



International Rescue Committee
Ethics and Compliance Unit
2019 Annual Report
(March 2020)

OVERVIEW

The IRC's Ethics and Compliance Unit (ECU), created in 2016, ensures that the IRC integrates a culture of integrity, prevention, and risk identification and mitigation at all levels of the organization and in accordance with the IRC Way, our values and the law. To do this, the ECU works collaboratively with Crisis Response, Recovery, and Development (CRRD), Resettlement, Asylum and Integration (RAI), organizational units and headquarters (HQ).

The ECU is responsible for:

- Ensuring 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, our values, national laws and regulations
- Training and communications programs to raise awareness and prevent potential misconduct
- IRC's Code of Conduct and annual training
- Providing advice on ethics and compliance issues
- Development and Implementation of a global Enterprise Risk Management Process (ERM) for the IRC
- Global Safeguarding (in FY20, the function will move to report to the Senior Vice President CRRD)
- Fraud and Corruption Prevention
- Managing IRC's Hotline and conducting internal investigations of potential violations of IRC's Code and policies, law or regulation and material failures to meet obligations under agreements
- Ensuring appropriate remediation is undertaken and control gaps corrected when identified

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 Org Chart can be found [here](#).

CODE OF CONDUCT ("The IRC Way")

The IRC's Code of Conduct, [The IRC Way: Standards for Professional Conduct](#), was updated in December 2017. The IRC values at the heart of *The IRC Way* are Integrity, Accountability, Service, and Equality (new value in 2019). The Code addresses how we honor our commitments to those who are impacted by our work: our clients, colleagues, donors, suppliers, and partners and provides practical advice and scenarios to help employees make good decisions. Staff are required to certify their understanding of and intention to comply with the Code each year. Included throughout the Code is information on how to report suspected misconduct.

Annually, all IRC staff attend a compulsory 4-6 hour training on the IRC Code of Conduct that includes information, standards, expectations and scenarios on how we engage with our clients. Each year different focus areas are featured. In 2018 Sexual Harassment was a focus area.

The 2019 training for all staff was conducted from November 1, 2019 – January 31, 2020. The Code Training was designed by a team of senior leaders and technical experts from RAI, Awards Management Unit (AMU), CRRD, HR, and ECU. Included in the training were three focus areas: (1) Safeguarding; (2) Preventing Fraud and Corruption; and (3) Human Trafficking. At the conclusion of the training all staff were required to complete an Acknowledgement and Certification Form to affirm their acknowledgement of and compliance with IRC's Code of Conduct. Training was facilitated globally by 526 IRC Way Day Ambassadors that conducted more than 222 training events worldwide. The Ambassadors were selected by their senior management and trained to deliver the training content locally to their teams.

ENTERPRISE RISK MANAGEMENT

In 2019, IRC hired a Senior Director of Enterprise Risk Management responsible for the design and effective implementation of a global enterprise risk management capability. The enterprise risk management process (ERM) will identify, evaluate and manage risk, as it pertains to organizational objectives at all levels of the organization, be integrated into existing processes, and outline a clear path for escalation and risk mitigation where necessary.

This process is overseen by the IRC's Risk and Compliance Committee, which is chaired by the Chief Ethics and Compliance Officer, and includes the Senior Director of ERM, Senior Director Internal Audit, CFO, Chief Global Supply Chain Officer, General Counsel, Senior Vice Presidents (SVP) for CRRD and RAI/Awards Management, SVP and COO, and the heads of other major divisions of the organization. The committee meets monthly and serves as the cross-functional hub which ensures that ERM practices are established and appropriately integrated into the organization.

As the ERM approach will be fully integrated into existing organizational mechanisms, rather than a free standing program, it was imperative to ensure a clear understanding of existing 'risk management' related activities as well as the protocols and processes which currently support headquarters and field operations.

