



(February 2021)

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 in-person training ("IRC Way Day") on the IRC Code of Conduct to refresh and renew our knowledge of and commitment to the IRC Way, our Values, Principles, and Standards. Due to the restrictions imposed by COVID-19 and the many demands on staff and resources this year it was decided that the compulsory training would not be conducted in 2020.

Since crisis can provide opportunity, we have re-imagined IRC Way Day. Due to the need for social distancing, rather than an "IRC Way Day," where teams come together in person, for 2021 our events will begin in Q2 2021 with a blended approach that will include:

An online training through IRC's Rescue Academy on Kaya Toolki

progress in furthering the integration of both the process and methodology, in field locations, during an eight-month pilot period.

The primary goal of these pilot implementations was to allow management to experience the process and methodology, first-hand, and to provide feedback to ensure that our approach met the commitment to be both high value and light touch in approach.

Our Salt Lake City pilot focused on objectives at the office level and the underlying sub-objectives for the programs and operations. With strong support from both the Regional Director and Executive Director, risk was identified and assessed in relation to Operational and Programmatic objectives and subsequently reviewed and updated during regularly scheduled management team meetings. Major issues could be signaled up to the Regional Director at the discretion of the Salt Lake City office Executive Director. Should the Regional Director require support from Headquarters, then risk could be further escalated to the IRC's Risk and Compliance Committee.

Internationally, our focus was extended to conducting our pilot exercise at the regional management level, rather than just focusing upon a single country. While COVID-19 has presented numerous challenges this year, it also provided us with the opportunity to identify and assess risk, in relation to the IRC's three COVID priorities, namely, *Business Continuity*, *Duty of Care* and *Program Support*. Initially, Regional Management reviewed and updated their regional Risk Report Cards twice monthly, with some regions leveraging ERM for discussion more regularly particularly in regions exhibiting a high degree of dynamic shift in the operating context. Regional

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 position was created in 2018. The current Director, who joined the IRC in October 2019, reports into the CECO. The Director works to ensure that accountability for fraud and corruption prevention is shared across the organization, and that there is a process in place to learn from past issues, undertake continuous improvement plans and develop a commonsense approach to fraud management and risk mitigation.

A three-year plan was developed focused on awareness raising, strengthening capacity across the organization and working with in-country compliance teams to undertake fraud prevention work. Much of our work in 2020 was accommodated to the realities of remote working and learning due to the COVID-19 pandemic. To date the following activities have been undertaken, and will continue as part of the three-year plan:

- 3 Strengthening systems through a review of existing related policies with appropriate updates as needed
- 3 Remote Fraud Awareness Trainings for Senior Management Teams (SMT) in both RAI and CRRD. In the CRRD regions, we will begin with Asia, MENA and Great Lakes. This is part of a phased approach that includes:
 - Phase 1: Fraud Awareness Training for SMT
 - Phase 2: Targeted Fraud Prevention conversations and sessions with key in-country departments
 - Phase 3: Embedding fraud prevention into business as usual through regular check ins, conversations, and a fraud prevention action plan
- 3 Monthly Compliance Coordinator Meetings in collaboration with the CRRD Director of Internal Controls for information sharing and capacity building with the goal of creating a community of best practice

With the onset of COVID-19, ECU in partnership with CRRD and RAI created the COVID-19 Fraud Prevention Oversight and Working Group in late May 2020. This Cross-Functional Group with representation from CRRD, RAI, Finance, Internal Audit, ECU, Awards Management Unit (AMU), Economic Recovery & Development Unit (ERD) and Global Supply Chain was created to ensure that appropriate strategic oversight, controls and reporting are in place related to

issues as we were engaged in this crisis provided the IRC with additional oversight and monitoring in real time as we were engaged in this crisis.

The Oversight and Working Group:

- Ensured that there was a centrally located list of operational adaptations during COVID-19, that included owners, timeframes for implementation and locations where implemented

- Reviewed existing operational adaptations to ensure they were consistent and aligned
- Members participated in calls with field, functional, and other operational teams to provide and collect information on operational adaptations and their impact

- Regularly shared relevant information cross-functionally

- Reviewed relevant Global Supply Chain Quality Assurance information and the use of new vendors

- Provided short, simple field guidance as appropriate

The ECU has a comprehensive and integrated framework for handling allegations of misconduct including fraud, corruption, safeguarding, and other alleged violations of the *IRC Way*, by a dedicated, centralized and independent investigation division within the ECU. The Senior Director of Investigations supervises eight experienced investigators; and two case officers, who 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 control and program gaps and opportunities.

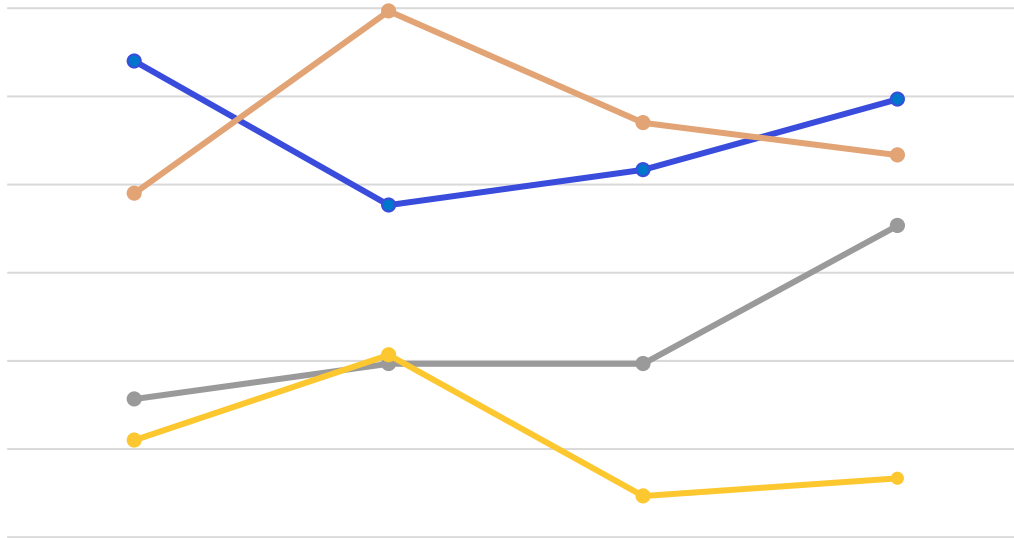
IRC's reporting system is designed to provide employees with multiple channels to report concerns (Ethics Hotline, ECU integrity email, HR, Managers, technical advisors), while consolidating all issues in the IRC's Ethics Hotline and case management system for review and investigation, as appropriate.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

