

# ANNUAL CORRUPTION CASE REPORT 2010-2015

Integrity, Compliance & Legal Dept.



This report has been prepared to the best knowledge and judgment of the Integrity, Compliance & Legal department based on information shared by the SOS regions and member associations.



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## 1 Internal Corruption Prevention Framework

The SOS Children's Villages policy on [Good Management & Accountability Quality Standards](#) was developed during 2011 and 2012 and adopted by the federation in March 2013. It sets the quality standards in the areas of management and transparency, integrity of the organisation and protection of assets. These quality standards are **mandatory for all member associations**.

The Good Management & Accountability Quality Standards clearly state that we do not accept corruption and follow a “**zero-tolerance**” approach. Our zero-tolerance approach means that corruption always results in action on our part. This action varies according to the situation and ranges from criminal prosecution in serious cases to training and individual development measures for minor offences.

Two main documents complementing the quality standards are the Anti-Fraud & Anti-Corruption Guideline, and the [Code of Conduct](#). SOS has developed its Code of Conduct to uphold and promote the highest standards of ethical and professional conduct among all co-workers and persons affiliated to the organisation. By **signing this Code of Conduct** all board members and co-workers commit, in unison with the entire SOS federation, to aspire to and maintain the required conduct as a precondition for service to SOS Children's Villages.

The [Anti-Fraud & Anti-Corruption Guideline](#) provides information on different forms of corruption and their consequences. **Responsibilities** of individual co-workers (both in member associations and in the General Secretariat of SOS Children's Villages International) are laid out, and steps to be taken concerning **reporting, investigation and responding** to allegations are stated. This guideline applies to co-workers and board members at all levels of SOS.

## 2 Corruption Case Statistics 2010 – 2015

From 2010 through 2015, globally, there has been a constant increase of reported or identified corruption cases. We see a significant increase from 2012 to 2013, which coincides with the year our Good Management & Accountability Quality Standards were adopted. A similar noticeable increase occurred in 2015, the year our Integrity, Compliance & Legal department was established at the General Secretariat.

Generally, when an allegation contained sufficient information to justify an investigation, the majority of cases (87.5%) were also confirmed, i.e., the allegations were found to be fully or partly true. There are no visible indications for intentional or widespread misuse of our corruption whistleblowing process.

## 2.1 Overall Number of Corruption Cases

The following chart indicates the number of all 54 reported or identified corruption cases from the years 2010 through 2015.<sup>1</sup> The cut-off date for the collection of the data is information available at the Integrity, Compliance & Legal department by December 31, 2015.