During 2019 there was a concerted effort to work closely and consult with both headquarters and field-based stakeholders to gather feedback on the most effective way to integrate ERM into existing IRC processes, activities and organizational structures. Collaborative discussions were held in person across several regions including the Middle East, Great Lakes, East Africa and across the United States to socialize the concept of ERM and foster constructive two-way dialogue. The input provided through these consultations was reviewed by the Risk and Compliance Committee and woven into the ERM design. The goal is to pragmatically integrate ERM into existing management meetings and standard planning cycles as well as those occasions when a dynamic shift occurs in the operating environment.

As ERM will focus on risk as it pertains to objectives, the approach can be easily applied to all areas of the IRC, from the goals of the organizational strategy down to the specific criteria required for the successful delivery of Programs and the achievement of donor expectations. In December 2019, the Risk and Compliance Committee approved the ERM approach, with the understanding that minor changes may be required following the 'Pilot implementation period', which will serve to validate the chosen method of integration and highlight any areas that require adaptation.

The Pilot implementation will occur from late February to June 2020, in two locations, namely, Salt Lake City (RAI) and Kenya (CRRD). In parallel to these efforts, the Senior Director, ERM continues to work closely with the Headquarters Strategy Team to ensure that moving forward, all areas of the IRC will have the necessary support and guidance to define and pursue clear objectives and articulate the risk associated with the achievement of them.

SAFEGUARDING

In 2019, a Director of Safeguarding was hired to lead on the globalization of the IRC's safeguarding work. This function is collaborative, working closely with the IRC's technical units (Violence Prevention and Response Unit, Gender Equality), Human Resources, Duty of Care, Ethics and Compliance Unit, and the IRC's field staff to ensure that safeguarding is mainstreamed at all levels of our activities. During 2019 the Safeguarding Director reported into ECU. As of January 1, 2020, the Safeguarding function became a separate unit reporting into the SVP for CRRD and the Director is now a member of IRC's Senior Leaders Group (SLG).

Working collaboratively across the organization the IRC enhanced its Safeguarding efforts in 2019:

- **Two Year Safeguarding Strategy and Action Plan:** With input from more than 150 staff members at all levels of the organization, in 2019 the IRC developed a two-year Safeguarding Strategy and Action Plan. This established a strong foundation to ensure that the IRC has a sustainable safeguarding approach. To facilitate the implementation of the Action Plan, every IRC office nominated Safeguarding Leads, who are responsible for working with the Director of Safeguarding to support the implementation and monitoring of safeguarding activities where aid services are delivered.

In Q1 2020, the strategy and action plan were rolled out by CRRD and RAI. There are currently 142 Safeguarding Leads active across RAI and CRRD. A peer network was established for the Safeguarding Leads, and three capacity building trainings were delivered before the end of 2019.

- **Policy Updates:** The Child Safeguarding Policy was updated to strengthen our approach to the protection of child clients. This included the development and implementation of a Child Safeguarding specific Action Plan (later incorporated into the two-year Safeguarding Action Plan). The IRC's Harassment-Free Workplace Policy was also updated, strengthening and clarifying the protections staff should expect in their workplaces. Finally, the current Beneficiary Protection from Exploitation and Abuse Policy will be replaced in Q2 2020 with the Adult Safeguarding Policy, which updates our approach to safeguarding adult clients and is consistent with the sector's good practices.
- **IRC's Guidelines for a Survivor-Centered Approach to Reporting Safeguarding Misconduct:** Created with the Safeguarding Task Force, these Guidelines provide additional clarity for staff on the IRC's survivor-centered approach to reporting and access to support services. An exception to the Global Reporting Guidelines, applicable only to adult safeguarding violations, this approach recognizes the autonomy of adult survivors of safeguarding violations and was developed with the intention to create a more empowering and healing recovery process for survivors.

- **Development of an IRC suite of safeguarding training materials:** Building upon existing training materials, including the Anti-Sexual Harassment training, this training suite includes a three-hour Train the Trainer (ToT) session and four shorter versions of the same training material. It is expected that these materials will be finalized in early 2020 and rolled out for both in-person and Kaya delivery, available in 16 languages. Together these training materials will ensure that all staff, including incentive workers, will learn how they are expected to interact with IRC clients. It will also provide them with the opportunity to continually learn what they can expect in terms of a safe working environment free from all forms of sexual violence.

