



## DanChurchAid Complaints Report 2019

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## 1. About the report

Transparency, accountability and learning continue to be a central commitment in DCA's work. As with previous years' Complaints Report, this report presents some of the key areas DCA has been working on relating to the complaints mechanism during the past calendar-year. DCA publishes an overview of the complaints received in the complaint system throughout the year on the DCA website.

DCA categorises the complaints received into two types:

- **Non-sensitive complaints** are complaints about **shortcomings** in the performance of activities and processes of DCA, for example if partners, rights-holders or donors believe DCA has not lived up to its operational standards (and the issue addressed is not classified as a sensitive complaint).
- **Sensitive complaints** are complaints about (suspected) breaches of national law or the DCA staff code of conduct and the policies referred to in it, or issues relating to international human rights law. Sensitive complaints have two overall sub-categories: cases related to corruption (corruption-cases), and cases related to other sensitive issues such as staff misconduct (other sensitive cases).

Cases related to alleged corruption are received throughout the year and are published once a year on DCA's website. While dedication to handling of the complaints creates a significant workload at all levels of DCA because various stakeholders at HQ and CO are involved throughout the process, DCA commits to this high degree of transparency because we believe that one of the best ways to fight misconduct and corruption is by ensuring transparency and broad organizational learning.

Due to the often sensitive nature of the cases, it is very important to safeguard the people involved and handle the evidence collected confidentially. The Complaints Committee therefore decides on a case-by-case basis to what extent each case needs to be anonymised before being made public. For the same reason, DCA never publicises names of individuals who bring forward complaints or who are witnesses, investigators, or decision makers in the process of handling a specific complaint.

Alleged cases of sexual misconduct or breaches of DCA's code of conduct are not publicised. This is based on safety and protection considerations because such cases often involve matters that are extremely sensitive to everyone involved, but most of all to the victims of abuse and exploitation.

DCA's intention is that the reader of this report will gain an understanding of the great lengths to which DCA goes to handle each case with diligence, as well as of our constant efforts to ensure that every donation we receive is used for its intended purpose, and that everyone entrusted with a position of power in DCA is aware of our values regarding expected staff behaviour and code of conduct.

Each year, a member of the DCA board, in their role as a designated focal point relating to the complaint mechanism, selects several sensitive cases and conducts a quality assurance (spot check) of the process and decisions made during the complaints handling process. Through this board-led self-assessment of DCA procedures and complaints handling, DCA strives to ensure that complaints are dealt with diligently and according to the values of the organization.

## 2. Executive summary and highlights

DCA has made special efforts to address the shortcomings identified by external auditors who conducted the audit of DCA against the Core Humanitarian Standard. The Mid Term Audit (December 2018 – January 2019) outlined the following Corrective Action Required (CAR) and three observations (OBS): 1. Systems are in place

to safeguard any personal information collected from communities and people affected by crisis that could put them at risk; 2. The complaints handling process for communities and people affected by crisis is documented and in place - the process should cover programming, sexual exploitation and abuse, and other abuses of power; 3. A code of conduct is in place that establishes, at a minimum, the obligation of staff not to exploit, abuse or otherwise discriminate against people; 4. When using local and natural resources, consider their impact on the environment.

As such DCS's efforts include the following initiatives: 1. Development of a data protection guide and toolkit for headquarters and country offices; 2. Systematic follow-up of an online mandatory training course for all staff on the Staff Code of Conduct and expected staff behaviour; 3. Development and roll-out of Climate Guidelines; 4. Continuous strengthening of DCA's global network of focal point persons engaged in maintaining and improving complaints procedures in DCA country offices; furthermore, in 2019, a Terms of Reference was included that captures the roles of the focal points and a face-to-face five-day workshop.

The result from the Maintenance Audit (December 2019 – January 2020) was positive, with the result that DCA received only one OBS and no CAR, and as such maintained the certification. The result is a good foundation for next year's Recertification Audit in 2021.

Moreover, in 2019, DCA underwent a Danida Capacity Assessment and Review. The resulting report was positive and commended DCA for the efforts on anti-corruption, PSEA and the complaints mechanisms. Danida emphasises the fact that DCA has important tools that connect with different groups and ensure a continuous feedback loop as well as the importance of bringing appropriate attitudes and habits into the cultural fabric of DCA. Finally, Danida emphasises the fact that this requires a management to constantly focus on the areas in question and that staff carrying out monitoring, supervision and support use opportunities to re-sensitise older staff and sensitise new staff on the importance of these issues for DCA. The report encourages DCA to continue institutionalising the procedures and principles so that anti-corruption, PSEA and the complaints mechanisms become an even more integrated part of the organizational culture.

### 3. Complaints received in 2019

In total 87 complaints were received in 2019 at Head Office in Copenhagen. Of these, 54 were non-sensitive complaints received and resolved at Head Office.

There were 33 sensitive complaints received globally and resolved at Head Office; 18 of these complaints related to corruption or alleged corruption and 15 related to alleged sexual misconduct or other breaches of DCA's staff code of conduct.

The total number of non-sensitive complaints at Head Office is a bit lower than in previous years. In 2018, DCA received 69 non-sensitive complaints at Head Office.

The number of sensitive complaints (33) is higher than in 2018 (17) and there was an increase in cases related to suspected corruption or financial misconduct and cases of other types of breaches of the code of conduct, hereunder sexual misconduct.