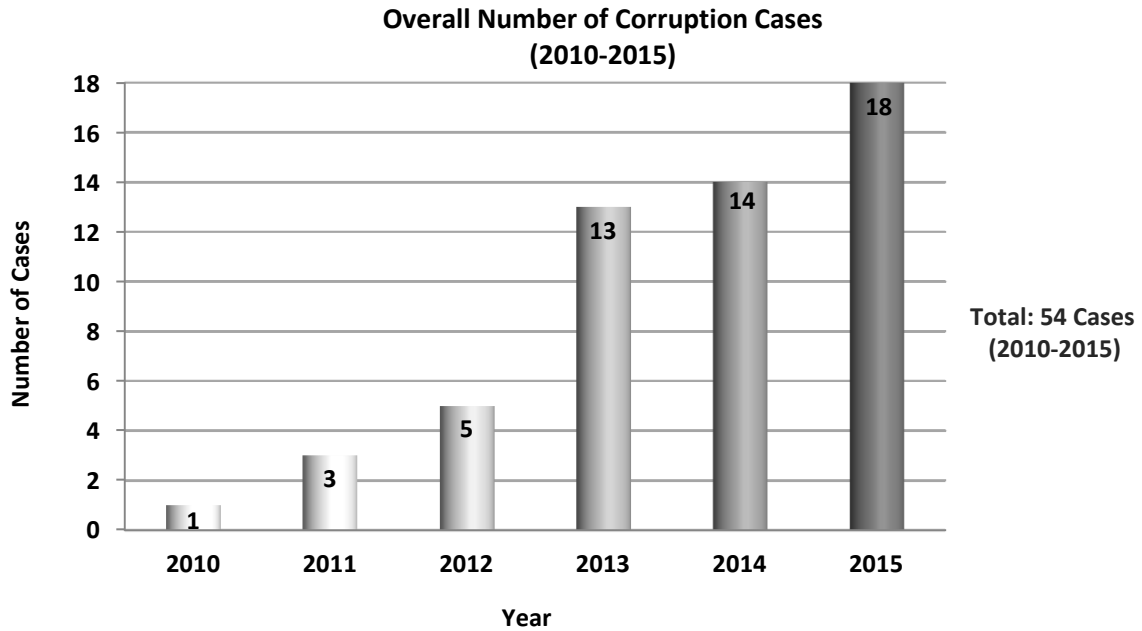


Table 1

## 2.2 Corruption Cases per Result

In 42 out of the total 48 reported or identified corruption cases from 2010 through 2015 where the investigation was finalised by December 31, 2015, the allegations were found to be fully or partly true and could therefore be confirmed (87.5%). In six cases the allegations could not be confirmed, either because they were proven unsubstantiated or because not enough evidence was found in order to pursue the allegation.

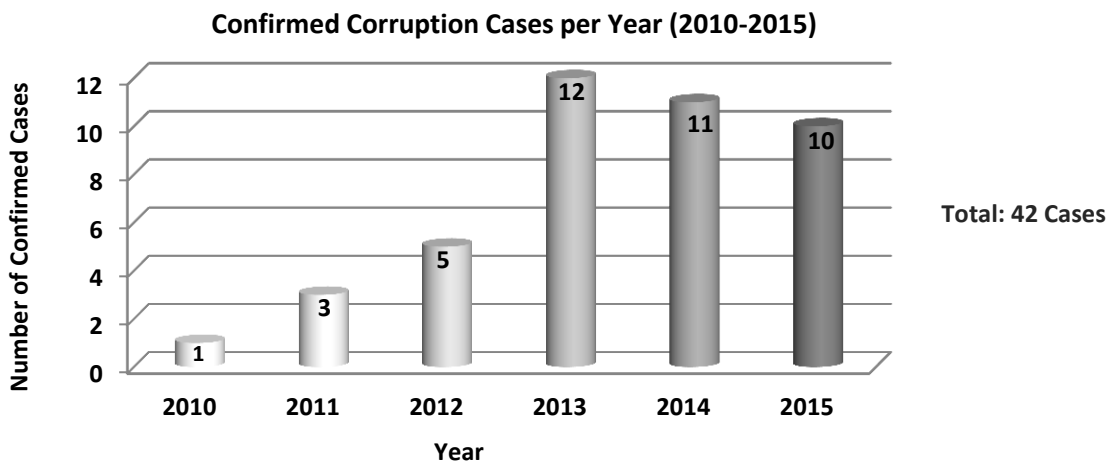


Table 2

<sup>1</sup> Additional 2 cases for 2015 could not be included in the statistics due to technical reasons.

### 2.3 Corruption Cases per Category

In 91% of the overall 54 reported or identified corruption cases from 2010 through 2015, the allegations fell in the category of *Fraud/Embezzlement*. The corruption categories are defined in our Anti-Fraud & Anti-Corruption Guideline.

