

ETHICS AND COMPLIANCE UNIT



FY 2023 Annual Report



Table of Contents |

Foreword | **3**

About the Ethics and Compliance Unit | **4**

Fiscal Year (FY) 2023 Highlights | **5**

Prevention is Better Than Cure | **6**

Investigations: Ensuring a Proportionate Response to Alleged Wrongdoing | **8**

Proactively Managing Risk through Enterprise Risk Management | **15**

Looking Ahead to FY 2024 | **16**

Foreword |

During these turbulent and tumultuous times, the mission of the IRC resonates more than ever: to help people whose lives and livelihoods are shattered by conflict and disaster, including the climate crisis, to survive, recover and gain control over their future.

Ensuring we are not derailed in this mission, the Ethics and Compliance Unit has worked to support the IRC to employ an effective Enterprise Risk Management approach to proactively identify, manage, and mitigate risks.

The IRC Way, our Code of Conduct, describes our four core values of Integrity, Service, Accountability and Equality and the undertakings that flow from them. During FY23, 89% of staff received the Code of Conduct training making clear our values, standards, and principles to all employees. These values and undertakings unite IRC employees and keep our programs firmly directed toward the well-being of our clients while meeting the expectations of our donors as responsible stewards of their resources.

The team has grown. We have filled vacancies and augmented our internal capacity to conduct safeguarding investigations. Allegations of Sexual Exploitation and Abuse require specialist investigators, who ensure a survivor-centered, trauma-informed approach.

There is a healthy reporting culture at the IRC, ensuring that fraud risks and safeguarding concerns relating to our clients are identified, reported, and dealt with and not left to become systemic issues.

I wish to take this opportunity to thank all IRC employees, the members of our governing bodies, and our partners for their continued support and cooperation. The employees of ECU also deserve our sincere thanks for their hard work, often under challenging conditions.



Katie Hodson

Senior Director Investigations
Acting Chief Ethics and Compliance Officer
January 2024



About the Ethics and Compliance Unit |

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 International Rescue Committee (IRC).

The ECU's mandate is to ensure the IRC and its partners maintain, promote, and implement an ethics and compliance program as a priority in the IRC. We do this by focusing on the effective prevention, detection, investigation, and deterrence of potential violations of IRC's Code of Conduct, 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 Unit directly supports the IRC to serve the needs of its clients and to meet donor requirements, as trusted stewards of their resources.

ECU's responsibilities include:

- Ensure IRC integrates a culture of ethics, integrity, and compliance into its business practices at all levels of the IRC, in accordance with the IRC's Code of Conduct, our values, policies, national laws and regulations
- Provide advice and subject matter expertise on ethics and compliance issues
- Promote IRC's Code of Conduct and train employees annually
- 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
- Develop and implement training and communications to raise awareness on integrity issues; prevent potential misconduct; and share lessons learned throughout the IRC
- Ensure that IRC has appropriate mechanisms in place for employees and third-party due diligence
- Management of IRC's reporting hotline and investigate potential violations of IRC's Code of Conduct and policies, laws or regulations and material failures to meet obligations under agreements
- Work with IRC departments to ensure appropriate steps are undertaken and control gaps corrected when identified through investigations or other means

The ECU reports to the Office of General Counsel and has a team of 29 people including staff members dedicated to Enterprise Risk Management, anti-fraud activities, a triage team for reports of wrongdoing received and an investigation team with specialist fraud and safeguarding investigators.

Fiscal Year (FY) 2023 Highlights |

89%

completion rate for annual Code of Conduct training.



Launched an **IRC-wide fraud prevention review** to identify and assess strategic risks that can impact IRC.

All departments integrated into Enterprise Risk Management (ERM). All functional areas are now reviewing risk on an ongoing basis.

96%

increase in closure rate of investigations.



Significantly improved data quality of the EthicsPoint case management system, allowing better quality of management data.

Prepared **new content for the FY24 Code of Conduct training** and Part 2 of the mandatory fraud prevention training.



Filled **8 out of 9** investigator vacancies.

Improved internal collaboration and communication between key stakeholders, including Safeguarding, People & Culture, Crisis Response, Recovery, and Development (CRRD) Department and Resettlement, Asylum and Integration team (RAI).



Drafted 10 Investigation Standard Operating Procedures, documenting and outlining critical steps of the investigation lifecycle.



Improved the 'Report Wrongdoing' website, increased the number of telephone hotlines from 6-29 and designed posters to promote reporting channels.

