

## Guideline for handling corruption cases

### Purpose and target group

The purpose of this guideline is to advise *Union to Union* partners on how to act upon suspicions of corrupt activity. The guideline is based on *Union to Union's* anti-corruption policy.

### Background

*Union to Union* has routines and regulations to prevent corruption and other irregularities in its operations. The preventative routines are described in this guideline, which is updated when necessary, and can be found in the following documents:

- Formats for application and reporting
- Cooperation agreements and audit rules
- Policies and guidelines
- *Union to Union's* code of conduct

### Preventative routines

Risk analysis in project applications is one example of a preventative measure, whereby agreement partners must identify risks in their projects and describe how they will be mitigated.

Organizational assessments of all agreement partners are made with the purpose to identify weaknesses and suggest measures to strengthen the partners' capacity for financial and operational management as well as internal control.

Reviews of the agreement conditions and updates to them together with cooperation partners during annual meetings in order to make sure that the basic conditions that must be met to receive support are known to all.

Recurring meetings with finance staff to inform of and have a dialogue about current issues, seek uniformity in qualitative assessments and exchange experiences on routines and methods for quality assurance.

Agreement partners accepting the responsibility of ensuring that existing rules and regulations are followed by all agreement partners at subsequent levels.

A cornerstone of corruption prevention is having a system for internal control, a clear connection between responsibility and authorization and a great deal of transparency. A documented delegation of authority and rules for attestation in order to ensure that funds are only disbursed in accordance with the relevant agreement.

## In case of suspected corruption

In case of suspected corruption, the guiding principle is to *never accept, always take action and always inform*. It is important to always send a clear signal of what constitutes unacceptable behaviour and to commit resources toward solving the case at hand.

Cases of suspected corruption can be based on observations by staff, financial controllers, agreement partners, cooperation partners, global unions, auditors or any other person/whistle-blower that takes note of irregularities.

## Case handling

When there is a case of suspected corruption in all cases where *Union to Union's* cooperation partners are unable to comply with the commitments, they have made through the agreement with *Union to Union* it must be reported as "deviations" as soon as possible.

The first step is a thorough internal investigation to clarify what has taken place and to sort out any misunderstandings. The handling of the case must be confidential in order to protect whistle-blowers. Case material must not be shared with the person(s) under investigation. If financial or other reporting is missing or is incomplete, attempts should be made to assess the extent to which planned activities have taken place and how this can be verified.

Depending on the nature of the case an external forensic audit may be needed to investigate if there is evidence of corruption. As such audits are costly, they should be used restrictively.

If an action during the investigation is assessed to be impossible or inappropriate this must be motivated and documented.

Examples of actions and sanctions that can be put into place during, or as a result of, an investigation:

- Planned disbursements can be withheld until the case is resolved.
- If the case concerns an employee: suspension, warning, or in severe cases dismissal.
- If reporting is missing: a written reminder with a clear deadline for reporting and clear information on what the consequences of non-compliance are.
- A written demand for the return of funds with a clear deadline, in accordance with the cooperation agreement. Information on consequences if the funds are not returned.
- If funds are not returned on time: requesting the assistance of the relevant enforcement authority or similar debt collecting agency. However, when doing so one must take into account the cost thereof, and possibility of getting funds back.
- Filing of a police report in the case of a suspected crime.
- Reporting to the relevant anti-corruption authority, government agency for NGO-registry or similar.
- If the concerned organization has filed for bankruptcy, this must be verified.

As a minimum requirement the report shall include:

- Name of the organization + project + year that the case concerns

- Type of deviation
- Actions taken by the agreement partner.
- The assessment and/or analysis of risks made by the agreement partner prior to signing the agreement with the concerned partner organization.
- The findings of any internal/external investigations, legal proceedings or similar.
- If the case is closed because it cannot be investigated further or is disproven after a complete investigation, a motivation for the decision to close the case.
- An assessment of the extent to which the activities have been carried out in accordance with the activity plan and agreement.
- The total amount that was suspected to have been misused.
- The agreement partner lessons learned by the case.
- The number of working hours and extra financial resources that was used to investigate the case.

### **Reporting to Sida**

According to *Union to Union's* agreement with Sida, *Union to Union* must inform Sida as soon as there is a deviation. Sida requires information as soon as there is a suspicion of a deviation. It is better to inform "prematurely" and then retract the suspicion if it proves to be unfounded.

*Note that the obligation to report to Sida only applies to cases where Sida funds are involved and that a deviation that is reported to Sida normally becomes a public record, according to Swedish law.*

The report will be filed using a specific template (see appendix) in order to make sure that Sida receives all the relevant information.

### **Sida's case handling**

When a desk officer at Sida receives a deviation report from a framework organization (*Union to Union*) Sida's corruption investigators and the unit's controller are informed. The corruption investigators are responsible for Sida's handling and record keeping of deviation cases.

An assessment is made of the framework organization's handling of the case and if necessary Sida will give advice on measures that should be taken. The desk officer may also assist the framework organization by consulting with Sida's corruption investigators, legal department or other expertise.

Swedish law requires that all documents that are submitted to a public agency (such as Sida) must be registered and at request be made available to anyone who asks to see them. Information that is received orally and that is of interest to a case, must be noted down and registered. There is however a possibility for Sida to classify certain sensitive information.

*Union to Union will therefore inform Sida if the entire case or certain parts of it need to be classified.*

In order to finance the investigation of a case it is possible to make redistributions within the agreed budget, in accordance with the rules that are stipulated in the agreement with Sida.

## Closing a case

A case can be closed in two ways:

- a. *Union to Union* receives satisfactory reporting in the case and the suspected deviation can be disproven. Sida's direct approval is not necessary to close a case. It is sufficient that *Union to Union* notifies Sida that the reporting is complete in accordance with the agreement between *Union to Union* and our agreement partner.
- b. *Union to Union* assesses that all has been done that is possible to obtain satisfactory reporting, without success. In such a situation the case is reported as un-concluded to Sida.

*In any case Union to Union will submit a final report on the case to Sida as soon as it is closed.*

Cases can be closed at any time.

In case of alternative b) Sida will make an assessment of the report provided and decide how much must be repaid to Sida. Prior to such a decision Sida will, if necessary, consult with Sida's investigators and legal advisors. Sida makes decisions on repayment throughout the year.