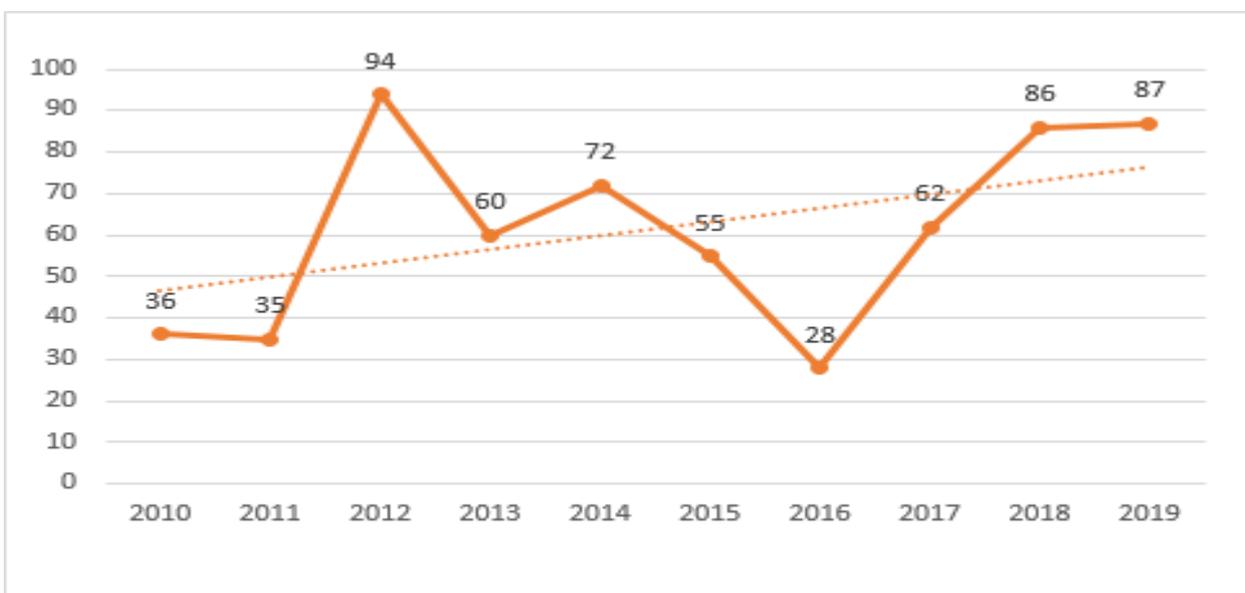
Like in 2018, some of the sensitive cases dealt with in 2019 also required the use of considerable resources and time and were more complex than previously experienced. In several cases DCA hired external resource

persons to carry out independent and professional external investigations that follow due process for administrative investigations.

Furthermore, to capacity build DCA employees and to ensure continuous professional handling of complaints cases, DCA's Compliance Coordinator and Complaints Advisor attended professional training in how to handle sensitive complaints cases.

Non-sensitive complaints received at the DCA country offices are handled as close as possible to the place of origin of the complaint. In 2019 DCA received and resolved a total of 1595 non-sensitive complaints at country office level.

The graph below shows the development in the total number of complaints received at Head Office over the past ten years.



Over the period 2010 – 2019, DCA experienced more than a doubling of all types of complaints received at Head Office. Since 2016, DCA has seen a steady increase in the complaints received. Fluctuations in previous years can be explained by specific activities or campaigns, which describe and ensure best practices, to communicate and encourage DCA staff, partners and beneficiaries to use the complaints mechanisms.

Globally, DCA received a total of 1682 complaints, of which 1649 were non-sensitive complaints. The total number of received non-sensitive complaints in the two previous years (2018 and 2017) was 202 and 929 respectively.

As this is only the third year where the total global number of complaints is reported, the basis for analysing trends and patterns in the available data is insufficient. Moreover, the methodology for counting complaints and distinguishing between complaints and mere feedback is still under development. Thus, the figures should be read and interpreted in that light.

Irrespective of the above, the increased amount of complaints received in 2019 indicates a strong commitment to support the implementing partners in setting up their own complaints mechanisms. In 2019, 115 out of 195 partners had a complaints mechanism in place, which is 59% of all partners. In 2017, 129 out

of 173 partners had a complaints system in place, which was 75% of all partners. When comparing these numbers, it is important to note that in 2017 the partners were counted in only 11 countries (DCA's former focus countries) and in 2019 the partners were counted in 18 countries. It is notable that the number of partners with a complaints mechanism decreased from 129 in 2017 to 115 in 2019; this is a reflection of that fact that DCA no longer works with some of the partners we had in 2017.

The increase in the number of complaints is considered a success because this means that DCA staff, beneficiaries, partners and stakeholders are aware of the complaints mechanism, they know how to use it, and they trust us to deal with their grievances in a responsible and safe manner. When the total number of complaints is compared with the number of people who are reached, the many stakeholders that DCA engages with and the complexity of the world in which the organization operates, the numbers are not considered shocking nor disproportionately high. Other organizations, such as the Danish Refugee Council (DRC), also consider the rise of complaints received as a sign that the organization is becoming more effective at communicating to beneficiaries, staff and other stakeholders the right and opportunity to report complaints: Moreover DRC is interpreting this as "(...) a sign that some country operations are becoming more effective at communicating the right and opportunity to report to beneficiaries, staff and other stakeholders. It also suggests evidence of a global trend, that people are generally more aware of the standards and behaviour they can expect from humanitarian organizations and their rights and access options to voice concerns if those standards are not met" (Source: DRC Code of Conduct Reporting Mechanisms Annual Report 2018).

Below is a breakdown of types of complaints received.