Prevention is Better Than Cure |

The IRC's anti-fraud program focuses on prevention, detection, remediation, and risk management with initiatives working across the entire IRC. The following was accomplished throughout FY23, with some projects to continue into FY24 and beyond:

Raising Awareness through Training

The ECU disseminated *Preventing Fraud and Corruption at the IRC: An Introduction*, a mandatory 30-minute online eLearning course, to all employees. The training takes learners through a series of interactive case scenarios that teach foundational fraud and corruption prevention concepts. All new employees must complete the training within their first 90 days as part of their required onboarding activities. Additionally, a follow-on eLearning course, *Preventing Fraud and Corruption at the IRC: Part 2*, is currently in development with expected launch Q2 FY24.

Optional *Fraud Awareness: Detecting Red Flags* training was offered to employees who wanted to build on the knowledge taught in the mandatory eLearning course. This three-hour peer-to-peer learning experience allows employees from across the IRC to discuss their experience and complete a series of activities through which they practice recognizing fraud red flags.

Mandatory annual Code of Conduct training continues to be disseminated each year to all employees. In FY23, the training included a dedicated Fraud and Corruption Prevention section, and a 'Fraud and Corruption Prevention Leader Toolkit' was provided to leadership as a resource that could be used with their teams. The toolkit includes a series of activities that reviews and reinforces basic fraud and corruption prevention concepts.



Preventing Fraud and Corruption at the IRC: Part 2 takes staff through a series of scenarios they could encounter in their roles at IRC in contexts that are true to those we work in.

Collaborating to Identify Fraud Risks and Integrate Fraud Prevention throughout all Functions

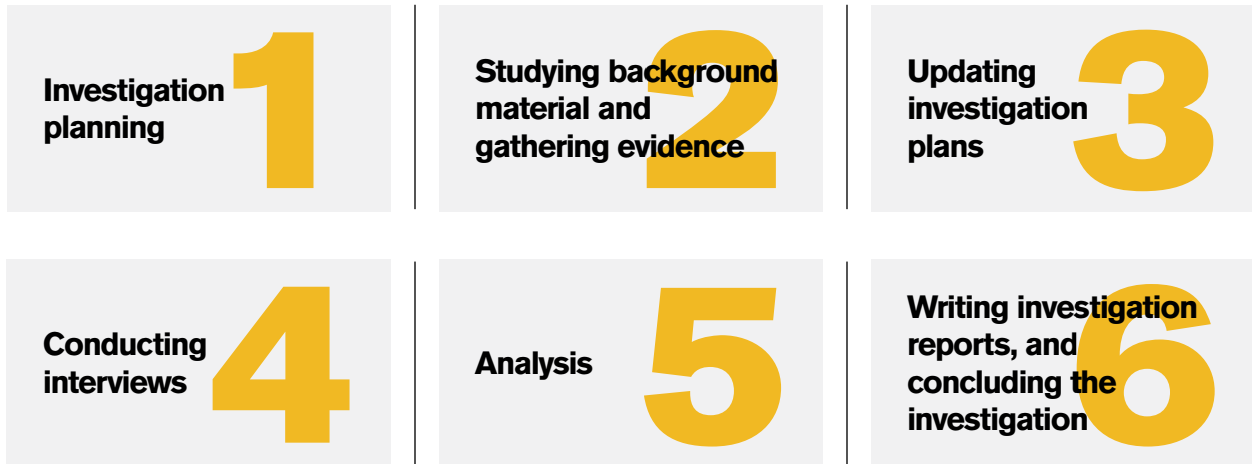
The Compliance Community of Practice continues to meet monthly to discuss updates and engage in peer-to-peer learning. This group is comprised of employees who work on country office compliance.

In collaboration with the Emergencies Team, a new role focusing on fraud prevention has been developed that will deploy as part of a first phase response in a red emergency (a highest alert to a severe crisis that IRC has decided to mobilize teams and resources to launch a response). This role will support the team lead on ensuring risks are considered from the start of the planning stage and will also focus on assessing risks and providing training on fraud mitigation and red flags as appropriate.

A two-phase Fraud Prevention Project focusing on assessing and identifying the strategic risks that impact IRC from a fraud perspective was launched in Q3. The first phase consists of data gathering including interviews with key stakeholders across IRC, internal document and data review, and cross-referencing this with known humanitarian sector specific risks. The second phase will be running 2-3 targeted in-country fraud risk assessments beginning in FY24.

