

DanChurchAid

Corruption Report

Corruption Cases

2008



Closed Cases

2008: **Denmark**, DanChurchAid Second-hand shop Ballerup, approx. DKK 50,000

In June 2008, an accountant in DanChurchAid's second-hand shop in Ballerup, a suburb of Copenhagen, was reported to the police for embezzlement in connection with the annual financial statement of the shop's profit. By forgery, the accountant obtained approx. DKK 50,000. Only one single person is involved

Therefore, DCA has revised the second-hand shop accounting procedures so that the auditor shall sign each page of the annual financial statement. On 11.06.2008, the case was published on the DCA website. It has not been possible to collect the amount in question.

2008: **Zambia**, DanChurchAid Regional Office, ZMK 23,577,359, approx. DKK 34,000

A guard hired through a security company at the DanChurchAid Regional Office in Zambia has conspired with some criminals. With the keys entrusted to him, he misappropriated his responsibility, opened gates and doors to the office and opened the strongbox with explosives. The guard's knowledge about the layout of the office, including strongbox and electronic equipment was also misappropriated in connection with the break-in. The thieves managed to get away with valuables amounting to approx. DKK 34,000 (of these approx. DKK 7,000 in cash and the rest in kind (mainly electronics)). The guard never turned up again and has disappeared from this address.

The case was reported to the police, but so far it has not been solved. The funds originated from DCA's own funds and could not be covered by the insurance due to the own risk clause.

Unfinished cases

2008: **Tanzania**. The name of the partner cannot be published as the case is under investigation; probably an amount of EUR 6.000, approx. DKK 45,000

One of DanChurchAid's partners in Tanzania is implementing micro-credit activities in five parishes (so-called sub-partners). In October 2007, an internal review revealed minor irregularities at one of the sub-partners.

The case is investigated further, and an estimated amount of DKK 45,000 cannot be documented. Among others, there is a very low rate of repayment of the loans in one of the parishes. In March/April, certain problems are discovered concerning identification of some of the borrowers who have not paid back.

On that basis, transfers to the micro-credit project are withheld. Steps are taken to solve the problems, among others a letter from DCA and the management of the partner organisation to the sub-partner in question as well as tightening of procedures. In May 2008, the sub-partner is instructed to take the necessary steps towards the employees and three of them are dismissed.

In June 2008, the cooperation with the sub-partner is terminated. Based on the ongoing investigation, DCA will assess if a lawsuit should be filed and how to collect the lost funds. The project is financed by DCA's own funds.

2008: **Tanzania.** The name of the partner cannot be published as the case is under investigation; a possible loss has not been computed.

This is about a possible case of swindle in a project in Tanzania with one of DanChurchAid's partners.

However, DCA does not support this project financially, but opted to participate in this extraordinary external audit, as we support a different project administered by the same partner. The partner organisation has prepared the financial statement to DCA, and a local auditor, whose competence we are now questioning, has certified it. To be on the safe side, DCA has decided to find out if there are problems in the project financed by DCA/Danida.

DCA has opted to continue the ongoing project activities until the result of the extraordinary audit is available. The report is expected to be ready at the beginning of 2009. Danida is financing the project and has been informed about the case.

2006: **Sudan.** The name of the partner cannot be published as the case is under investigation; the result is not yet known and a possible loss has not been computed.

A sub-partner's financial accounts for 2006 have been questioned. Based on the present information available, DanChurchAid has no specific reason to believe that misappropriation has taken place, but we cannot exclude the possibility. The situation becomes more complicated as it has proven extremely difficult to retrieve documentation from 2006 in order to reconstruct the accounts. DCA has initiated an investigation to clarify if the funds have been used according to the objectives. An external investigation team is now in the process of verifying if the planned activities have taken place. The course of the case will depend on the result of the investigation.

Danida is financing the project and has been informed accordingly.

Minor cases

2008: **Congo,** DCA Humanitarian Mine Action, US\$ 900, ca. kr. 4500

An administration officer was exposed in swindling whit payment of house rent. The employee was dismissed. Because of very bad experiences with the local police the case was not reported. A consequence of the incident was that the rules for outlay were changed. The amount is cover by DCA.

2008: **Cambodja**, Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW Committee), US\$ 50, ca. kr. 250

An employee in a partner organisation was caught in making false documentation for a minor amount. The employee was dismissed and the organisation orientated DCA and other donors openly and honestly.