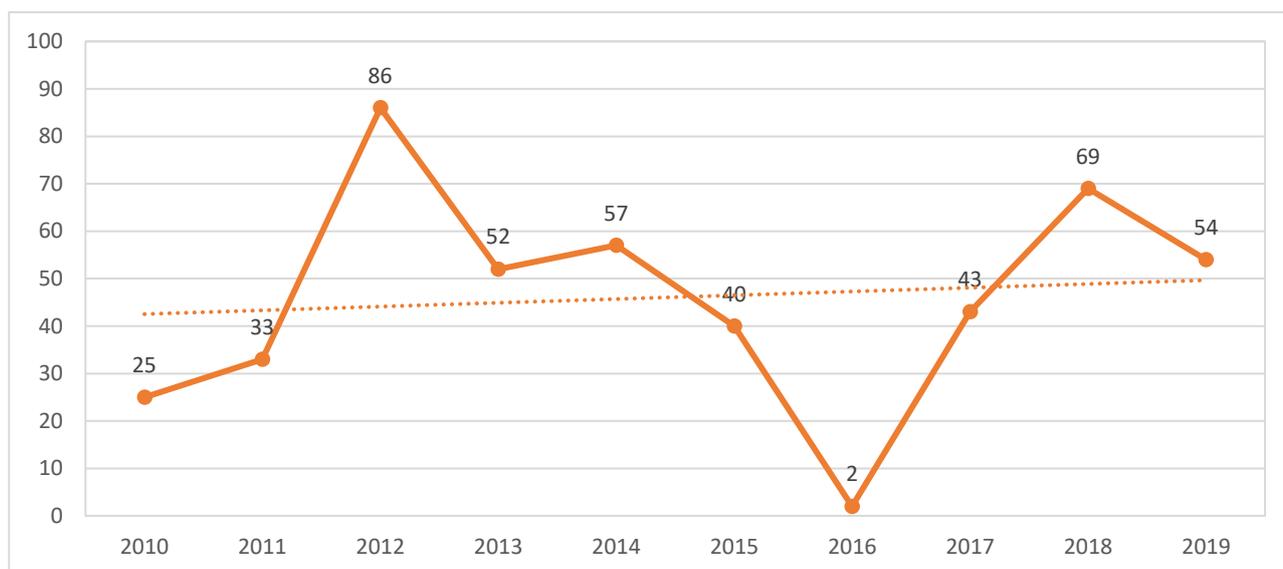
### 3.1. Non-sensitive complaints

Non-sensitive complaints are handled as close as possible to where they arise. In other words, non-sensitive complaints that are raised in Denmark are handled in Denmark, and likewise complaints raised in Uganda are handled in Uganda, and so on.

Globally, DCA received, recorded and responded to 1649 non-sensitive complaints in 2019.

### 3.2. Non-sensitive complaints in Denmark

In Denmark, DCA dealt with 54 non-sensitive complaints, which reflects the average. See graph below.



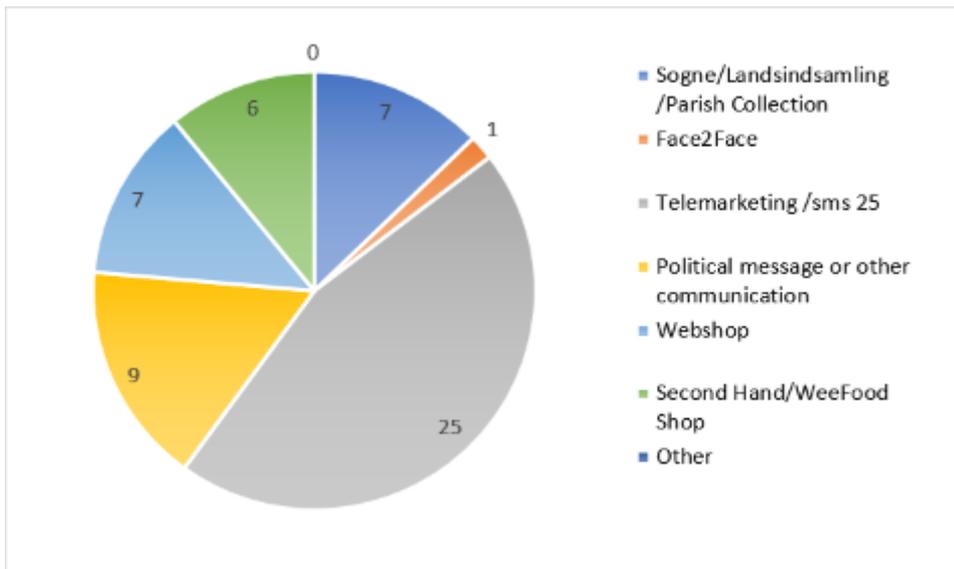
With a few exceptions, the number of non-sensitive complaints related to the operations in Denmark is still relatively stable.

A plausible explanation for the increase in 2018 is that some complaints were received by DCA's front-desk and not via the complaints mechanism. These have now been directed to the complaints mechanism and have been so since mid-2018. However, it is not possible to identify the exact reasons for the small decrease of received non-sensitive complaints between 2018 and 2019.

Even though DCA closed its Face2Face activities in Denmark in the last quarter of 2019, the number of non-sensitive complaints received and related to Face2Face activities remains the same (6 complaints in this category).

With regard to their content, all the non-sensitive complaints received in 2019 fall within 6 overall categories: Parish - 7; Face2Face - 1; Telemarketing - 25; Political message/other communication - 9; Webshop - 7; Second Hand/WeFood Shop - 5; Other - 0.

In comparison, in 2018 the non-sensitive complaints received were distributed as follows: Parish - 7; Face2Face - 6; Telemarketing - 24; Political message/other communication - 6; Webshop - 7; Second Hand/WeFood Shop - 6; Other - 13



As in previous years, the majority of the complaints are related to DCA's telemarketing efforts and come from people who wish to be taken off our call-lists. Complaints related to our webshop were mostly of a technical nature and hence quickly resolved. Complaints related to DCA's political messages or other communication efforts were reactions to articles or statements, or to choices made around DCA's communication with which some people may be expected to disagree.

DCA addresses all complaints and strives for a constructive dialogue with all complainants. All complaints were addressed, and the complainants received a response from relevant members of staff in DCA.