FRAUD AND CORRUPTION PREVENTION

The International Rescue Committee's anti-fraud program focuses on prevention, detection, remediation and risk management. Currently fraud monitoring is shared by the field and headquarters to ensure the development of global policies and procedures, implementation and monitoring at the field level, and that gaps, enhancements, and lessons learned are shared across the organization.

This role was created in 2018. The Director, who reports into the CECO, oversees the development and implementation of IRC's fraud/corruption prevention program, working with US programs (RAI), international country offices (CRRD) and functional leads (Finance, Internal Audit, Global Supply Chain, AMU) to develop, coordinate and implement a programmatic strategy and measures to ensure that donor funds are used for their intended purposes. That position was open for much of 2019, with a new Director coming on board in late October 2019.

Over the past two years the IRC has created a new field position, Compliance Officer. Currently, the IRC has Compliance Officers in seven country program locations. These staff assist with the management on handling compliance-related issues and initiatives on the ground and work with HQ ECU staff to provide on the ground support for proactive programs, and investigations as needed.

In FY19, the ECU worked with the field on enhancements to the IRC's Partnership Excellence for Equality and Results System (PEER System); conducted some field based training on recognizing and addressing fraud in operations; and worked closely with the Global Supply Chain Quality Assurance team on vendor due diligence and other matters as needed.

An overview of IRC's Fraud Prevention and Response can be found [here](#).

INVESTIGATIONS AND REMEDIATION

The ECU has a comprehensive and integrated framework for handling allegations of misconduct including fraud, corruption and safeguarding, as well as other matters, by a dedicated, centralized and independent investigation division within the ECU. The Senior Director for Investigations supervises eight experienced investigators; and two case officers oversee the IRC hotline, case intake process and donor notifications.

The IRC maintains a whistleblower hotline and other mechanisms to provide multiple pathways for raising concerns and reporting potential misconduct, including anonymous reporting through its IRC Ethics Hotline. In 2016, the IRC centralized the reporting of all potential misconduct into the ECU. The ECU can now consolidate, analyze, investigate, and remediate issues with an enterprise-wide view of potential gaps and opportunities.

The IRC's reporting system is designed to provide employees with multiple channels to report concerns (Ethics Hotline, ECU integrity email, HR, Managers, technical advisors), while consolidating all issues in the IRC's Ethics Hotline and case management system for review and investigation, as appropriate. Information on how to report is available internally on IRC's Intranet and also externally on [IRC's public website](#).

To reinforce the importance of Reporting, in November 2018, the IRC rolled out its "Raise Concerns" Campaign as a follow on to the IRC's annual IRC Way Day (Code of Conduct) training. As a part of that initiative IRC's internal portal page and IRC's external webpage were updated to ensure easier accessibility to key information and the IRC Ethics Hotline.

Posters (large and small) and individual Employee cards were translated into 21 languages. Every IRC employee was provided with a [card](#) in their own language advising them on how and when to report misconduct; posters in the local language were displayed at every IRC location; and leaders conducted staff meetings to discuss with their teams the importance of reporting.

Building Investigation Capacity

Since the Raise Concerns campaign, ECU has seen an increase in reporting. To most efficiently manage cases, the ECU may rely upon local staff to assist with low risk matters, as appropriate. ECU provided investigation training to partners across IRC who support the ECU on Investigations. This included investigation training for HR leads in the Middle East, and in country training to Tanzania and Kenya Country Programs. Investigation training is planned for Q2 2020 in Nairobi for a number of Africa Country Programs.

This year also saw an increase in reported allegations of Safeguarding misconduct. All ECU investigators are trained professionals and as part of their ongoing professional development the ECU investigators attended additional safeguarding investigation training in 2019.