🔍 Investigations: Ensuring a Proportionate Response to Alleged Wrongdoing |

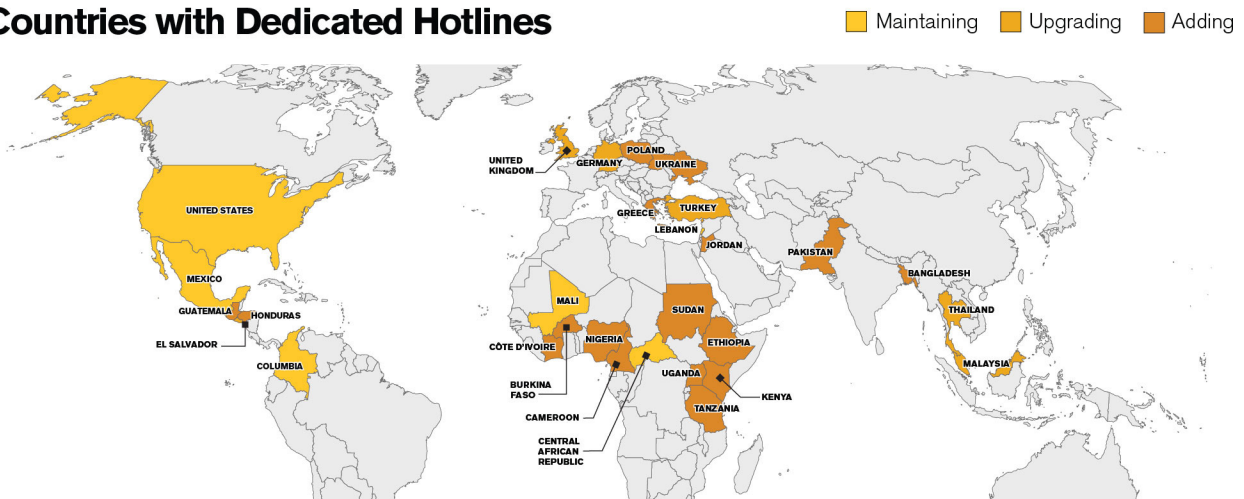
The Six Stages of an Investigation



Early Disruption of Wrongdoing: Promoting Channels for Reporting

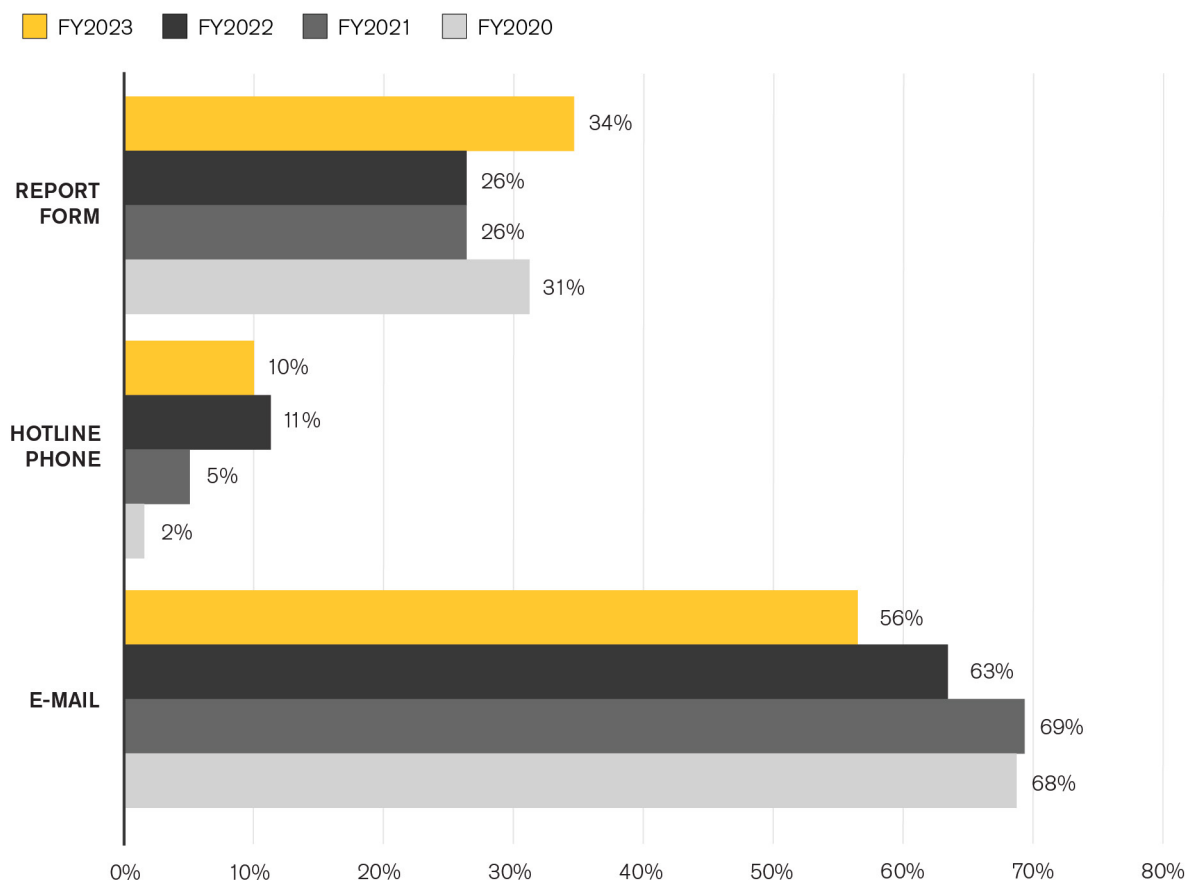
In 2023, we worked on improving channels for IRC employees to report alleged wrongdoing and violations of IRC's Code of Conduct - the [Report Wrongdoing website](#), [Report Wrongdoing telephone hotline](#) and integrity@Rescue.org—so they are user-friendly and available in the four core IRC languages: Arabic, French, English and Spanish. This included creating a new reporting website as well as introducing new or improved telephone hotlines in 23 countries, making the hotline now available in 29 total locations. These updated reporting channels will go live in Q1 FY24 during a communications campaign advertising the various ways to report.

