



January - December 2021

# Diakonia's Complaints and Incident Report

# **DIAKONIA'S COMPLAINTS AND INCIDENT RESPONSE MECHANISM (CIRM)**

Diakonia is committed to deliver development, humanitarian, and advocacy work in a transparent and accountable way to rightsholders, partners and local communities, and other stakeholders. This is expressed in Diakonia's Global Strategy and all operations are based on two guiding principles; Human Rights Based Approach and Diakonia's Feminist Principles. Policies and guidelines provide support and guidance in the daily work and the organization strives to be accountable to these commitments. Since 2021, these commitments and perspectives have been strengthened in Diakonia's agreements with partner organizations. Trainings and capacity building on relevant themes e.g., Anti-Corruption, Internal Control System, Child Safeguarding, Prevention and Protection from Sexual Harassment, Exploitation and Abuse are part of Diakonia's activities internally but also with our partners.

The CIRM mechanism is a tool with defined routines and decision-making procedures set up by Diakonia to enable everyone to safely give feed-back and raise issues of concern and report of breaches of Diakonia's commitments. It makes it possible for Diakonia to address raised concerns and learn from cases that have been handled. A Policy and a Guidelines for the CIRM that controls and regulates the work with complaints and incidents approved by Diakonia's Board of Directors in 2012 and the documents were updated in 2021.

Reporting on shortcomings regarding commitments can be done in various ways, for example directly to a staff member, in local CIRM reporting systems or via a whistleblowing system on Diakonia's web site that also makes it possible to report anonymously if someone so wishes. Senior Management Team at Diakonia's Head Office are regularly informed and updated on all ongoing cases in Diakonia and they take part in decision making regarding each case.

## **ANNUAL REPORT**

This report focuses on CIRM cases that were finalized in 2021 and contains information that belong to the category of incidents or complaints that have been characterized to require investigations according to Diakonia's CIRM Policy.

During 2021 the number of reported cases decreased from previous years. Diakonia received a total of 17 new cases and carried a balance of 12 cases from 2020, totalling 29 cases. Of the 29 cases 22 referred to partners and seven to Diakonia staff members.

Diakonia finalized 20 cases (15 partner related and five related to staff) in 2021 despite the constraints and delays on investigation processes caused by Covid-19 restrictions and lock. Five of the 15 partner related cases resulted in ended partnership due to irregularities. Seven of the partner cases have been brought forward to 2022 for finalizing.

Regarding the seven staff related cases five were finalized in 2021. In three cases, disciplinary actions were taken, two cases were acquitted, and two cases are being forwarded to 2022 for completion.

Learnings from the partner related cases are incorporated in Diakonias institutional learnings. Below, a short analysis regarding learnings from 2021 follows:

- Financial reviews and follow up of partner organizations are important tools to prevent corruption and Diakonia needs continue to improve monitoring of partners to detect weaknesses as early as possible and to support the partners' administrative work. Thorough assessments before starting cooperation are detected as an important tool to find weaknesses in partner's financial control mechanisms and give appropriate support to strengthen those aspects.
- Diakonia must continue to support partners' in building capacity regarding internal control mechanisms and financial administration to prevent corruption.
- Training and building capacity regarding code of conduct and other accountability issues are important and Diakonia must continue to encourage partners to work on this. Many partners now have their own systems where rightsholders and others may raise issues of concern, and partners also have capacity to investigate cases. Diakonia must continue to work with partners to encourage them to have functional reporting systems that are safe and secure for rightsholders to use. This includes continuing to work preventively on e.g., Child Safeguarding and preventing Sexual Harassment, Exploitation and Abuse, including dialogue during field visits and partner meetings.
- From the case handling, a lesson learned is that Diakonia shall continue to train Diakonia staff members what guidelines and policies entail in daily operations, aiming at creating a culture of transparency and trust. This is important since Diakonia works in many conflict and crises affected contexts. Civil society organizations working for human rights, justice and democracy are under great pressure and many are harassed and even shut down by regimes and governments taking advantage of the polarised situations created by unjust living conditions.

## COMPLAINTS AND INCIDENT FINALIZED DURING 2021

The cases described are partner related and each case is presented with the year of reporting to Diakonia in the file number and the year when it was finalized.