**Corruption Cases per Category (2010-2015)**

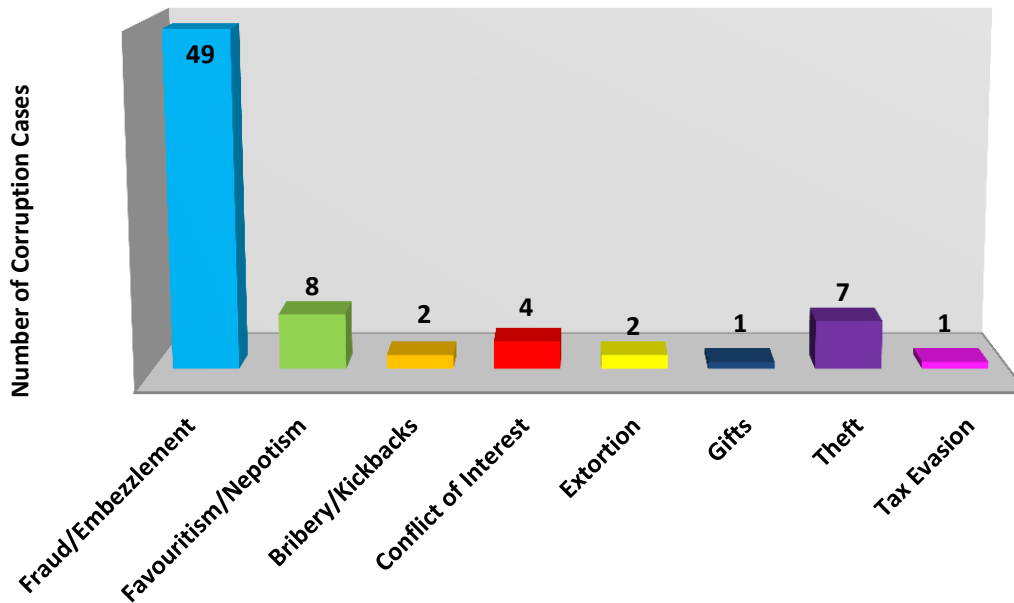


Table 3

Note: Multi-metering for a single case is possible, e.g., one case can fall into several case categories, such as allegations of fraud and conflict of interest.

## 2.4 Corruption Cases per Programme Affected

The following chart shows all programme/service types provided by SOS that were named within the reported or identified corruption cases in the years 2010 through 2015. Allocation to the programmes/services is based on the frequency of being named in the cases and does not indicate confirmed corrupt conduct and/or resulting financial loss.

**Corruption Cases per Programme Affected (2010-2015)**

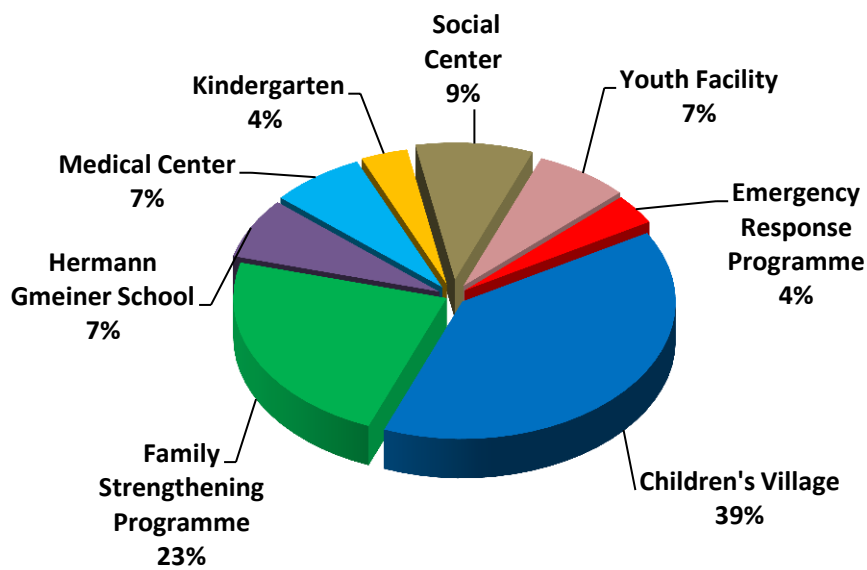


Table 4

Note: Multi-metering for a single case is possible, e.g., one case can relate to several programmes.

