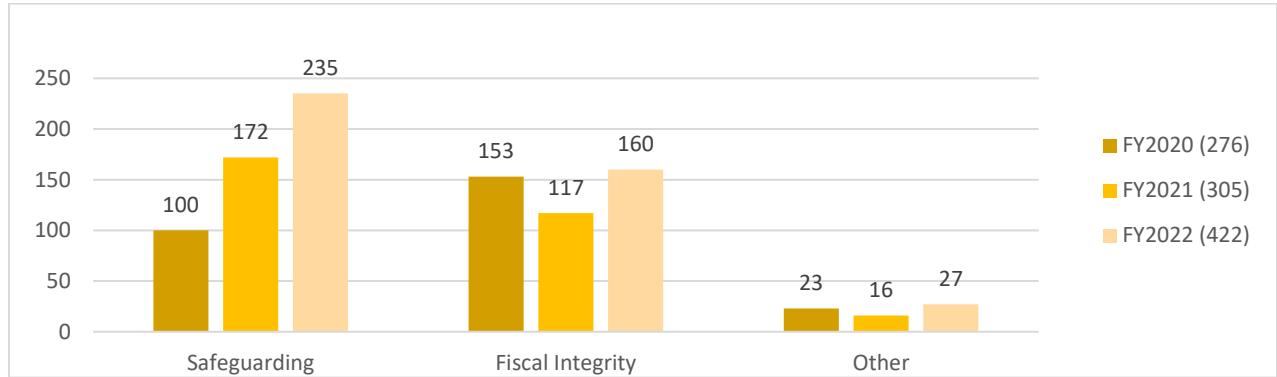


## Breakdown of New ECU Investigations by Case Type

Safeguarding investigations again represented the majority of new ECU investigations opened in 2022:

- Safeguarding (SEA and Economic)<sup>4</sup>: 56% (235 cases) opened compared with 57% (173 cases) opened in FY2021.
- Fiscal Integrity<sup>5</sup>: 38% (160 cases) opened compared with 38% (117 cases) in FY2021

### ECU New Investigations by Issue Type FY2020 – FY2022<sup>6</sup>



### Safeguarding Investigations

Consistent with last year (FY2021) the largest category of investigations opened during FY2022 was safeguarding matters representing 56% (235) of new investigations opened by ECU. This is significantly higher than FY2021 when ECU opened 173 investigations. A few key points:

- Significant increase in adult economic exploitation investigations. In FY2022, there were 143 new investigations, a 30% increase from 110 in FY21. This may be due to increased programming in FY22, including an increase in reporting.
- Second largest category of ECU safeguarding investigations that were opened in FY2022 were adult sexual exploitation and abuse cases representing 23% of all ECU safeguarding investigations that were opened in FY2022.
- RAI and Asia opened the largest number of safeguarding investigations, with Afghanistan reporting the largest number (29) of safeguarding investigations. These were mainly cases of economic exploitation of beneficiaries and involved third parties. In total, the Asia region opened 46 safeguarding investigations, a 20% increase from 23 in FY21. RAI opened 66 safeguarding investigations in FY2022, a 28% increase from 8 in FY2021. The increase is

<sup>4</sup> Safeguarding includes: Sexual exploitation and abuse (SEA) of adult and child clients; sexual harassment of clients; economic exploitation of clients.