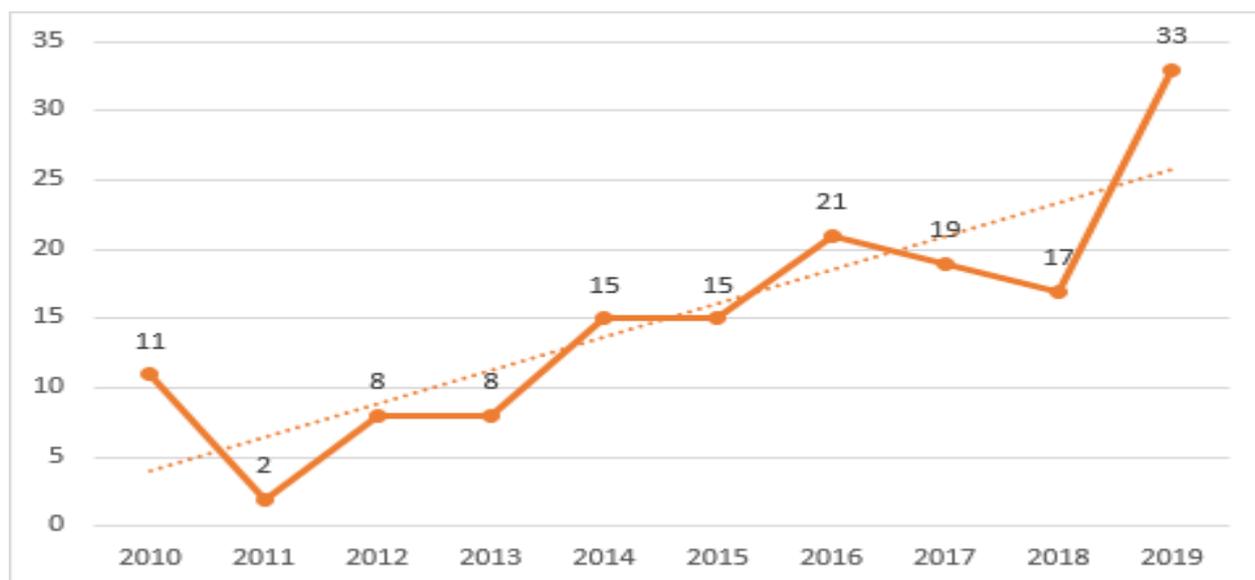
### 3.3. Non-sensitive complaints received in country-offices

As mentioned in section 3, DCA was unable to record the number of non-sensitive complaints received by DCA country offices in 2018 correctly. For 2019 a total of 1595 non-sensitive complaints were reported by DCA country offices. While DCA's goal is not an increase in non-sensitive complaints but rather consistently to ensure due process and fair investigation, DCA has focused on working with the complaints systems at partner level. This has been done as part of the recommendations from the CHS audit in order to improve complaints procedures at our country offices and the support DCA offers to partners. Hence the rise of non-sensitive complaints between 2017 and 2019 should be analysed and explained in this light.

Although DCA does not require partners to have own complaints mechanisms in place, DCA strongly encourages its partners to do so. DCA offers support when its partners express a wish to establish suitable procedures and where partners do not have own complaints mechanisms in place, DCA requests its partners to make DCA's mechanisms available to the beneficiaries and communities affected by joint projects.

### 3.4. Sensitive complaints

All sensitive complaints, whether received in Denmark or in Country Offices, are reported to the DCA Head Office, Copenhagen, and handled according to strictly defined principles and procedures by designated and mandated staff. In 2019 DCA received a total of 33 sensitive cases which was an increase of 16 and almost a doubling of cases compared to 2018.



DCA has made a great effort in communicating the importance of accountability and setting up functional complaints mechanisms in all country offices and within partner organizations, for example, by living up to the Core Humanitarian Standard's commitment on beneficiary communication and complaints systems. However, the steep increase in sensitive complaints received in 2019 can also be attributed to higher awareness because of DCA's mandatory e-learning sessions which were rolled out in 2018. DCA has also invested resources in developing and operating the complaints procedures and processes as an integrated part of the way DCA operates. Each Country Office has its own established complaints mechanism which is communicated when interacting with beneficiaries and partners.

Receiving complaints is seen as a positive indication that more stakeholders trust DCA with their grievances, including on sensitive issues. Considering the contexts in which DCA staff and partners operate, there might still be a possibility of underreporting. Therefore a rising number of cases over the last 9-10 years is seen as an indication of success in the way the complaints mechanisms are communicated. Lessons and learning are extracted from the individual complaints cases, which assists DCA in improving management of complaints and in avoiding repeatable mistakes. DCA strives to ensure that the failures or weaknesses identified by a complaint inform future actions and activities.

Out of the 33 sensitive complaints, 15 were related to alleged or suspected breaches to DCA's staff code of conduct and underlying policies. Almost all these cases are highly sensitive for the persons involved. DCA has decided not to report publicly on these cases out of respect for the safety and legal rights of those involved. The general breakdown of the cases is as follows:

12 complaints involved internal staff matters of behavior that constituted minor breaches of DCA's staff code of conduct or other underlying policies and were not related to sexual misconduct. One of the cases was appealed to Act Alliance Secretariat, who investigated the case, and submitted an investigation report to DCA. In DCA, a complaint committee (CC) was set up, consisting of members from the Board, HR as well as Strategy and Quality Management Unit. Based on the recommendations in the investigation report, the CC agreed on an implementation plan. The implementation plan was presented to DCA General Secretary and International Director, who further agreed on concrete actions that were taken further in the organization.

3 complaints involved suspicion of sexual misconduct (harassment, exploitation, or abuse). Out of the three, two related to DCA's own employees, whereas one related to a partner organization. The case relating to a partner organization on alleged sexual misconduct was investigated by the national law enforcement authority. The perpetrator worked for another organization and action was taken against the perpetrator through that organization's systems. The two cases related to DCA's own staff have both been duly investigated. DCA supported the victims throughout the process, and disciplinary actions against the perpetrators have been taken accordingly. As a rule, DCA will always hire external and professional investigators for cases of alleged sexual misconduct. However, in rare cases, the security of the alleged victim makes it impossible to initiate an investigation without compromising their safety against their will. In other cases where the misconduct is also confirmed by the alleged perpetrator, an investigation is not needed.

The remaining 18 sensitive complaints were related to confirmed or alleged breaches of DCA's anti-corruption principles. The below overview indicates from which countries the complaints were received.