## 2.5 Corruption Cases per Source

From 2010 through 2015, a total number of **54** cases were reported or identified. Thereof:

- **18** cases were reported **by an SOS co-worker**
- **15** cases were identified **through internal audits**
- **11** cases were reported **anonymously**
- **5** cases were reported **by an external third party**
- **3** cases were identified **through external audits**
- **2** cases were identified **through SOS-internal field visits**

**Corruption Cases per Source (2010-2015)**

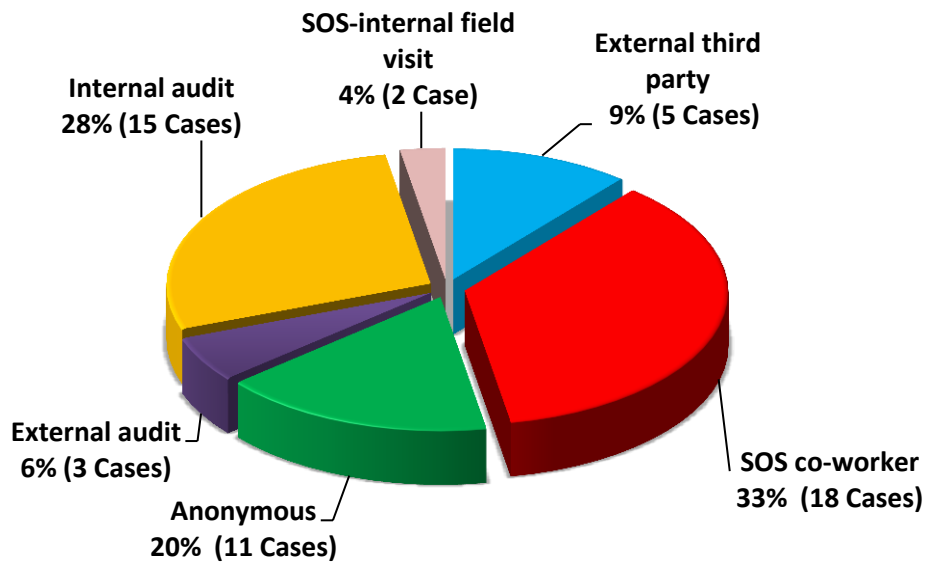


Table 5

The statistics clearly demonstrate the importance of the existence of both a comprehensive and functioning corruption whistleblowing process and an effective internal audit function: 62% of the suspected corruption cases are reported through tips from (SOS co-workers, external third parties, and anonymous reports), while 28% are identified in the course of internal audits. Of the persons providing tips, 32% prefer to remain anonymous and make use of this option provided by SOS.

The chart below shows the total number and result of anonymously reported corruption cases for the years 2010 through 2015. In 55% of the anonymously reported cases the allegations were confirmed, and in 45% of the anonymously reported cases the allegations were not confirmed.

These numbers demonstrate that, generally speaking, the option to report anonymously is not misused. It confirms our approach that all allegations of corrupt conduct which contain sufficient information to justify an investigation will be investigated – whether anonymous or not.

In addition, of the confirmed corruption cases reported by whistleblowers from 2010 through 2015 (26 cases), those reported anonymously account for 23% (six cases). This clearly shows the significance and added value of our approach to offer such a possibility to report anonymously.