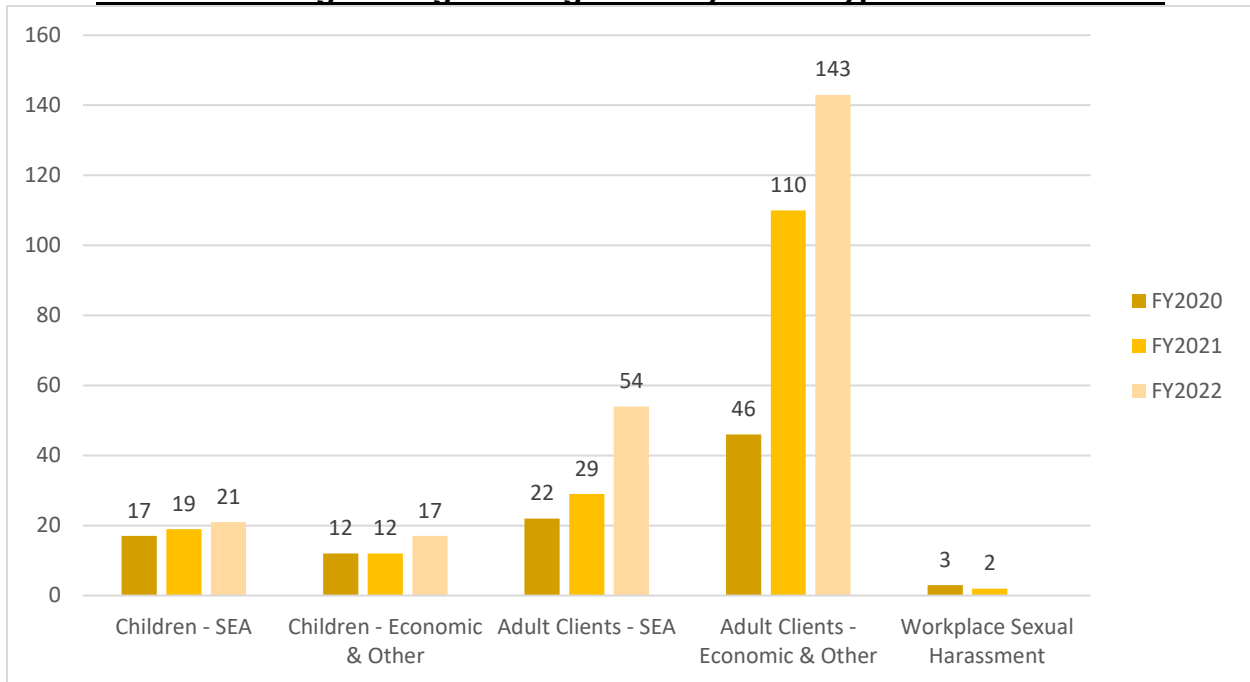
<sup>5</sup> Fiscal Integrity includes: bribery of government officials, procurement fraud/commercial bribery, misappropriation/misuse of assets, auditing/accounting misconduct.

<sup>6</sup> Please note for the purpose of the above chart all non-Safeguarding and non-Fiscal Integrity investigations are reflected in the “Other” category.

related to the Afghanistan Placement Program (APP), the opening of new offices and the volume of new hires.

- Several Country Programs did not report any safeguarding matters in FY2022. Discussions between ECU and Regional Vice Presidents (RVPs) as well as Country Directors in the relevant Country Programs (CPs) are ongoing to develop strategies to raise awareness on how to report suspected misconduct.

### **New ECU Safeguarding Investigations by Issue Type FY2020 – FY2022**



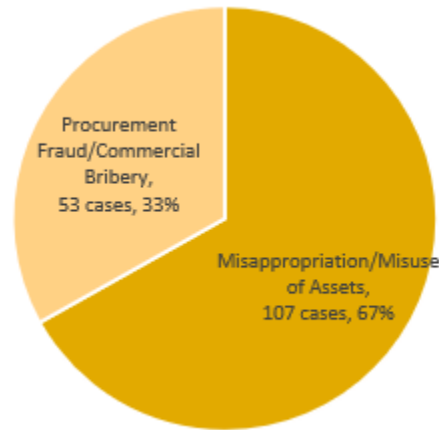
### **Fiscal Integrity Investigations<sup>7</sup>**

The second largest category for new investigations opened in FY2022 was Fiscal Integrity, with 160 cases representing 38% of the total new investigations in FY2022. A few key points:

- Fiscal Integrity investigations initiated in 2022 (160) show an increase over FY2021 when we had 119 new cases. The category of misappropriation/misuse of IRC assets accounted for 67% of all new Fiscal Integrity investigations, with 107 new cases opened. IRC had 53 new investigations related to allegations of Procurement Fraud representing 33%.
- West Africa reported the highest number of Fiscal Integrity allegations resulting investigations in FY2022. This may demonstrate an improved reporting environment, rather than an indication that there is more fraud occurring in the region.

<sup>7</sup> Fiscal Integrity includes: bribery of government officials, procurement fraud/commercial bribery, misappropriation/misuse of assets, auditing/accounting misconduct.

