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 contractor\(^1\): 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/samarbejspartnere/civ-org/adm-ret/rammeaft/](http://um.dk/da/danida/samarbejspartnere/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.