In July 2019 ECU Investigators, HR Directors who conduct investigations into Employee Relations matters including sexual harassment, and Director of Duty of Care attended a three-day workshop on Trauma Informed Investigation training. This three-day applied training provided participants with both knowledge and skills on how experiences of trauma can impact memory and disclosures, and how investigators can adjust their techniques to ensure that accurate information is collected while minimizing the possibilities of re-traumatization of any staff or clients involved in an investigation.

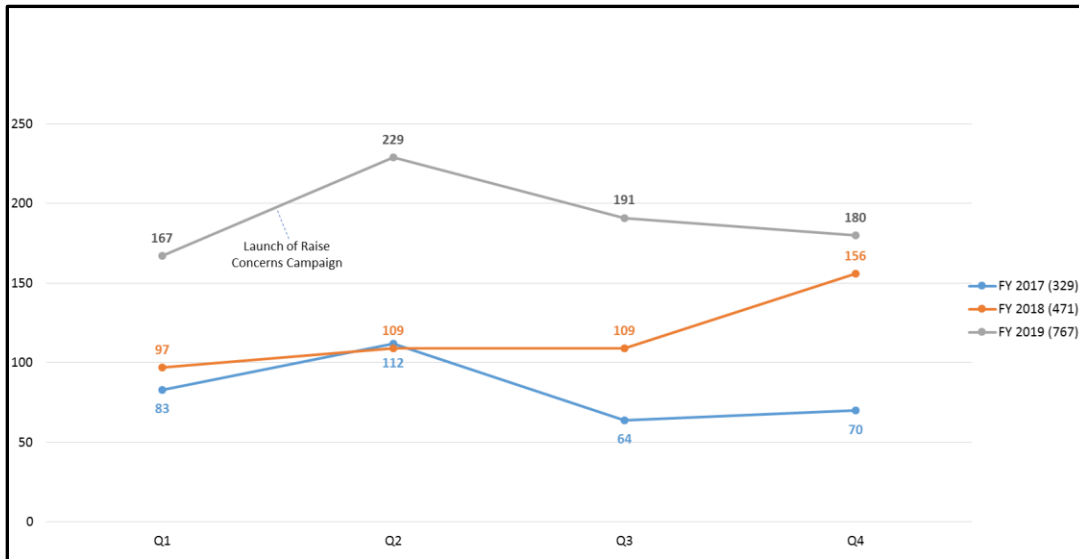
This was followed in September 2019 by a two-day training on conducting Sexual Exploitation and Abuse Investigations. This training provided a tailored training package focused on safeguarding investigations in support of the IRC Survivor Centered approach to reporting and investigations.

To improve the understanding on the role of ECU and the investigation process, ECU delivered ECU awareness training in DRC, Yemen, Ethiopia, Mali, Jordan, Syria, Lebanon, Iraq and Tunisia.

Investigation Statistics for 2019

In FY19, ECU saw a significant increase in the number of matters reported as compared to 2017 and 2018. This was likely due to the November 2018 Raise Concerns campaign and an increased understanding of the role of ECU due to outreach and awareness training. Not every matter received resulted in an ECU investigation. Some matters received were inquiries, did not allege misconduct, or raised issues more appropriately reviewed and considered by Human Resources.

All Matters Received by ECU FY2017 through FY2019 by Quarter ¹



ECU saw a 63% increase of new matters reported in FY19 compared with FY18. Of the 767 new matters received by ECU they were handled as follows based upon the issues raised: ECU (389 of new matters) and HR (378 of new matters). Of the 389 new matters handled by ECU, 298 of them resulted in an ECU investigation.

¹ Matters includes all reports, inquiries and allegations of misconduct received by the ECU. Not all matters received result in an investigation.

