



2024

Ethics and Compliance Annual Report



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Foreword

I am pleased to share the Ethics and Compliance Unit's (ECU) Fiscal Year 2024 Annual Report with you.

When ECU shows up in a virtual meeting or in person at an office, some may wonder, "Who is being investigated?" It is true that the bulk of our work involves conducting and overseeing investigations. However, we also engage colleagues and clients in a myriad of other ways, including educational and risk mitigation activities. This report will summarize the variety of ways we impacted the IRC and our clients, donors, and partners throughout Fiscal Year 2024 (FY24).

In FY24, ECU colleagues, in addition to completing more than 400 investigations and assessments, connected with thousands of staff, clients and many others via training, outreach briefings, provision of advice and collaboration on tasks and projects with ethics and compliance implications.

I joined the IRC as the Chief Ethics and Compliance Officer and head of ECU in January 2024, well into the fiscal year. As a compliance professional, I have always known that my job is to prevent, mitigate and respond to wrongdoing in an organization. We do our best at those tasks. But I also am an ethics professional, and I lead the Ethics and Compliance Unit. It is the ethics that really excites me about the IRC. The staff and leadership are, in my view, equally focused on both compliance and ethics. Trying to do the right thing is a way of life here. Are there lapses? Sure. Do we unfortunately have some individuals and partners whose values do not align with those of the IRC? Yes. But I am pleased to say that, at its core, the IRC operates with integrity and ethical intent. The statistics we share in this annual report should be seen within that context.



Katrina Campbell

Katrina Campbell

Chief Ethics and Compliance Officer

About the Ethics and Compliance Unit

The International Rescue Committee's Ethics and Compliance Unit (ECU) works collaboratively and globally to promote and implement an ethics and compliance program for the IRC.

The ECU's mandate is to ensure that the IRC and its partners prioritize maintaining, promoting and implementing an ethics and compliance program. We do this by focusing on the effective prevention, detection, and investigation of potential violations of IRC's Code of Conduct and other policies, applicable laws and regulations, and our obligations under grants and other agreements. 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 works to:

- ▶ Ensure IRC integrates a culture of ethics, integrity, and compliance into its business practices at all levels, in accordance with our Code of Conduct, values, policies, national laws and regulations
- ▶ Provide advice and subject matter expertise on ethics and compliance issues
- ▶ Promote IRC's Code of Conduct and educate staff on the Code and related topics
- ▶ Support compliance risk management through leadership of the Compliance Working Group
- ▶ Embed fraud and corruption prevention activities and strategies throughout the IRC, 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 IRC has appropriate mechanisms in place for employees and third-party due diligence
- ▶ Manage 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 corrective actions are undertaken in response to investigation findings

Led by the Chief Ethics and Compliance Officer (CECO), the ECU is an independent unit sitting within the Office of General Counsel. The CECO reports functionally to the General Counsel and is accountable to the IRC President and the Chair of the IRC's U.S. Audit Committee.



Fiscal Year 2024 in Numbers



88% of staff
completed IRC
Way online training



80% of staff
completed IRC
Anti-Fraud
online training



5,492

Attendees of targeted ECU
training and outreach events

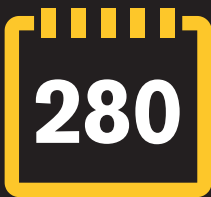
416

Closed
assessments/
investigations



622

Reports of
wrongdoing received



Average days
to close high
priority cases

**22%
reduction**
in case load
from FY2023



Compliance Program Activities

The ECU is responsible for the prevention of wrongdoing and response to allegations of wrongdoing in two key areas: 1) fraud and corruption and 2) safeguarding involving third party stakeholders such as clients, incentive workers, partners and suppliers. ECU also provides several other services that support IRC's overall ethics and compliance program, including mandatory trainings, policy updates (including The IRC Way: Standards for Professional Conduct), ethics advice, and input to audits and assessments. Our work in FY24 is summarized below.