<b>Country</b>	<b>Complaints received</b>
<b>Cambodia</b>	<b>1</b>
<b>CAR</b>	<b>1</b>
<b>Bangladesh</b>	<b>2</b>
<b>Kenya</b>	<b>1</b>
<b>Lebanon</b>	<b>1</b>
<b>Malawi</b>	<b>1</b>
<b>Mali</b>	<b>1</b>
<b>Myanmar</b>	<b>1</b>
<b>Nepal</b>	<b>2</b>
<b>South Sudan</b>	<b>1</b>
<b>Uganda</b>	<b>5</b>
<b>Zimbabwe</b>	<b>1</b>

The following is a description of each case, how it was handled and what DCA learned. The cases include cases brought forward from previous years as well as cases received in 2019.

#### **(2016.C03) Fraud leads to termination of cooperation with a DCA partner**

**What happened:** DCA was informed about suspicious irregularities concerning a partner. The partner was suspected of nepotism, embezzlement, forgery and other forms of corruption made by several persons in the organization.

**What DCA did:** DCA informed the independent auditors about the suspicion in connection with DCA's regular audit. This resulted in further indications of fraud and that other donors' projects could be affected. A joint organizational audit was carried out led by the Danish Embassy on behalf of the affected donor organizations, including DCA. The audit found clear proof that the partner was involved in fraud and corruption. Consequently, the cooperation was terminated, and the organization was asked to reimburse the lost funds.

The case also had consequences for another of DCA's partnerships because the CEO of the partner in question was also the chairman of the partner organization. DCA informed the partner that the cooperation was suspended until they found a new chairman of the organization. The Board of directors of this partner organization reacted immediately and found a new chairman. As no indications were found of other irregularities in the organization, cooperation with DCA continues with the new chairman of the board. The case was closed in September 2019.

**What DCA learned:** DCA experienced how difficult it can be to reveal fraud and corruption despite having solid procedures in place and practicing regular monitoring of partner activities. DCA realized how important it is to have a well-functioning complaints handling system otherwise such a case might not have been detected. DCA has realized the importance and need for increasing the number of spot checks and unannounced monitoring visits of all partners in the respective countries, through general field visits and visits to the individual partner organizations.

#### **(2018.C04) Partner Board identifies mismanagement of funds and resources**

**What happened:** In 2019 a DCA country office received a letter from the Board of a partner, who suspected fraud or embezzlement committed by the Executive Director.

**What DCA did:** DCA stopped the funding stream immediately and did not transfer funds as planned for 2019. Together with the other funders of the partner, it was agreed to carry out an investigative organizational audit for the period 2017-2018. All funders contributed to covering the cost of the audit according to funding size while DCA led the audit process. When the report was received it showed that part of the funds DCA had transferred to the partner were missing. DCA and the other funders requested the partner to refund the money. As a follow-up to this, DCA sent several letters to the partner and held meetings with the Board, but DCA did not receive any positive reply or feedback. The main reason for passivity was that the Board had and still has internal conflicts. Board members took each other to court, staff were not paid and have consequently stopped working. So far, no funds have been returned to DCA nor to any of the other funders because the organization stopped functioning from the second quarter of 2019. Hence the possibility for the funds being refunded is limited. The case is still not closed and attempts are still being made to get the partner to return the funds.

**What DCA learned:** Although the case has not yet been closed and DCA is still making efforts to get its money back, it is obvious that DCA has learnt from this case. When entering a partnership, it is equally important to focus on organizational development, organizational structure and governance of the partner and not only on transfer of funds for implementation of activities. If a partner organization is not functioning well, this can have serious consequences for how the funds are managed and handled. Over the last few years DCA has had a stronger focus on how much of its funding is used for organizational development and capacity development of partners because it has realized that this is an area where improvements are needed.

#### **(2018.C06) Director in partner organization suspected of financial mismanagement or fraud**

**What happened:** The total transfer made to the partner amounted to around DKK 54,000, which was to be spent over a 4 month period on agreed activities. Unfortunately, the partner did not deliver on the agreed activities and subsequently did not deliver the agreed monthly reports.

**What DCA did:** DCA repeatedly asked the partner organization to deliver as agreed but received no response and had no success in setting up meetings. The DCA Country Director involved local authorities and asked them for assistance in putting pressure on the organization. It turned out that the director of the organization had allegedly decided not to attend meetings and might have accessed the money on his own and defrauded the organization as well as the DCA project. DCA hired a lawyer to assist with the legal proceedings concerning the case.

The case was closed in December 2019 (formally in January 2020) based on a number of initiatives during 2018 and 2019 from the DCA Country Director, the Lawyer, and Police who had reached out to the partner, without any response. Finally, the outstanding amount of 45,000 DKK was reconciled and accounted accordingly. The partner is suspended from any future collaboration with DCA.

**What DCA learned:** There is a risk involved in transferring all funding in one installment irrespective of the amount. In this case it would have been preferable to transfer the funding in two installments and made sure the reporting was done for the first transfer before activating the second transfer.

#### **(2018.C09) Partner reporting on a suspicion of corruption in one of their partners**

**What happened:** DCA received a notice from a partner about suspected corruption in one of their partner organizations. As such it is within DCA procedure that the partner takes lead in this process and that DCA country office follows the process closely.

**What DCA did:** The case was immediately investigated, and an audit was carried out. The results of the report showed misappropriation of funds. The partner's partner was suspended from any future funding and collaboration. The partner covered the misappropriated funds.

**What DCA learned:** As this case was related to a partner of one of DCA's partners, the case did not have any direct consequence on DCA. However, DCA is pleased to see that partners have systems and procedures in place that can detect and handle irregularities.

#### **(2019.C01) Alleged threatening and extortion of partner enumerators**

**What happened:** Since the beginning of 2019, DCA has been working with three implementing partners on a cash transfer project. Two of the partners submitted a complaint accusing the third partner of extortion, where money would be demanded before providing the actual service.