Countries with Dedicated Hotlines





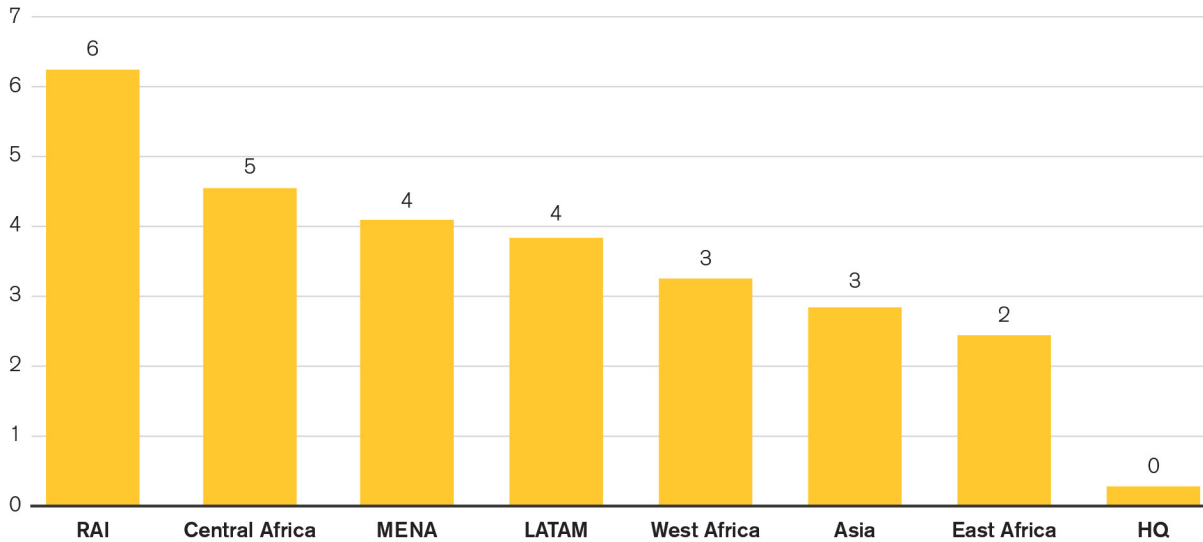
New Report Wrongdoing Posters, designed in Q4 FY23, will be distributed and posted in global IRC offices throughout FY24. They have been translated into 28 languages to promote the various reporting channels. All employees are encouraged to report wrongdoing and/or speak to a trusted person(s) including Country/Executive directors, Safeguarding leads, managers, local People and Culture team, the General Counsel, ECU and Global Employee Relations team. Talking it through with someone can be helpful.