Fraud and Corruption Prevention

The IRC's anti-fraud program focuses on prevention, detection, remediation, and risk management. ECU works with staff across the IRC, engaging on targeted initiatives as well as providing regular advice and guidance. In FY24, ECU led and cooperated on multiple initiatives, including:

- ▶ The creation and publication of IRC's annual mandatory fraud awareness training, Preventing Fraud and Corruption at the IRC: Part 2, resulting in an 80% total completion rate across the organization. The eLearning module was made available in Arabic, English, French and Spanish. Those who could not access the course online due to language needs or lack of stable internet connection were offered a live training alternative. Feedback on the scenario-based training was favorable, with many noting they found the course engaging and representative of the many contexts in which IRC operates.
- ▶ The IRC Director of Fraud Prevention joined a taskforce looking to mitigate fraud and theft risk in IRC's nutrition programming. This taskforce also has been working to create minimum expectations and standards for all nutrition programs at the IRC.
- ▶ ECU conducted a fraud prevention review which consisted of conducting interviews with stakeholders across IRC on topics related to fraud prevention. A summary report was shared with key internal stakeholders. ECU is expanding this review in FY25 to include consideration of other compliance risks.
- ▶ IRC deployed a Risk and Compliance Advisor to the emergency response for the occupied Palestinian Territories with support and guidance from the Director of Fraud Prevention. This role provided support and training to the Risk and Compliance Advisor on risk identification and management and created a template and risk management toolkit for emergencies. Findings from this work are being incorporated into future planning for emergency responses.
- ▶ The Director of Fraud Prevention led a community of practice for country program-based Compliance Coordinators. The group shared best practices for risk mitigation and fraud prevention.

Safeguarding

ECU conducted live safeguarding awareness trainings in several CRRD and RAI program offices, which may have led to the increase in reports in FY24. However, reporting levels continue to be low in insecure environments, such as those affected by conflict or natural disasters and where there are emergency responses underway. Low reporting levels may be attributed to the rapid standing up of operations, less experienced staff, vulnerable populations and/or continual mobility.

ECU's safeguarding investigation team collaborated regularly with IRC's safeguarding team. In FY24, in addition to completing many investigations (discussed below), the team supported several efforts to ensure survivor support and provided regular reports to the UK Safeguarding Committee and the IRC Safeguarding Steering Committee.

Advice and Guidance

The CECO provided advice to staff and departments on numerous issues, including supplier hospitality, board membership, and socializing with clients. ECU considers its advisory work to be an opportunity for learning and sharing about The IRC Way's expectations for our behavior as staff and non-staff personnel. ECU contributed to many donor audit requests and new donor modality assessments as well.

Policy Updates

ECU updated the Global Reporting Policy and its internal investigations standard operating procedures and contributed to the development of the new Safeguarding Policy.

Investigations

Mandate of the Investigations Unit

The ECU acts as the central point for managing all reports of allegations of misconduct, including serious ethics and policy violations by internal and external parties. The ECU investigates violations of the IRC Way and related policies that are relevant to the IRC, including violations deemed to be "significant". The unit's authority extends externally to the partners, individuals and companies IRC engages, contracts or does business with.

A "significant" ethics or compliance matter is one that involves allegations of wrongdoing in connection with:

- > abuse, exploitation, and harassment involving clients or third parties affiliated with IRC (including sexual exploitation, abuse, and harassment)
- > fiscal integrity including fraud, corruption, bribery, and collusion
- > conflicts of interest including between staff and third parties
- > the commission of a crime by the Organization, its staff, consultants and contractors, those acting on the Organization's behalf, or those with whom IRC contracts with to perform and carry out its functions
- > non-routine, egregious, repeat, willful or material regulatory violations
- > situations likely to have an adverse impact on IRC's reputation

