

GDL: HANDLING FINANCIAL IRREGULARITIES

1 INTRODUCTION AND RESPONSIBILITIES

When a staff member suspects that an irregularity has occurred, it is important to act swiftly, and to involve relevant internal and external stakeholders.

The **project manager is responsible** for handling (suspected) irregularities. This includes execution and documentation of decisions, as well as information of stakeholder. All **decisions are formally taken by director of finance and administration.**

2 SUSPECTED IRREGULARITIES (PHASE 1)

1. Internal notification: Immediately notify project manager, project economist, International Secretariat, director of finance and administration, and department director.
2. Notification of contractor¹: Immediately notify contractor that DIHR suspects irregularities and: (i) that all DIHR transfers to contractor are put on hold; (ii) that DIHR funds cannot be used until the matter is clarified; (iii) that contractor provides evidence of balance of DIHR funds, and (iv) that partner provides all relevant details of the case.
3. Fact-finding: Decide whether further fact-finding is necessary (e.g. a mission, external audit or similar). Carry out fact-finding as and if decided.
4. Notification of funding agency: If there is suspicion of financial irregularities, you shall notify the funding agency already at this stage. If Danida funds, use the standard form at <http://um.dk/da/danida/samarbejspartnerne/civ-org/adm-ret/rammeaft/>. For other donors, consult donor regulations.

3 IDENTIFIED IRREGULARITIES (PHASE 2)

Phase 2 assumes that the basic facts have been established – i.e. that there has been an irregularity contravening DIHR or funding agency regulations.

¹ The term “contractor” covers any entity that manages DIHR funds. Normally, it is a partner, but it could also be e.g. a sub-contractor.

5. Recovery of funds: As a minimum, funds that have been mismanaged (i.e. subject of the irregularity) should always be recovered from the contractor to the extent possible.
6. Decision on further actions: Decide which concrete steps will be taken to deal with the case – e.g. court order, further investigations, closure of project etc.
7. Notification: Notify funding agency and possibly other stakeholders (e.g. other organisations who fund the contractor) about actions and decisions. Depending on the situation, also notify the contractor.

4 CLOSING THE CASE (PHASE 3)

8. Financial closure: Project economist closes the case financially by calculating final losses, if any, and ensuring accurate internal accounting procedures in this regard.
9. Case closure: Register the case as closed including saving all documentation in line with ESDH case-guidelines. Project economist updates irregularities registry.
10. Notification: Notify all stakeholders (contractor, funding agency and possibly others) about the outcome of the case.