To provide more transparency for staff and donors on the IRC's internal investigation process, in April 2020 ECU authored and published "ECU Investigation Guidelines," available in English, French, Spanish and Arabic. They are intended for use by IRC staff to understand how the ECU conducts investigations into allegations of misconduct relating to fraud, waste, bribery, corruption, beneficiary exploitation and abuse, harassment and other violations of the IRC Way; and the staff obligations to uphold the IRC Way and cooperate with internal investigations. The Guidelines are not intended to provide comprehensive advice on ECU's procedures and policies. Because almost one-half (50%) of all new matters received relate to Employee Relations issues and are referred to Human Resources (HR), the guidelines also apply to the management of those referred matters that require HR led investigations.

Due to COVID-19 and the demands on staff and resources to address, the Investigation Team's planned Investigation Training for designated field staff to support the team on investigations was postponed. That in person training was developed in 2018-19 and will be resumed once circumstances and resources permit. In FY21 ECU will review the existing Investigation training with the objective of transferring it to an online investigation training course for Country Program staff supporting investigations.

Due to the continued increase in reported new matters since the Raise Concerns campaign in 2018, in FY20 ECU undertook a capacity assessment of the current investigation resources. The capacity assessment was shared with IRC Senior Leadership and resulted in an increase in ECU funding to allow for the hire of three additional investigation staff to cover IRC's three regions in Africa. In FY20, 58% of all new matters investigated by ECU were in Africa. The volume of cases in the three regions of Africa is reflective of the fact that the majority of IRC's

Not every matter received by ECU resulted in an investigation. Some matters received were inquiries, did not allege misconduct, or raised issues more appropriately reviewed and considered by Human Resources or another Organizational Unit.



The 749 matters were assigned to ECU or HR for further review and action based upon the issues raised:

ECU (404 of new matters) and HR (345 of new matters). ECU holds a weekly case intake meeting to review all new matters reported, chaired by the Senior Director of Investigations. Any Employee Relations matters reported, which rest outside ECU's remit to investigate, are referred to Global Human Resources.

345 new matters were referred to Global HR and are discussed in a weekly HR triage meeting with the Chief Human Resources Officer, Director Global Employee Relations and Senior Director of Investigations. Case Intake and HR triage meetings have continued throughout the Covid-19 pandemic.

Further details on the process are outlined in the ECU Investigation Guidelines.

Of the 404 new matters handled by ECU, 283 of them resulted in opening a new ECU investigation in FY20. For the last quarter of 2020 ending September 30, 2020, ECU received 199 new matters, which is one of the highest numbers of new matters received in one quarter since ECU was formed in 2016.

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

The regional breakdown of the 283 investigations in FY20 is depicted below. One should not infer that a higher number of cases indicates that there are more problems in a certain region. Instead the number of cases may indicate: higher concentration of staff and programming; a healthy reporting environment; or presence of Country Program Compliance Coordinators that work with teams on compliance issues.

There is little difference between the regional breakdown of new ECU investigations in 2019 and 2020. The regions of Great Lakes, East Africa and West Africa continue to have the largest number of investigations representing 58% of new investigations opened in FY 20. This is not surprising considering that the majority of IRC programming occurs in these regions.

2

The largest category for new investigations opened was Fiscal Integrity, representing 55% of all new investigations. This is an increase from 45% in FY19. The misappropriation/misuse of IRC

cases is slightly less than FY19, when 40% of new ECU investigations related to safeguarding matters. For safeguarding matters, ECU saw a small increase in reporting for child safeguarding matters. The majority of sexual harassment investigations are managed by HR, with the Director of Global Employee Relations leading.

Great Lakes, East Africa and Middle East reported the highest number of safeguarding matters, consistent with FY19.

ECU closed 268 investigations in FY20, resulting in a final open caseload of 230 at the end of FY20.

(2) Disciplinary Actions

a. Fiscal Integrity

For 36 substantiated ECU Fiscal Integrity cases in FY20, there was disciplinary action taken against 80 staff including verbal and written warnings and contract terminations.

b. Safeguarding

With COVID-19 and remote working continuing into 2021, ECU's goals and work plan for the coming year have been adapted to the 'new normal.'

The ECU's work for 2021 includes:

1. The continued roll-out and integration of the IRC's Enterprise Risk Management Process (ERM) at the regional level of the organization
2. Further integration and localization of Ethics and Compliance activities (prevention, investigations support, and risk mitigation) through an integrated and strategic approach that includes increasing the presence and expertise of local Compliance Coordinators
3. Maturation of contextualized Fraud Prevention and Awareness training activities
4. Investigation capacity building.