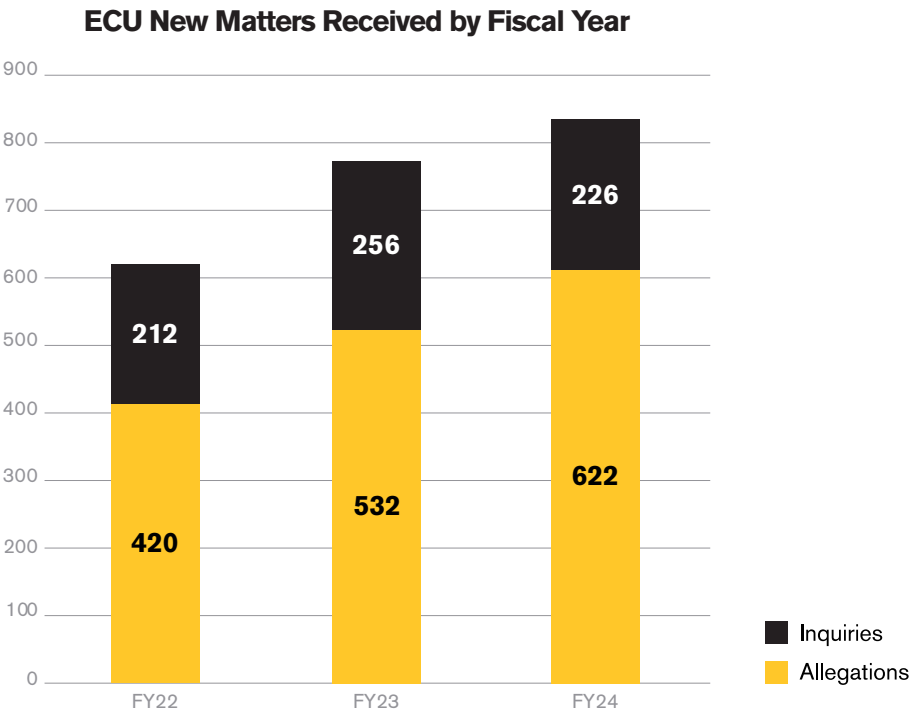
ECU works in partnership with the Global Employee Relations Unit (GER) in the People and Culture Department. GER oversees investigations of employee relations matters, including safeguarding allegations involving only staff. Information provided in this report does not include GER-led investigations.

Additionally, ECU also works in partnership with many Compliance Coordinators in CRRD country programs. Compliance Coordinators conduct investigations of lower-value fiscal integrity allegations within their country with oversight from ECU. Information provided in this report includes those investigations.

Report Volume

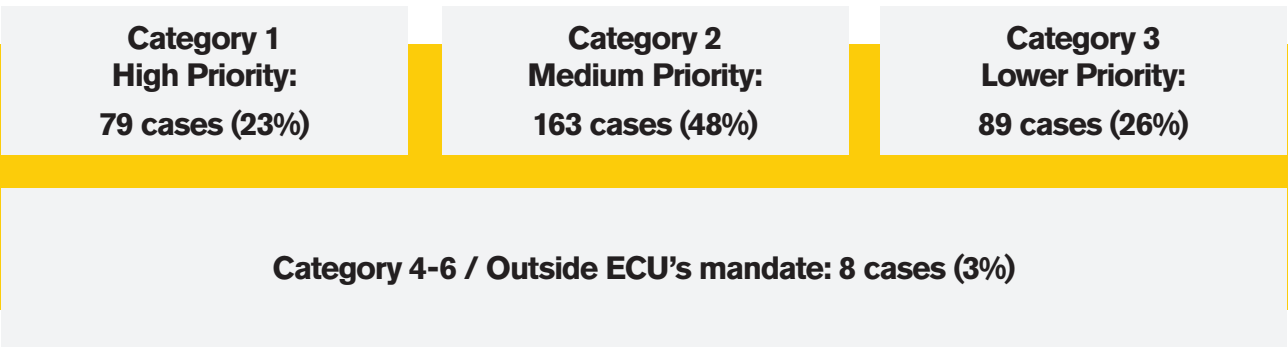
ECU received 848 reports and inquiries in FY24, an increase of 8% (60 reports) compared to FY23, thus continuing a trend of increased reporting. This indicates a generally healthy reporting culture at the IRC.