(1) Case Closures and Outcomes

ECU Cases FY2019

ECU Cases Open end of FY2018	ECU Cases Opened FY2019	ECU Cases Closed FY2019	ECU Cases Open end of FY2019
215	298	291	228 ²

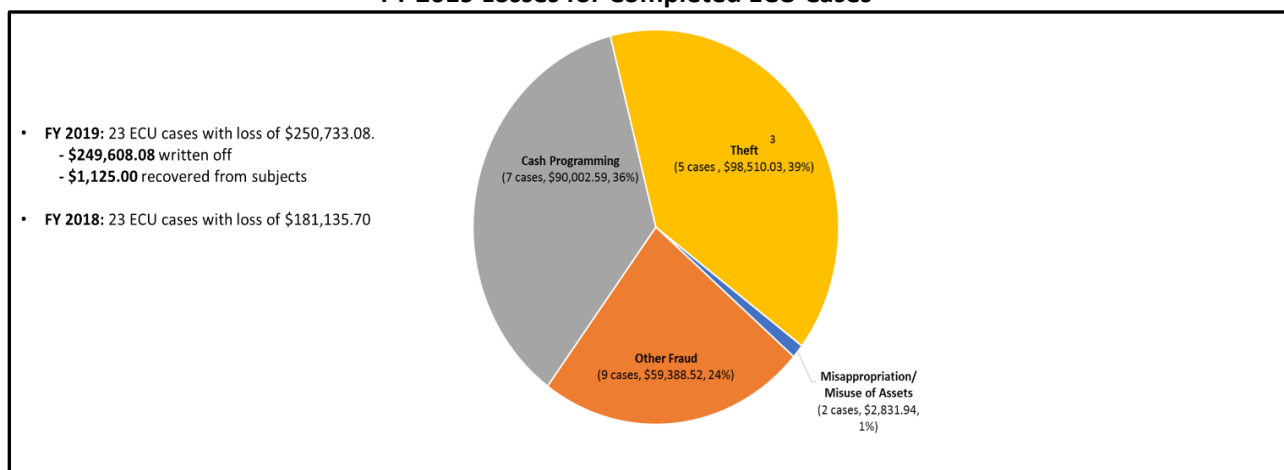
ECU closed 291 investigations in FY19. The overall picture shows that over 30% of investigations were closed in less than 90 days. Nearly half of all investigations were completed in less than 180 days. This is despite a significant increase in new matters and safeguarding allegations that are high priority.

In its final investigation reports, ECU makes recommendations, as appropriate, 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. Relevant CRRD/RAI/HQ senior management make the final decisions on disciplinary and risk mitigation actions to be taken as a result of the Report findings, consulting with ECU as necessary.

(2) Financial Loss

Out of the 291 closed cases in FY19, there were 23 cases that resulted in loss to the IRC totaling \$250,733.08. The main category of loss was the result of theft including cash and assets, followed by cash programming. The total loss amount does not include thefts that were not reported into the ECU but may have been separately handled by security as the allegations did not involve IRC staff or partners. For the ECU cases, there were no losses to the affected donors as the IRC covered these amounts with unrestricted funds.

FY 2019 Losses for Completed ECU Cases



² The variance of 6 cases here is attributable to re-categorization of cases that may occur during the lifecycle of the case review/investigation process.

³ These figures only represent thefts reported to the ECU.

(3) Disciplinary Actions

*a. Fiscal Integrity*⁴

For 41 substantiated ECU Fiscal Integrity cases in FY19, there was disciplinary action taken against 59 staff including verbal and written warnings and contract terminations.

b. Safeguarding

For 34 substantiated ECU and HR safeguarding investigations, there was disciplinary action taken against 51 staff including verbal and written warnings and contract terminations.

Issue Type	Number of substantiated cases	Number of staff receiving disciplinary action
Beneficiary Exploitation Sexual	7	9
Beneficiary Exploitation Economic	14	23
Workplace Sexual Harassment	13	19
Total	34	51

*Any questions or comments regarding the ECU FY19 Annual Report can be directed to:
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⁴ Fiscal Integrity includes: bribery of government officials, procurement fraud/commercial bribery, misappropriation/misuse of assets, auditing/accounting misconduct.