Reports Received by Channel FY20-FY23

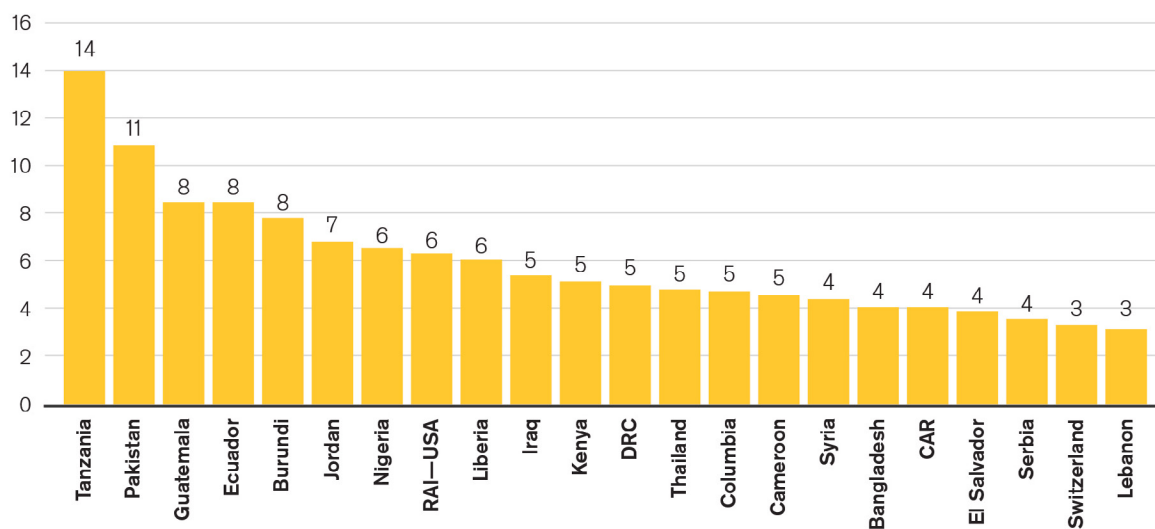
When examining the FY23 reporting channel utilization, we found 432 (56%) of reports were received via email, 264 (34%) via web report forms and 78 (10%) via hotline phone. Email was the favored mode of reporting allegations with 375 (71%) reports received while web report form was favored for inquiries with 128 (52%) received.

During FY23, the highest number of reports per 100 employees came from RAI programs with 6:100. Central Africa followed closely with 5:100. Notably, East Africa and HQ had the lowest number of reports per 100 employees with East Africa at 2:100 and HQ at 0:100. It is important to note these figures relate to the number of reports and not the number of people reporting.



FY23 Reports received per 100 Employees by Region/Unit

In FY23, when examining reports by country/unit, Tanzania had the highest number of reports per 100 employees at 14:100, followed by Pakistan at 11:100. Conversely, HQ, Chad, Mali, UK, Sudan, Afghanistan, Burkina Faso had the lowest number of reports per 100 employees of 1:100 and below.



FY23 Reports Received per 100 Employees by Country/Unit

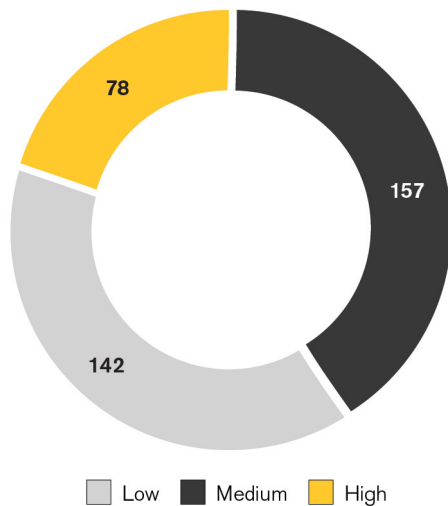
Allegations of Wrongdoing Increased by 21%

There has been a steady increase in the use of reporting channels. ECU received 774 new matters in FY23, marking a 21% increase from FY22. Of these 774 matters, 526 (68%) were outright allegations and 248 (32%) were inquiries.

Once a report is received, it will be initially reviewed by the Case Intake Team to determine next steps. In FY23, it took an average of 17 working days to triage each matter reported (inquiries and allegations). The issue is logged in a secure database, a case number assigned and a priority level set. In FY23, 21% of opened investigations were deemed high priority (sexual exploitation and abuse cases and potentially high-value fiscal cases). This is the same percentage as in FY22.