**What DCA did:** DCA investigated the case, and the outcome was that one of the partner's employees tried to exploit an opportunity. However, no money was lost, and no beneficiaries were affected. The employee in question no longer works for the partner and is now on DCA's blacklist.

**What DCA learned:** In a situation like this where DCA works with several partners on one project, it is important to keep in mind that misunderstandings and mistrust can occur among the individual partners. This could maybe be avoided if DCA had organized a kick-off meeting with all partners involved at project start, so all had received the same information and were clear about what each other's roles and responsibilities. The kick-off meeting could also have been used to emphasize the consequences if any form for corruption might occur. DCA has now introduced kick-off meetings at project start in the new PPM.

#### **(2019.C05) Fraud case within a partner organization**

**What happened:** A complaint on suspicion of fraud within a partner organization was lodged in a consortium partner's complaint system. DCA therefore dealt with the case in collaboration with the consortium partner.

**What DCA did:** DCA suspended the partner immediately until the case was further investigated. In parallel with an organizational audit carried out by the lead consortium partner, DCA carried out further field investigations to ensure that all project activities were investigated. The investigation report confirmed fraud and recommended disciplinary actions against two persons who were found guilty of fraud and subsequently fired.

The misappropriated funds were returned to DCA, and the case was closed in July 2019.

**What DCA learned:** The DCA country director had to exert significant pressure on the consortium partner that received the complaint for them to carry out the investigation and act. This has informed DCA that despite the existence of a signed agreement and common understanding of how a consortium should be managed, the agreement management might not always be the case in practice. Even if DCA sees consortium partners as equal partners that have the same interest in making sure things are done and managed the right way, this can sometimes be a challenge. Therefore it is important to have very clear guidelines and processes in place to handle and manage situations like this within a consortium to avoid disagreement and to ensure proper handling of a corruption case.

#### **(2019.C06) Partner organization suspected of corruption and embezzlement**

**What happened:** DCA's programme auditor informed DCA of suspected corruption and embezzlement by a partner organization since 2018.

**What DCA did:** An audit was conducted and the report was received in April 2019. DCA was close to the process and was in charge of the actual Terms of Reference developed for the audit. The audit found reason to uphold the allegation of misappropriation of funds and fraud. This resulted in an immediate termination of the contract with the organization and its exclusion of future projects. DCA informed the Danish Embassy as well as the partner's Board. DCA initiated intensive activities to retrieve the funds and assets. This included sending several letters to the partner to claim back the funds and DCA furthermore met with both the staff and the Board of the organization etc. All the funds from 2019 were recovered but not the funds from 2018. Most of the assets were recovered and returned to DCA.

The case is still not closed because DCA are still striving to get the partner to return the funds from 2018 even if the chance is very low because the organization stopped operating some time ago.

**What DCA learned:** This case underlines the importance of performing audits of DCA's partner organizations on a regular basis. Even though DCA carries out regular monitoring visits and receives financial and narrative reports from partners, it can be difficult to detect embezzlement of money by partners.

#### **(2019.C07) Confirmation of financial misconduct, fraud and nepotism among senior staff of a partner**

**What happened:** In March 2019 DCA received indications that senior staff of one of DCA's partner organizations were involved in suspected fraud. DCA has worked with the partner since 2012. DCA initiated an internal investigation to obtain more information and specific examples. Unfortunately, the investigation showed strong indications of fraud taking place in the organization.

**What DCA did:** A forensic audit was carried out and the findings were significant with substantiated evidence that senior staff of the organization were involved. DCA terminated the cooperation agreement, made a great effort to retrieve the assets, and managed successfully to get back all the most valuable assets. However, the case is still ongoing because DCA is trying to retrieve the funds misused by the partner to a value of almost DKK 190,000.

**What DCA learned:** Lessons learned will be collected and described once the case is concluded

#### **(2019.C08) Fraud discovered with a consortium lead partner**

**What happened:** DCA was part of a consortium led by another NGO that who committed fraud by taking funding designated for project activities implemented by other consortium members including DCA and using them for fraudulent purposes. The immediate consequence of this was that DCA had to cover the costs associated with the implemented activities using other funds.

**What DCA did:** The Institutional Donor's legal representatives carried out an investigation that revealed misappropriation of funds and fraud. As the partner was unreachable, the project was consequently suspended and DCA was obliged to close activities during March and April.

**What DCA learned:** A system has been put in place, which regularly monitors the transfer of funds to DCA from donors whether institutional donors or NGO consortia are the lead partners. As mentioned in another case it is important to have very clear guidelines and processes in place between consortium partners to handle and manage situations like this to avoid disagreement and to ensure proper handling of funds.

#### **(2019.C09) Fraud discovered with a long-term implementing partner**

**What happened:** In late 2018, suspicion was raised by slow implementation of the project. DCA gathered other funding partners to investigate whether other partners also had the same 'sense/suspicion' of potential 'double dipping'. An 'organizational' audit carried out in 2019 for the period 1 July 2017 to 31 December 2018 indicated that expenses of DKK 600,000 were (a) not approved in compliance with relevant organizational rules, regulations, policies and procedures, (b) not supported by properly approved vouchers and other supporting documents, and (c) were subject to other accounting errors or over-claims.

**What DCA did:** In June 2019, DCA suspended funding to the partner and initiated a forensic audit of DCA-funded activities for the period 1 January 2018 to 30 June 2019 and for other donor funded projects. The forensic report was based on spot checks and investigated three areas: payroll, procurement, and activities across the donor funded projects. However, it became challenging to obtain all the necessary documents, and by 31 December 2019, the report was still not submitted to DCA.

**What DCA learned:** Lessons learned will be collected and described once the case is concluded. DCA, based on this experience, has decided to develop a guideline for forensic audits indicating best practice to make future auditing processes more effective. DCA has learned that it can be challenging to find skilled auditors in some of the countries where DCA works, and therefore DCA will keep a register of those auditors that perform well and always make sure to invite them to bid when DCA tenders such tasks.