**FY2022 ECU New Fiscal Integrity Investigations Total Cases: 160**



**Case Closures and Outcomes**

ECU closed a higher number of investigations in FY2022 (270), as compared to FY2021 (208), resulting in an end of FY2022 caseload of 473 open investigations. Included in the overall investigations closed are investigations that may have been opened in a prior year that continued into 2022. Due to the significant increase in new matters being reported and its attendant workload, staffing challenges, and the continued challenges of conducting investigations largely remotely, there were some variations in delivery compared to prior years:

- 33% of ECU investigations were closed in less than 90 days, compared to 38% in FY2021 and 33% in FY2020.
- 54% of all ECU investigations were completed in less than 180 days, similar to FY2021.

**ECU Investigation Closures and Outcomes FY2022<sup>8</sup>**  
**ECU Investigations Closed: 270**

ECU Cases Open at end of FY2021	ECU Cases Opened FY2022	ECU Cases Closed FY2022 <sup>9</sup>	ECU Cases Open end of FY2022 <sup>10</sup>
318	422	270	473

<sup>8</sup> These charts represent FY2022 ECU Investigations Closed. In addition, ECU closed 211 matters that did not require an investigation.

<sup>9</sup> By comparison, during FY2021 ECU closed 208 Investigations, 68 (33%) were substantiated.

<sup>10</sup> Investigations were reassigned and therefore are not represented in the final ECU investigations open at end of FY2022.



For ECU investigations closed in FY2022, 167 (62%) were investigations regarding safeguarding misconduct:

- In 30% of the safeguarding investigations, the allegations were substantiated, as compared to 29% for Fiscal Integrity investigations.

In its final investigation reports, ECU makes recommendations, as appropriate, to the relevant CRRD/RAI/HQ/Functional senior management that may address: risk mitigation measures, recovery of losses, disciplinary action for consideration, potential referrals to national authorities where criminal conduct has been identified, and potential changes to policies, procedures and operational control weaknesses. The relevant CRRD/RAI/HQ/Functional senior management makes the final decisions on these recommendations for disciplinary and risk mitigation actions to be taken as a result of the Report findings, consulting with ECU as necessary.

ECU works with Global Finance to confirm any assessed losses at the end of an investigation and before the final investigation report is shared with the relevant donor. Global Finance also works with the relevant Country Program to ensure that any losses are not charged to the donor.

### Financial Losses for FY2022

Of the 270 closed investigations in FY2022, 21 investigations resulted in financial loss to the IRC totaling \$85,184.99.

The main category of investigations involving a loss was misappropriation of assets, at 98% of the overall loss. There were two cases of theft. The overall loss does not include thefts not reported into the ECU but may have been separately handled by Security or Country Programs as the allegations did not involve IRC staff or partners. For the closed ECU investigations, 87% of losses (\$74,387.04) were covered by IRC with unrestricted funds while 12% (\$10,467.95) were reimbursed to donors. As a result, there were no donor losses.

### **FY2022 Losses for Completed ECU Investigations**

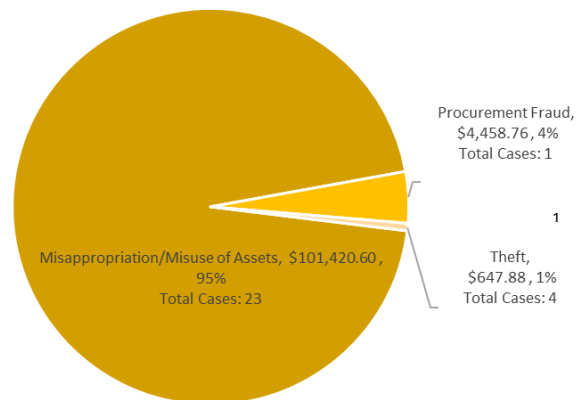
**FY 2021: 28 ECU cases with losses of \$106,527.24**

- \$9,174.27 recovered from subjects
- \$83,375.00 reimbursed to donors
- \$13,291.97 written off
- \$686.00 written off by Implementing Partner

**FY 2020: 29 ECU cases with losses of \$394,136.47**

- \$77,794.55 recovered from subjects
- \$296,572.00 reimbursed to donors
- \$19,769.92 written off

FY21 EOY Loss by Type of Loss (USD)  
Total ECU Closed Cases with Loss: 28



\* These figures only reflect theft involving IRC Staff.