- ▶ **72%** (622) of the reports were allegations of wrongdoing and 28% (228 reports) were inquiries about IRC programming issues (e.g., client questions about benefits).
- ▶ **55%** (339) of the 622 allegations of wrongdoing were subsequently opened as investigations, an 18% (45 investigations) decrease in new investigations opened in FY24 compared to FY23.



ECU categorizes investigations as follows: Category 1 – Priority ECU response, high risk sexual misconduct and safeguarding cases, serious safety and security risks, and terrorist financing; Category 2 – non-Category 1 safeguarding and fiscal integrity cases, IRC Way, safeguarding, and other fiscal integrity policy violations; Category 3 – Referred to Country Program or Compliance Coordinator (with oversight from ECU as needed), IRC Way and other policy violations deemed appropriate to be investigated/ reviewed locally; Categories 4-6 – Programmatic inquiries or cases closed at triage due to insufficient information from the reporter.

In FY24, the number of investigations opened per category were:



Reporting Channels

The ECU has a variety of intake channels for employees to report concerns related to wrongdoing, including the Report Wrongdoing hotline, a web intake form, and email. Reporters can also report in person or via email to management, safeguarding teams, Compliance Coordinators in their country offices (for CRRD), or the People and Culture Department. Although the hotline and web intake methods are widely available, **the most common way to report to the ECU is still overwhelmingly by email.**



507 reports were received by email



237 reports were received by webform



104 reports were received by telephone hotline

Those who report wrongdoing and other concerns to ECU are usually IRC Staff (69%).

Community members, clients, other humanitarian actors, and staff of IRC's implementing partners and suppliers account for 11% of reporters. The remaining 20% are anonymous or have roles that are unknown to ECU.

Clients are frequently the original sources of the information reported into ECU. Often, clients raise their concerns to an IRC staff member who then escalate their concerns to ECU via a formal report.

The subjects of complaints of wrongdoing are primarily IRC staff (53%). Other subjects of complaints are:

- > implementing partner staff (9%)
- > incentive workers (5%)
- > suppliers or contractors (4%)
- > former IRC staff (4%)
- > community members (3%)
- > clients (1%)
- > other humanitarian actors (1%)
- > other/unknown (20%)

The ECU also investigates allegations of wrongdoing at the implementing partner level. During FY24, the ECU investigated and closed 24 cases involving alleged partner misconduct.



Safeguarding Investigations

Safeguarding at the IRC is a collective and individual responsibility to prevent, identify and respond to all forms of harassment, exploitation and abuse of clients, workers, partners and community members from those who work for or are associated with the IRC. This includes any type of physical, verbal, emotional, psychological, economic, and sexualized violence, and any other form of abuse of power.

Safeguarding is the responsibility of every IRC staff member, who both contribute to and are affected by our safeguarding work.

The ECU has a dedicated safeguarding investigation team that conducts trauma-informed and survivor-centered investigations.

ECU closed 175 cases related to alleged safeguarding matters. Of these cases, 30% (52) were substantiated.

- ▶ 124 cases were related to economic exploitation, whereby IRC clients are coerced into parting with cash and/or items of value, of which 35 were substantiated.
- ▶ 51 cases were related to allegations of sexual exploitation of which 17 were substantiated.

Fiscal Integrity Investigations

383 Fiscal Integrity investigations were active during FY24 of which 165 (43%) were newly opened.

- ▶ 199 cases (52%) were closed of which 86 (43%) were substantiated.
- ▶ 184 cases (48%) remained open in various stages.

A significant majority (285 or 74%) involved misappropriation or misuse of assets. The remainder (98 or 26%) involved procurement fraud.