	FY2021	FY2022	FY2023
Wrongdoing reports received	305	422	526
Inquiries received	182	216	248
TOTAL	487	638	774

Use of the Reporting Channels FY21-23

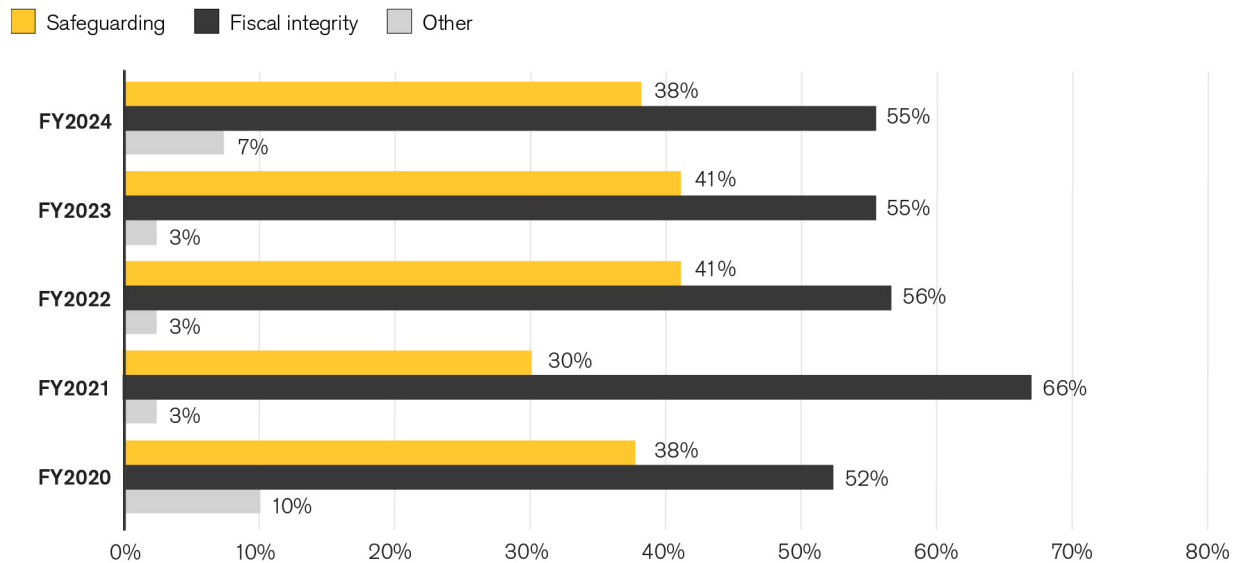


Number of New ECU Cases Opened in FY23 by Priority Levels

Assessment/Investigation

The ECU investigates cases of corruption, fraud, and theft, as well as where it is claimed IRC employees and incentive workers may have economically, and/or sexually exploited or abused clients. Please note the ECU does not handle issues relating to employee relations matters such as workplace safeguarding, bullying, conflict of interest with employees, discrimination, violence, non-sexual harassment, and retaliation.

Of the 526 wrongdoing reports received, 377 (72%) were assigned to investigators for investigation while 149 (28%) did not warrant investigative steps taken and were closed out, referred due to programmatic issues, or were still awaiting a decision as of FY23 end. Reasons why a report may be closed out without investigation include the reporter is unresponsive, or insufficient information was provided.



Open Safeguarding Investigations at the Start of FY23

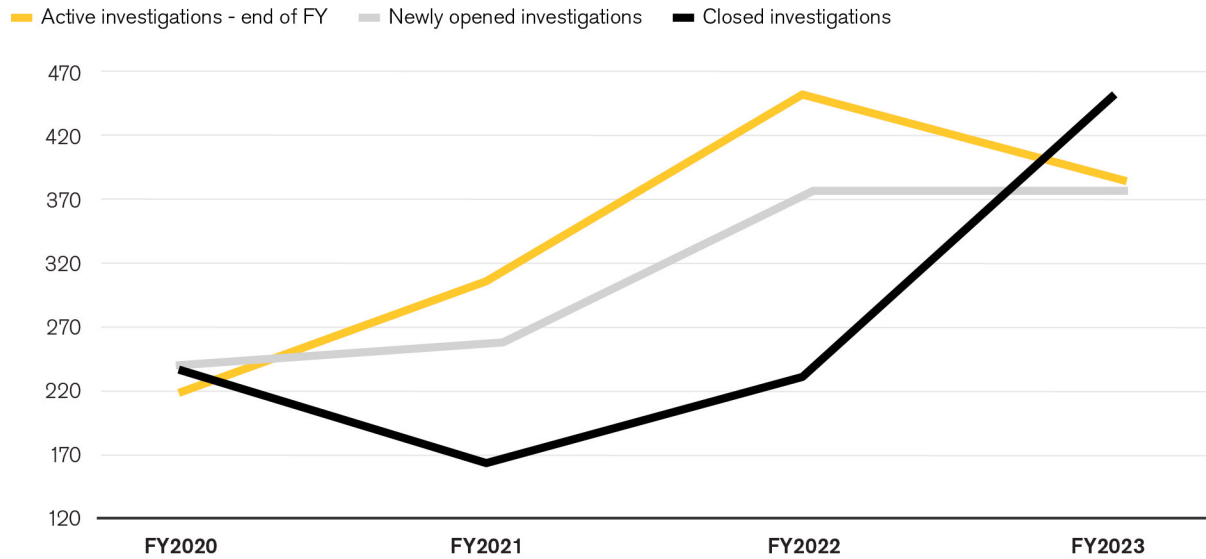
Comparing FY23 with FY22, the number of investigations are nearly identical with 375 in FY22 and 377 in FY23.