#### **(2019.C10) Authorities requesting DCA to pay funds for event outside framework**

**What happened:** A DCA country office received a formal request from the authorities to financially support a public event that had no apparent relation to DCA's country office, country program or cooperation with the authorities.

**What DCA did:** Based on a risk assessment which convinced DCA that the risk of *not paying for this event had a higher risk than paying*, DCA decided to pay the amount with its own funds.

**What DCA learned:** The demand for facilitation payment is recurrent and is becoming more common in the countries where DCA is working. DCA has a zero tolerance for facilitation payment. Facilitation payments can

only be accepted if the risks involved are considered life-threatening or damaging to DCA. In this case a careful analysis was done where risks were weighed against opportunities.

#### **(2019 C11) Facilitation payment to authority official**

**What happened:** One of DCA's own staff members reported to his line manager the fact that he was forced to pay around DKK 4,300 to a Government Official so that one of DCA's projects to obtain an important official document which had not yet been published.

The staff member tried to contact his immediate line manager who was on leave, and since the team had a very tight deadline with a donor submission, the document in question was crucial.

The staff member himself later regretted the payment as he felt that it might violate the DCA Anti-Corruption policy even if the Government Official promised that he would write an acknowledgement of receipt of the funds and what it was for. The staff member told his line manager this when the latter was available again, and the staff member then submitted the case to the complaints system.

**What DCA did:** The staff member received a verbal warning as the facilitation payment paid was in breach of section 4 of DCA's anti-corruption policy because it concerned a routine service and it could have been avoided entirely. However, due to mitigating circumstances, it was decided to give him a verbal warning.

**What DCA learned:** The Lessons learned is that it is important to continue enlightening DCA staff on DCA's Anti-Corruption Policy, and on how to deal with such situations. It is important to encourage staff to have an open dialogue about the dilemma of facilitation payments.

#### **(2019.C12) Funds spent outside a programmatic area**

**What happened:** DCA received a complaint from a staff member that funds were spent outside DCA's country program area. The complaint included allegations that Government officials manipulated a DCA partner to implement a project outside DCA's geographical programme area as well as the fact that local DCA staff had been directly involved in approving funds to be spent outside the country programme areas.

**What DCA did:** DCA conducted various interviews with the complainant, studied supporting documents related to the case, and held them up against DCA's procedures and policies.

Furthermore, a special investigation was carried out by the DCA Finance Department, but no signs of fraud or intentional misappropriation of funds were identified. However, the report pointed out a failing in DCA's own operational procedures because the pressure from the Authorities to have activities implemented in a different area to DCA's programme area reflected prior approval by DCA employees. DCA continues to monitor the technical quality of the project activities implemented in the area outside our program to ensure sustainability and compliance with intended purpose.

One staff member received a warning for *not* having raised the issue around the misuse of donor funds and pressure from the Government, as this is against DCA Anti-corruption Policy. The case was closed in September 2019.

**What DCA learned:** It is a fact that some Government officials manipulate DCA partners to implement project activities outside DCA's geographical programme areas. It is important when DCA experiences this that we work and act according to internal procedures and policies, and do not act based on the pressure that might come from authorities etc. Cases like this are reported and registered so it is possible to follow up if it is a recurrent problem for DCA's employees and programmes with the authority in question.

### **(2019.C13) Allegations of financial misconduct by DCA staff**

**What happened:** DCA received indications that a staff member was involved in suspected fraud for personal gain, and that the person had not conducted the mandatory monitoring visits in the project area and had provided false reports.

**What DCA did:** DCA initiated an internal investigation to obtain specific facts related to the allegations. The investigation included interviews and collecting several supporting documents. The investigation found evidence that monitoring visits had been carried out in 2018 and the staff member in question had been part of these monitoring visits, and there was no indication of fraudulent activities. No disciplinary actions were therefore taken against the DCA staff member and the case was closed in August.

**What DCA learned:** Complaints can be motivated by many things, and it is therefore always important to follow due process when receiving a complaint and carrying out the initial analysis. This case also reminds DCA about the importance of following internal procedures and documenting them.

### **(2019.C14) Fraud and misuse of power**

**What happened:** In August 2019, a DCA country office reviewed the expenditure and supporting documents of a partner organization's project accountant. Several documents were suspected as having been forged and were subjected for further investigation.

**What DCA did:** Following several meetings with the partner regarding their financial irregularities, various actions, such as delivering items, verifying their costs and booking to liquidate the account balance, have been taken to address the issue.

As the case progressed, it also became clear that the partner organization executive director and the project accountant were involved in falsification of expenses and forgeries of receipts. The executive director also used his power to extort money forcibly from the staff. DCA tried to retrieve the funds misused by the partner to a value of DKK 190,000, but the amount was not refunded. The partnership was ended in December 2019 and the case was closed in April 2020.

**What DCA learned:** DCA requires that partners submit their narrative and financial reports as requested for review and approval before the next fund transfer can be approved. In this case, the procedure was helpful in identifying fraudulent actions that will not be tolerated, as guided by DCA's Anti-Corruption Policy of zero tolerance of fraud and corruption.

### **(2019 C15) Allegations concerning recruitment and procurement**

**What happened:** A staff member filed a complaint indicating that he had not been treated fairly in relation to a local recruitment process. Furthermore, the complaint involved allegations of fraud within DCA's procurement.

**What DCA did:** An internal investigation was carried out to review internal policies and procedures and interviews were conducted with various people involved. The investigation found that procurement as well as recruitment policies and standards had been followed accordingly. However, it was decided that the staff in the country office needed additional training within these areas. The case was closed the same month.

**What DCA learned:** The case made it clear that there is a need for systematic support to the country offices in the area of procurement and recruitment procedures. Therefore DCA HQ needs to take this into account when budgeting for support and monitoring visits to COs or offer e-learning courses within these areas.

#### **(2019.C16) Fraud by partner staff**

**What happened:** A staff member of one of DCA's partners misused partner/DCA project funds. As a result, the partner did not have enough funds to pay the bills of two project suppliers for delivery of project goods.