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| <b>File no:</b>  | CN1 2018 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |          |              |      |
| Diakonia received information from a whistleblower regarding possible irregularities in the organization and their reporting to Diakonia.  |          |              |      |
| <b>What we did:</b>  |          |              |      |
| Diakonia conducted a thorough review and analysis of documentation and reporting at the partner organization. Back donor was informed about the suspicions. Meetings were arranged with the auditor and organization staff members to discuss routines and internal control. Diakonia stopped payments during the investigation. There were no indications of financial irregularities, but we found ineligible costs that the partner was asked to repay to Diakonia. The partner organizations internal control system was very weak. Support and capacity building on several issues was given to the partner. Diakonia assessed the partner and found that even after trainings, its knowledge and internal control system was still too weak. A decision was taken to end the partnership and Backdonor was informed. |          |              |      |
| <b>Lessons learned:</b>  |          |              |      |
| When Diakonia performs assessments of partner organizations before starting partnership, internal control systems need to be checked. Capacity building programs need to be applied from the beginning of cooperation. Performing on-site reviews is a good way to also assess the partner's knowledge and control systems regarding their administration.   |          |              |      |

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| <b>File no:</b>  | CN2 2019 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |          |              |      |
| A whistleblower reported an alleged case of suspected sexual harassment having taken place several years ago and the alleged perpetrator had previously done some work for Diakonia, but not during the time in the report.  |          |              |      |
| <b>What we did:</b>  |          |              |      |
| Diakonia started an investigation of the allegations but found that the survivor (who did not report the case) did not want to participate in an investigation. Diakonia could not continue the investigation and had to close the case. Back donor was informed about the case and outcome. |          |              |      |
| <b>Lessons learned:</b>  |          |              |      |
| In cases regarding Sexual Harassment and abuse it is important to listen to and acknowledge the will of the survivor. Recruitment and procurement guidelines for Diakonia shall include background checks of candidates for jobs or consultancies.   |          |              |      |

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| <b>File no:</b>   | CN3 2020 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>  |          |              |      |
| During a monitoring visit to a project site, Diakonia became aware of a conflict concerning leadership in the partner organization. It had affected the quality of services given to the rightsholders. Procurement of goods were also lacking transparency and the goods were not up to standards.   |          |              |      |
| <b>What we did:</b>   |          |              |      |
| This project was part of a phase out process with the partner. Diakonia informed relevant senior management in the partner organization about the internal problems. Diakonia performed an audit on the project which did not show any observations regarding mismanagement of funding. But leadership in the organization did not want to address the internal problems which affected the organizations work. The case was reported to back donor and Diakonia also informed about the outcome of the case after it was concluded. Partnership was finalized. |          |              |      |
| <b>Lessons learned:</b>   |          |              |      |
| When taking on new partners and during field trips, meetings etc. the dialogue regarding accountability issues is very important. Code of Conduct, anti-corruption are important issues to discuss with partner's staff members and representatives to ensure that projects meet rightsholders needs.   |          |              |      |

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| <b>File no:</b>   | CN4 2020 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>  |          |              |      |
| The partner organization submitted an annual audit report that signalled significant shortcomings that needed to be addressed before Diakonia could approve reporting.  |          |              |      |
| <b>What we did:</b>   |          |              |      |
| When receiving the partner's Annual Report Diakonia decided to stop further payments. Initially the partner refused to cooperate but Diakonia was able to perform an investigation which concluded that no irregularities had taken place, but that the partner lacked in internal controls and understanding regarding commitments made in the agreement with Diakonia. The Backdonor was informed. Partnership was finalized. |          |              |      |
| <b>Lessons learned:</b>   |          |              |      |
| When taking on a partner it is important to dedicate time and effort to introduce them to contractual requirements from Diakonia and Backdonors and making assessments of their capacities to implement them. In case weaknesses are detected, necessary training or capacity buildings should take place, and followed up annually.  |          |              |      |

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| <b>File no:</b>   | CN5 2020 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>  |          |              |      |
| In the process of Annual Reporting, Diakonia became aware that a partner organization had engaged an auditor against contractual agreements.  |          |              |      |
| <b>What we did:</b>   |          |              |      |
| Diakonia contacted the partner organization and did a review the situation together with them. We also informed back donor about the situation. The review found that the annual financial report indicated internal control weaknesses. Diakonia decided to appoint an external in-depth investigation which concluded in an action plan to support partners internal capacity. Backdonor was informed about the outcome. Partnership remains. |          |              |      |
| <b>Lessons learned:</b>   |          |              |      |
| Diakonia needs to check and assess partner's internal control systems and capacity before starting partnership with new organizations. It is also important to perform regular monitoring and follow up visits more frequently with new partners to make sure they have adequate understanding and knowledge of requirements, and if not be able to give timely training and capacity building.   |          |              |      |