Throughout the fiscal year, the ECU updated its procedures for the triage of complaints, in particular the prioritization of cases, and decision making on proportionate response. In FY23, of the 377 cases warranting investigation, 77 (20%) lower priority issues were assigned for country level resolution.

Safeguarding Investigations

The ECU has dedicated specialist safeguarding investigators ensuring all safeguarding investigations are survivor-centered. A survivor-centered approach is one in which the survivor's dignity, experiences, considerations, needs, wishes, and resiliencies are placed at the center of the investigation process.

Fiscal Integrity and Safeguarding investigations form the majority (96%) of the total case load in FY23. Safeguarding investigations are further categorized as Economic Exploitation and Sexual Exploitation and abuse. Adult and Child Sexual Exploitation and Abuse investigations account for 61 out of 190 cases (32%) in the Safeguarding investigation caseload.



Investigation Status FY2020-23

Case Closure Rate Increased by 96%

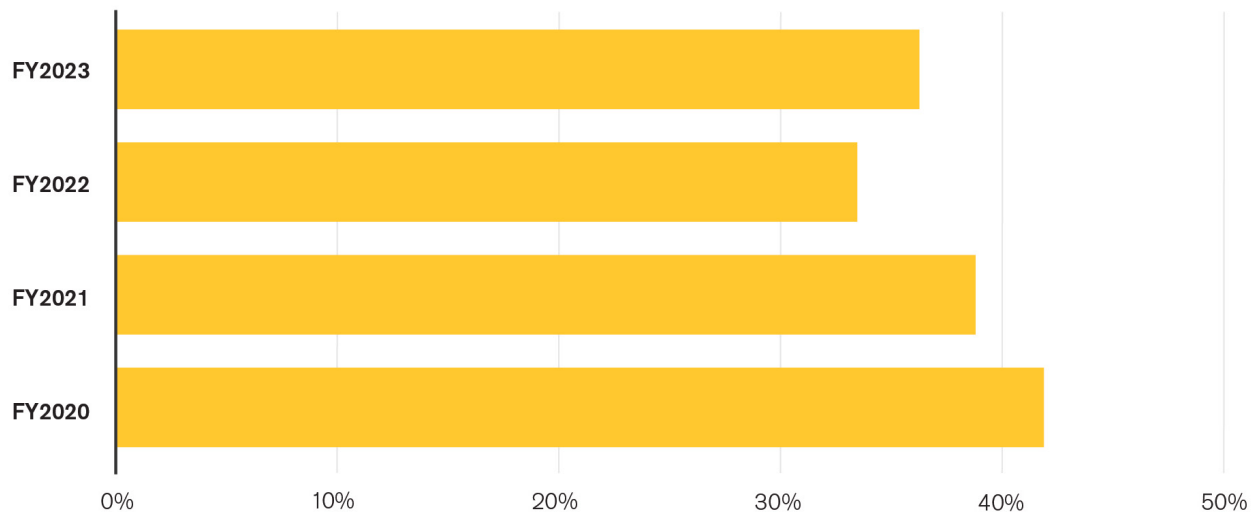
In FY23, the ECU made a concerted effort to close out 'aged' cases (cases carried over from previous year(s)). As a result, 454 total cases were closed, resulting in the case closure rate increasing 96%. This is a major achievement as new investigations remained consistent between FY22 and FY23. The year ended with FY23 ended with 390 open cases, which includes 378 newly opened cases.

In FY23, the closure times increased due to the increased closure of aged cases. Outliers (cases that have been open for extended periods) had an impact on the mean average. Average closure time for cases assigned to investigators in FY22 was 303 days based on the closure of 232 investigations. Average closure time for cases assigned to investigators in FY23 was 492 days based on the closure of 454 investigations.

The fiscal year saw an increase in the average time to close investigations. This is because 255 (56%) investigations closed in FY23 consisted of aged cases open for 271+ days. While in FY22, the highest percentage (38%) of investigations closed were between 181-270 days open.