## Disciplinary Actions Taken in Substantiated Cases

### *Fiscal Integrity*

For 25 closed substantiated ECU Fiscal Integrity cases in FY2022, there was disciplinary action taken against 43 staff including verbal and written warnings and contract terminations.

### *Safeguarding*

#### **FY2022 ECU Safeguarding Investigations<sup>11</sup> and Disciplinary Actions**

Issue Type	Number of substantiated cases	Number of staff receiving disciplinary action
Beneficiary Exploitation Sexual	24	28
Beneficiary Exploitation Economic	25	32
Workplace Sexual Harassment	1	1
<b>Total</b>	<b>50</b>	<b>61</b>

These figures include all disciplinary action undertaken as the result of an ECU investigation. There were 50 substantiated safeguarding ECU investigations resulting in disciplinary action against 61 staff. Note that these numbers do not include staff safeguarding matters handled by Global HR - Employee Relations.

## **Looking Ahead to FY2023**

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IRC's Ethics and Compliance Unit will continue to collaborate with our programmatic and functional colleagues from around the world to promote a culture of integrity consistent with IRC's Values and Code of Conduct. Together we will ensure that we keep our clients at the center of our work and engage globally for the benefit of our clients, staff, donors, partners, and other stakeholders. ECU's goals for 2023 include:

### **1. IRC Way**

**Continue to Build a Culture of Integrity** by delivering Code of Conduct training and communications to new, existing, and returning staff, partners, and other stakeholders across the

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<sup>11</sup> Of the 270 ECU Investigations closed in FY2022, 167 (62%) were Safeguarding Investigations.



IRC to build an organizational understanding of expected conduct as they engage with IRC's clients and one another in fulfilling IRC's mission.

## 2. **Enterprise Risk Management (ERM)**

**Complete Implementation of IRC's ERM Process** by year end in collaboration with global Organizational and Departmental Leadership. That process will include Quarterly Risk Reviews by participating departments as a part of existing management routines with assessment of risks and articulated risk mitigation plans as appropriate. We will move forward with risk analysis at the organizational level to report on any enterprise exposure and enhance management decision-making.

## 3. **Fraud and Corruption Prevention**

**Increase Awareness of Fraud and Corruption Risks** by building staff capacity with deployment of: (a) *Preventing Fraud and Corruption at the IRC: An Introduction* – mandatory online eLearning training for new and existing staff; (b) *Fraud Awareness: Detecting Red Flags* a more advanced live training, targeting specific departments and locations; and (c) regular communications from Managers to reinforce concepts taught in trainings.

**Pilot and Implement a Uniform Fraud Prevention Assessment process** across IRC locations in collaboration with CRRD and other organizational stakeholders.

**Continue to Integrate and Localize Integrity and Compliance Activities at the Country Level** with a focus on the development and alignment of IRC Compliance Coordinator positions across countries with training and capacity building, peer to peer learning, and greater integration into operations.

## 4. **Investigations**

ECU's Investigations Unit will continue to focus on providing a proportionate response to allegations of wrongdoing in IRC funded activities. Every report received by the ECU undergoes a rigorous triage process to determine the best response to the matter. Our professional team of investigators and analysts are on hand to provide support to our IRC teams worldwide to understand if fraud, abuse, and other types of misconduct are present. Early identification and reporting of fraud and abuse is central to the 'IRC Way'.

**Efficient & Effective Service Delivery to ensure a timely response to all allegations that fall within the mandate of ECU:** Safeguarding cases will continue to be prioritized and the investigation of high priority cases expedited. The execution of high-quality investigations and providing the results and insights to our internal and external stakeholders remains our highest priority.

**Implement a Dynamic Resourcing Model to provide a proportionate response to all reports of fraud and abuse:** As a reactive function, it is a challenge to predict and respond to the fluctuating number of allegations of fraud and abuse received. With a team of 22 full-time

budgeted staff, filling the open job vacancies will be a key priority to ensure the team operates at full capacity.

**Continuous Improvement and Investigations Capacity Building:** Improvements to IRC Case Intake and Management systems to best manage the case life cycle and store triage and investigation information. Assessments of Standard Operating procedures to ensure ECU's processes are consistently applied and continue to reflect best practices.

**Greater Awareness and Transparency** by sharing insights of investigation outcomes with the IRC Community: Providing insights into areas for risk relating to Fraud and Abuse to further mitigate these risks across the organization.