The partner initially tried to make an agreement with the corrupt staff member to pay back the misappropriated amount in instalments, but after a while the staff member disappeared without returning any of the funds.

The suppliers consequently sued the partner. As the partner was not able to pay, DCA was also sued even though the unpaid invoices were the responsibility of the partner.

**What DCA did:** As there were special circumstances in terms of DCA's financial set-up that meant that DCA had responsibility to ensure that project vendors were paid, DCA informed the partner that DCA would pay the outstanding amounts to their vendors. DCA then made a claim to the partner organization to return the additional amount spent cover these vendors' bills to DCA, but these funds amounting to DKK 211.000 were not returned. The case was reported to the police, and it was decided to work with another partner in a newly signed donor contract. The case was closed in October 2019 and vendors were paid in 2020.

**What DCA learned:** This case involved a small partner with weak financial and procurement standards and procedures. DCA was therefore more directly involved in the procurement hence the responsibility toward the vendor. DCA will continue prioritizing capacity development of partners to manage situations like this.

#### **(2019.C12) Financial malpractices with a partner**

**What happened:** DCA was working with a long-term partner when it was noticed that the partner was facing challenges with their financial procedures. Therefore a financial capacity assessment was conducted. Parallel to this initiative, a staff member requested a confidential meeting with her line manager during which further issues related to financial management was raised.

**What DCA did:** A monitoring visit was carried out to inspect the finances of the organization. The report underlined lack of various supporting documents to be shared with DCA as well as a mandatory financial system to be implemented urgently. Until these requirements were in place, funds were withheld.

Most of the measures were taken as requested, except that the partner organization would not share the global payroll because they considered this to be a confidential document. The partnership will not be extended beyond the end of August 2020.

**What was learned:** DCA was reminded of the importance of conducting regular financial monitoring visits and including support to partners with capacity development in relevant areas, even though the balance between trust and control can be a sensitive issue.

## **4. Activity report 2019**

This section is a brief report of the specific activities carried out in relation to the complaints handling mechanism and the key issues to which the sensitive complaints relate.

#### 4.1. Evaluation against the Core Humanitarian Standard

As part of being committed to the Core Humanitarian Standard (CHS), DCA is certified in accordance with the standard by external auditors. The audit process produces useful observations and guidance to DCA's continued work with accountability and accountability mechanisms. The audit runs in cycles of four years, and the initial audit was concluded in early 2017, where DCA received several recommendations and requests for corrective actions (CARs). In 2018, the focus was on further strengthening policy and practice related to prevention of sexual exploitation, abuse and harassment. In 2019, DCA was specifically focused on the following initiatives:

- A face-to-face training-of-trainers workshop for the accountability focal points working with implementation of the Core Humanitarian Standard commitments at country office level. The purpose of the workshop was to equip the focal points to work with partners and communities on awareness raising regarding commitment to welcome complaints and to prevent sexual harassment, exploitation and abuse.
- Two workshops on data protection for CHS and MEAL focal points as well as the delivery of a data management and protection assessment of partners in Nepal.

#### 4.2. Measures related to Anti-Corruption

In 2019 DCA was proud to be part of the NGO-PSEA working group under the auspices of the Global Focus to formulate a coherent approach on PSEA for NGOs in Denmark. The group conducted learning events on the Prevention of Sexual Exploitation, Abuse and Harassment with different stakeholders from all over the world.

Throughout 2019 DCA continued the collective action initiative FAFPI (Fight Against Facilitation Payment Initiative<sup>[1]</sup>) together with the Danish Ministry of Foreign Affairs, the Danish Confederation of Industries and several other organizations and companies. DCA has taken an active role in driving this initiative forward from idea to reality since it was first initiated by Danfoss and the Danish Ministry of Foreign Affairs. DCA sees this as a key initiative in fighting a type of corruption that is difficult for individual organizations to address alone and where collective action adds a lot of value. FAFPI member organizations collect evidence for challenges related to facilitation payments in order to create awareness within the Danish Ministry of Foreign Affairs and eventually to gain support for confronting and preventing facilitation payments in the future. DCA also reports and registers these cases so that it is possible to follow up with the authority in question where these cases are a recurrent problem for our employees and programmes.

#### 4.3. Working with partners

DCA requires that its partners have their own complaints handling mechanism, anti-corruption policy or code of conduct in place, or alternatively that they refer to DCA's mechanisms and policies. The partners are strongly encouraged that they put these measures in place and are offered capacity building and support to that end. It is DCA's goal that all partners eventually will have a complaints mechanism in place, and DCA HQ is working closely with the Accountability Focal Points in country offices to achieve this. This initiative is also reflected in the Annual Country Programme Reports that the country offices carry out.

For an overview of implementing partners with complaints systems in place, please refer to section 3.

#### Complaints received in 2019

DCA is also an active member of the European 8 Plus Complaints and Response Mechanism (E8+ CRM) working group. The E8 is the eight largest ACT Alliance European members that not only implement but

also fund other ACT members. The CRM plus refers to the fact the Lutheran World Federation (LWF), World Service (WS) and ACT secretariat are also part of the group.

The group aims to provide a forum for E8+ organizations to share information, learn from each other, increase collaboration and promote good practice in all aspects related to complaints handling.

The group works in alignment with the ACT Alliance Complaints Policy and upholds the principles of the CHS.

#### 4.4. Planned focus-areas for 2020

1. Continued focus on reaching the beneficiary level with information about expected staff behavior and the access to DCA's complaints mechanism.
2. Focus on the interlinkage between the M&E processes, feedback, and then the complaints mechanism. This will also be a focus area for the next face2face workshop for CHS Focal Point persons.
3. Contributing to strengthened collaboration with the ACT agencies that DCA co-implements in various forms.
4. Strengthening DCA's annual reporting on non-sensitive complaints at both HQ and country office level.
5. Strengthening DCA's annual reporting on the partner implementation of complaints mechanisms.

[1] [www.fafpi.com](http://www.fafpi.com)