Substantiation Rates Remained Consistent in FY23

Not all investigations are substantiated, with proved evidence of wrongdoing. The purpose of an investigation is to determine why an incident has occurred and establish the facts which then inform what action may be required. In FY23, 169 of the 454 of ECU investigations closed (37%) were substantiated, which remains broadly consistent compared to previous years.



Investigation Status FY2020-23

Consequences of Substantiated Wrongdoing

When examining consequences of this substantiated wrongdoing, disciplinary action or separation of employment was taken in 75% of substantiated reports in FY23 with terminations accounting for 89% of all disciplinary action taken. Additionally, of the closed 454 investigations in FY23, 59 of them were associated with a total financial loss amount of \$525,009. This represents an increase when compared to FY22, which saw a total financial loss amount of \$85,184 for 21 investigations.

Proactively Managing Risk through Enterprise Risk Management |

The IRC seeks to continually enhance its ability to protect partners, employees, and clients through Enterprise Risk Management (ERM). ERM enhances our ability to make risk-based decisions by strengthening the IRC'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 IRC initiatives such as Strategy 100, strengthens resource optimization and performance management, provides assurance to third parties including donors, and bolsters IRC.

The implementation of ERM shows all IRC stakeholders - partners, donors, clients, and employees—that we have a robust risk management process in place. IRC's Risk and Compliance Committee (RCC), chaired by the Senior Director, Enterprise Risk Management, oversees ERM's process development, deployment, and enterprise risk review.

ERM initiatives made great strides throughout FY23. Highlights include:

- ERM implementation continued to progress well with all departments now fully integrated into the ERM process. We have continued to partner closely with colleagues across the IRC to embed our ERM approach into regular management routines and provide a greater depth of information through which to identify risk, evaluate uncertainty, take mitigating actions where appropriate and improve management awareness, transparency and decision-making across all departments.
- The ERM Application, an online platform which stores risk report cards, summarizing organizational risk in relation to priorities and objectives, has continued to evolve as we seek to enhance user experience, provide a central repository for risk information, increase peer learning and transparency, and lay the foundation for detailed analysis and reporting in FY24.
- ERM Open Office Hours were held regularly for stakeholders across the IRC to coach on ERM methodology and engage in peer-to-peer learning.

In sum, the IRC's ability to identify patterns and trends, areas of weakness and opportunity is being significantly enhanced as ERM becomes our standard risk management practice. While ERM represents a major change initiative, Departments have already benefitted from a more collaborative, coordinated approach to risk. With improved insight and analysis to come in FY24, ERM will pay ever increasing dividends as the IRC to gain valuable insights into risk exposure and optimize decision-making based on ERM intelligence.

»» Looking Ahead to FY 2024 |

Annual Code of Conduct Training

- In FY24, we have the goal to deliver Code of Conduct training to 90% of IRC employees within the determined course window to build an IRC wide understanding on how employees are expected to meet the highest professional standards, act ethically and with integrity. The content will help employees learn about the Code of Conduct, demonstrating its application in a series of practical examples.

Fraud Prevention

- The mandatory training *Preventing Fraud and Corruption at the IRC: Part 2* will be disseminated between January and March 2024.
- Fraud risk assessments will be rolled out at three IRC locations.
- A communications plan focused on raising awareness and building consistency around fraud prevention will be disseminated.

Investigations

- In FY24, we will continue to focus our efforts on efficient service delivery and driving impact through lessons learned. We will focus ECU resources on high-medium priority cases (sexual exploitation and abuse cases and potentially high-value fiscal cases) and build capacity at country level to deal with low-priority issues.
- Dynamic Resourcing – Continue building a dynamic resourcing model for ECU case intake/triage to have capacity in 'surge' reporting months.
- Effective Communication on Investigation Status – Ensure all key stakeholders are kept apprised of investigations trends.
- Continuous Improvement – Train ECU employees on using extended features of EthicsPoint and complete a suite of Standard Operating Procedures.

Enterprise Risk Management

- During FY24, the quality of risk information is expected to improve; a shift from implementation-focused discussions to enterprise risk analysis and reporting will be made allowing for informed cross-departmental discussion, collaboration and resolution of priority risk exposures facing the IRC.

The International Rescue Committee (IRC) helps people affected by humanitarian crises to survive, recover and rebuild their lives. We deliver lasting impact by providing health care, helping children learn, and empowering individuals and communities to become self-reliant, always with a focus on the unique needs of women and girls. Founded in 1933 at the call of Albert Einstein, we now work in over 40 crisis-affected countries as well as communities throughout Europe and the Americas.

© International Rescue Committee



International Rescue Committee

122 East 42ND Street
New York, NY 10168-1289
USA

Integrity@Rescue.org