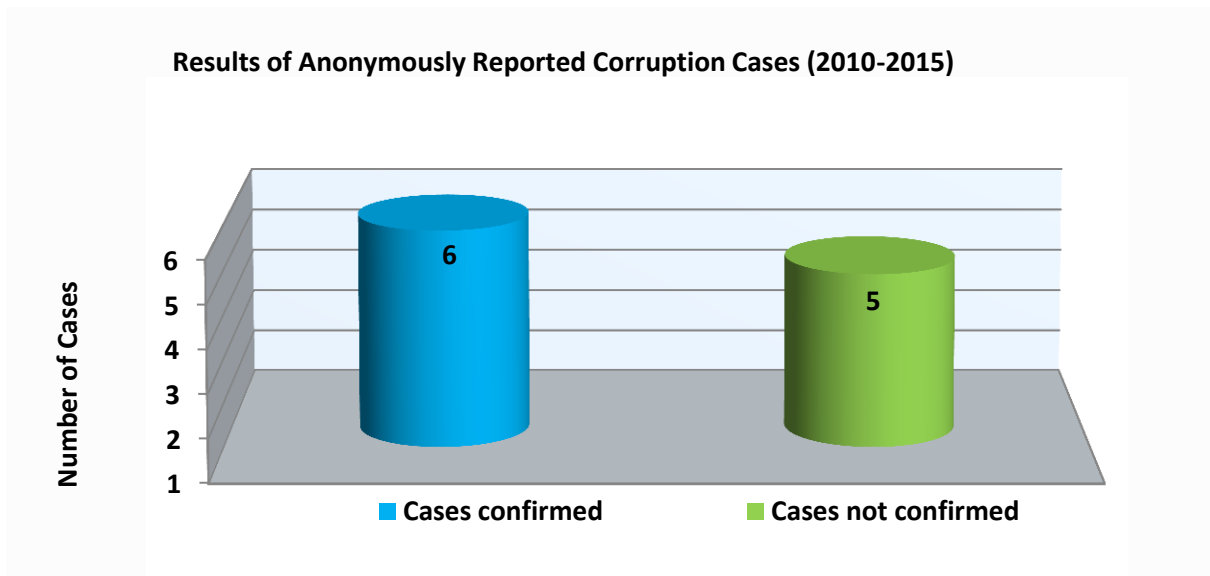


Table 6



## 2.6 Remediation Efforts and Measures

The benefits of having a sound corruption whistleblowing process also come to light in concrete numbers when looking at the volume of funds recovered. Specifically, from 2010 through 2015, we recovered funds in the amount of € 104,351.