Losses Found Due to Fiscal Integrity Investigations

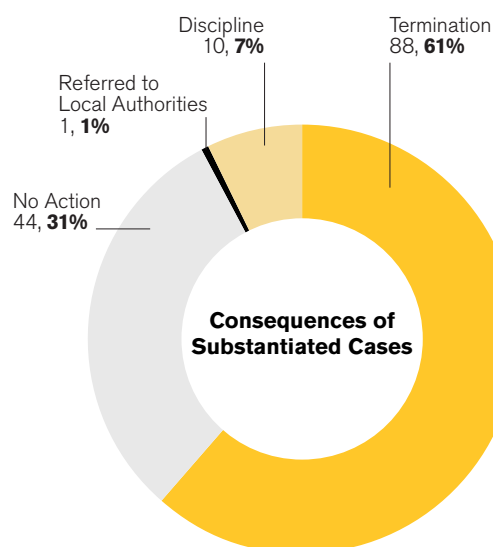
In FY24, 77 cases resulted in a total confirmed loss of \$514,884, slightly less than in FY23 (\$524,988). The losses attributed to three cases total to approximately half of the overall amount. The cases resulting in the highest losses involved theft of client benefits, salary kickbacks and misrepresented expenses.

Case Closures and Reduced Caseload

In FY24, ECU closed 416 investigations (including those at the preliminary assessment stage) compared to 454 in FY23, resulting in an 8% reduction in closures. The high number of closures in FY23 included a large number of aged cases.

There were 324 open, active investigations at end of FY24, compared to 390 at the end of FY23 (a decrease of 17%). Of these, 234 (72%) were opened during FY24.

In FY24, 34% (143 out of 416) of investigations closed were substantiated. Disciplinary action was taken in response to 69% of substantiated cases, and one subject of complaint was referred to local authorities. In the remaining 31% of cases, no disciplinary action was possible because they involved beneficiary exploitation cases in which the Subject was a third party.



Decreased Case Closure Times of High Priority Cases

In FY24, ECU continued to prioritize reducing the number of aged cases. Of the 416 investigations, 83 (20%) were Category 1/high priority cases. These Category 1 cases took an average of 280 days to close in FY24, a significant improvement (26% quicker) from FY23 (average of 379 days to close). Category 2-3 cases took an average of 457 days to close, an 8% improvement over FY23 (average of 499 days to close). Reduced closure times reflect the efforts of ECU investigators and in-country Compliance Coordinators to close aged cases.

Looking Ahead to FY25

In Fiscal Year 2025, ECU commits to proactive risk mitigation ethics and compliance program improvement and protecting IRC's integrity and resources through sound ethics and compliance practices. ECU will continue to strengthen and reduce timelines for ECU investigations processes, as well as strengthen other core ethics, compliance and fraud prevention program activities for the prevention of wrongdoing and promotion of an ethical culture at the IRC. To achieve these goals, we will need to find further efficiencies to continue to improve donor relations and meaningfully partner with colleagues. Some goals include:

Ethics and Compliance Program

- ▶ Leverage lessons learned from investigations to further mitigate fraud and safeguarding risks across the organization

Code of Conduct

- ▶ Update The IRC Way: Our Standards for Professional Conduct
- ▶ Publish an updated IRC Way Code of Conduct training in partnership with IRC's People and Culture Department and offer it to all staff. The course reinforces the IRC Way's standards for how staff are expected to conduct themselves with integrity, act ethically, and meet the highest professional standards
- ▶ Partner with IRC's People and Culture Department to plan regular IRC Way related communications and educational opportunities for all staff

Fraud Prevention

- ▶ Publish a new fraud and corruption prevention training, Fraud Awareness: Detecting Red Flags, and offer it to all staff
- ▶ Continue to assess and mitigate fraud risk through coordination with internal stakeholders including the Compliance Working Group and Compliance Coordinators

Investigations

- ▶ Reduce timeframes for donor disclosures
- ▶ Reduce aged cases by 90%
- ▶ Offer investigations training to all Compliance Coordinators and other identified focal points
- ▶ Provide data for better active monitoring of agreed management actions/recommendations

Achieving these goals will be a challenge; however, ECU is committed to continuously improving its ethics and compliance program for the sake of IRC's clients, staff, partners and donors.

The International Rescue Committee (IRC) helps people affected by humanitarian crises to survive, recover, and rebuild their lives. In 1933, Albert Einstein and a small group of humanitarians formed what would become the International Rescue Committee. Today, 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. Our work spans more than 40 crisis-affected countries, and we provide resettlement, asylum, and integration services in communities across the United States and Europe.

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