

Notification of the Auditor General of Denmark in cases of fraud, corruption or financial mismanagement

File no.: 104.DAN.6-6.c

Date: March 2012

Expiration Date: 31 December 2013

Instruction

Notification of the Auditor General of Denmark (Rigsrevisionen) in cases of fraud, corruption or financial mismanagement in connection with administration of funds for development assistance

1. Background

Pursuant to section 10, subsection 1 in The Auditor General's Act, Rigsrevisorloven (Consolidated Act no. 101, 19 January 2012), it is the duty of authorities administering government funds to inform the Auditor General of matters considered of importance for the audit. Reporting of cases of fraud, corruption or financial mismanagement is a part of the Ministry of Foreign Affairs' fulfilment of this obligation.

Based on this statutory provision and the ministerial instructions applying to the overall ministerial domain of the Ministry of Foreign Affairs, it is the practice of the Ministry of Foreign Affairs to notify the Auditor General in cases described in section 2 below. This practice applies to the development assistance funds administered by the Foreign Service and the funds administered by others (authorities in recipient countries, international organisations, institutions, NGOs, etc.).

2. What matters should be notified about?

Any probable cause to suspect fraud, corruption or financial mismanagement in connection with the administration of development assistance funds must be reported.

The obligation to notify the Auditor General includes all substantial cases of the aforementioned irregularities. This implies that, as a rule, notification will not be relevant in cases of e.g. burglary or simple theft committed by third-parties (not employees of program or partner institutions), unintentional minor cash differences, liquidation/bankruptcy, lack of documentation for small amounts, temporary delays in bookkeeping and other similar, temporary delays in administrative procedures that are not considered to reflect irresponsible administration. Incidents caused by traffic accidents, fire, natural disasters or similar shall not be reported, unless there is suspicion of deliberate and ill intentions behind the incident.

If the reporting unit initiates a forensic audit or other investigation performed by external personnel it is in particular necessary to report the matter.

Matters about irregularities concerning multilateral assistance are reported to the Auditor General only if these are of a certain magnitude or have a character, which specifically relates to Danish interests (e.g. contract with Danish companies).

Relevant incidents must be attended to without unnecessary delay and reported to KVA via the c-case system (re. below) no later than two weeks after the irregularities have come to the attention of the unit responsible for the grant. In cases of doubt whether to report or not KVA must be consulted.

3. How to notify?

The case must be submitted by the unit responsible for the grant via the web based c-case system on the intranet of the Ministry of Foreign Affairs. Detailed description on how to report is found in the c-case system. The unit responsible for the grant is requested to estimate the suspected amount of the potential loss of Danish funds (Danish share) involved in the incident and report it via the c-case system.

In addition to the reporting to the Auditor General it is mandatory to inform the Minister for Development Cooperation if the incident involves a suspected amount (potential loss) of Danish funds of 1 million DKK or more. However, incidents involving a suspected potential loss below 1 million DKK should also be reported to the Minister if special reasons warrant this (political aspects, publicity etc.). It is the responsibility of the unit responsible for the grant to carry out any notification of the minister.

The report sent to KVA via the c-case system should explain the matter in a clear and precise way so, including amount involved and actions taken to investigate and/or rectify the matter. The report will be forwarded to the Auditor General.

By default, the letter sent to the Auditor General will be published on the Ministry of Foreign Affairs' website. Under special conditions the letter or parts of it can be exempted publication cf. Law of public access to files (Offentlighedsløven).

4. Follow-up and documentation

There are two ways of following-up on a c-case:

- To submit a report to the Auditor General via the c-case system.
This option is chosen when there is a development in the case with new events or information regarding the case since last report sent to the Auditor General.
- To create a follow-up note in the c-case system for future documentation.
This option is chosen if there has been no substantial development in the case since last report sent to the Auditor General. The follow-up note contains information on actions taken and events happened in connection with the case since last report or follow-up note, the reason for choice of new follow-up date and the reason for not informing the Auditor General at time of creation of the follow-up note.

It is the responsibility of the unit responsible for the grant to consider and document whether or not to submit a report continually and at least every six months until the case is closed. The report(s) and the follow-up note(s), saved in the c-case system, serve as documentation.

Quality Assurance of Development Assistance (KVA)