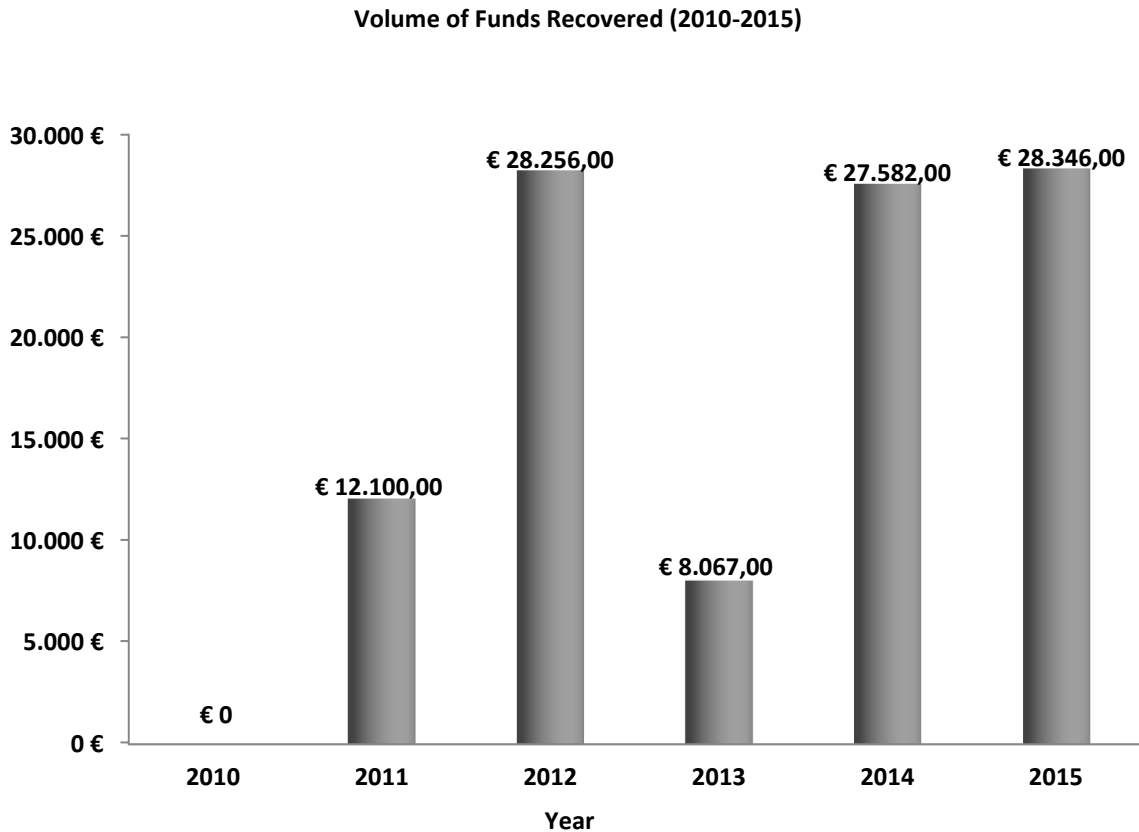


Table 7

As we follow a zero-tolerance approach, there is always a response to corrupt conduct. The responses vary according to the specific circumstances of each individual case. Generally, if a case is confirmed, we always reviewed processes, and, where appropriate, introduced structural enhancements. In addition, in 79% of all confirmed cases from 2010 through 2015, we also took appropriate human resources measures. These measures ranged from termination of employment over disciplinary warnings and demotions to individual trainings and sensitisation workshops.

### 3 Selected Corruption Case Examples

The following real-life corruption case examples taken from our federation shall make the case processing and performance statistics more tangible. These anonymised cases, which we worked on through the years 2010-2015, illustrate how reporting, investigation and response is approached and handled.

#### 3.1 Case Example 1

##### Allegation & Investigation:

An accountant at an SOS Children's Village disclosed suspicious accounting entries to the SOS member association's National Office which conducted an internal audit. It was discovered that a Project Director submitted fake vouchers (for school fees and food) in order to mark up the expenditures of the programme.

##### Remediation Measures:

- Dismissal of the concerned Project Director
- Organisation of a finance workshop to sensitise finance co-workers in the projects on more effective monitoring of expenditures
- Arrange for repayment of funds by concerned Project Director
- Enhancement of local internal controls

#### 3.2 Case Example 2

##### Allegation & Investigation:

During an external financial audit of an SOS member association, the auditor identified that tender procedures for commissioned construction work on its premises were not fully transparent and proper. In addition, a member of the local Management Team had been living in the guesthouse of a Children's Village for some time without the required approval by the member association's Board.

##### Remediation Measures:

- Dismissal of the local construction advisor
- Update of the local procurement policy to specify the procurement process
- Formal warning letter by the President of the local Board to the local Management Team Member involved
- Reimbursement of fringe benefits by local Management Team Member involved
- National Social Benefits Regulation of the member association amended

## 4 Annexes

### 4.1 Referenced Guidelines and Related Materials

[Good Management & Accountability Quality Standards](#), in particular ‘Standard 2’

[Anti-Fraud & Anti-Corruption Guideline](#)

[Code of Conduct](#)

### 4.2 Abbreviation & Organisational Structure

**SOS** ‘SOS’ refers to ‘SOS Children’s Villages federation’

We are a federation of autonomous, interdependent member associations. The General Secretariat runs the federation’s daily business, implements and monitors the implementation of the decisions of the federation’s legal bodies, and provides support and services to and facilitates cooperation among member associations.



## INTEGRITY & COMPLIANCE

### Corruption prevention at SOS Children's Villages

**At SOS Children's Villages, transparency and accountability underline everything we do. We are committed to using all of our funds and resources wisely, ensuring they are being appropriately utilised and accounted for.**

➤ **We value integrity & compliance.**

Our core values of courage, commitment, trust and accountability guide our actions, decisions and relationships.

➤ **We prevent.**

SOS Children's Villages recognises the realities of corruption risks and continuously works to strengthen its approach to prevent corruption.

➤ **We report. We respond.**

SOS Children's Villages does not tolerate any form of corruption.

➤ **We promise.**

By fostering transparency, awareness and corruption prevention efforts throughout the federation, we continuously strive to enhance the accountability of our organisation and live up to the trust of our stakeholders.

**For more information, please visit our website at:**

**[www.sos-childrensvillages.org/integrity-and-compliance](http://www.sos-childrensvillages.org/integrity-and-compliance)**