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| <b>File no:</b>   | CN6 2020 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>  |          |              |      |
| Diakonia received a qualified audit report when the partner submitted its Annual Reporting. The auditor had found that the partner had not followed national law regarding registration of staff members to social security and tax systems, and the auditor also signalled several other issues concerning organizational weaknesses in the management letter. |          |              |      |
| <b>What we did:</b>   |          |              |      |
| Diakonia made a detailed follow up on the action plan the partner organization had adopted to address the issues identified in the audit. After Diakonia's assessment, the Annual Report was approved, and partnership continues.   |          |              |      |
| <b>Lessons learned:</b>   |          |              |      |
| The CO need to follow up partners internal control systems and how they are accountable to national legislation e.g. regarding registering of staff members.  |          |              |      |

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| <b>File no:</b>  | CN7 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |          |              |      |
| The partner organization submitted its Annual Report to Diakonia, and the audit report showed that the partner had several shortcomings that needed to be addressed for the report to be approved by Diakonia.   |          |              |      |
| <b>What we did:</b>  |          |              |      |
| Based on the findings in the audit and Diakonia's financial follow up, the partner organization was requested to submit an action plan addressing the shortcomings. Diakonia contracted an external auditor to review actions taken. The auditor confirmed that all issues had been addressed and Diakonia approved the Annual Report, but due to changes in Diakonia's strategies in the program partnership was finalized. Backdonor was informed. |          |              |      |
| <b>Lessons learned:</b>  |          |              |      |
| When taking on small organizations Diakonia needs to monitor closely and give comprehensive capacity building.   |          |              |      |

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| <b>File no:</b>  | CN8 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |          |              |      |
| Diakonia received a qualified audit when the partner submitted Annual Reporting.   |          |              |      |
| <b>What we did:</b>  |          |              |      |
| Diakonia did an investigation. No irregularities were found. The partner organization submitted an action plan to correct the shortcomings in the audit report and Diakonia contracted an external auditor who assessed and confirmed that actions had been taken to address the audit findings. Diakonia was finally able to approve the Annual Report, but after new assessments Diakonia finalized the partnership due to persisting lack in internal controls. Backdonors was informed. Partnership was finalized. |          |              |      |
| <b>Lessons learned:</b>  |          |              |      |
| Small organizations have difficulties in handling funds according to demands set up by Backdonors. Supporting such organizations requires Diakonia to have a more active role in its monitoring and follow up work, which sometimes is not possible.   |          |              |      |

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| <b>File no:</b>   | CN9 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>  |          |              |      |
| The partners annual audit report was qualified and showed lack of internal control and weaknesses in the internal administration.   |          |              |      |
| <b>What we did:</b>   |          |              |      |
| An investigation was conducted by Diakonia. We found no evidence of irregularities but could confirm the findings of the auditor regarding weaknesses. The partner agreed to an action plan to address the findings. Diakonia contracted an external auditor to assess and verify the implementation of the plan and the auditor reported that corrective actions had taken place. Based on this Diakonia approved the partners Annual Report. Partnership remains. Backdonor was informed. |          |              |      |
| <b>Lessons learned:</b>   |          |              |      |
| When Diakonia starts agreements with small organizations a capacity building program based on the organizational assessment of the partner needs to be part of the support.   |          |              |      |

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| <b>File no:</b>  | CN10 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |           |              |      |
| The organizational audit report sent to Diakonia by the partner presented a qualified opinion from the auditor based on them not being able to verify the partner's assets. However, the management letter signalled other shortcomings. The partner had not followed national legislation regarding registration to social security and tax payments. |           |              |      |
| <b>What we did:</b>  |           |              |      |
| Diakonia performed a detailed follow up of an action plan agreed with the partner and found that it had been implemented. The Annual Report was approved by Diakonia, and Backdonor was informed. Partnership remains.   |           |              |      |
| <b>Lessons learned:</b>  |           |              |      |
| Diakonia shall have clear guidelines regarding follow up on qualified audits and how these shall be handled and documented.  |           |              |      |

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| <b>File no:</b>   | CN11 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>  |           |              |      |
| The partner organization did not submit their Annual Report on time, and Diakonia's guidelines then stipulates that a follow up investigation must be carried out.  |           |              |      |
| <b>What we did:</b>   |           |              |      |
| Diakonia contacted the partner who explained that the delays were attributed to demands from the auditor to adjust the annual financial report related to exchange rates and local currency deviations. The country is suffering from a severe financial crisis. The partner submitted the Annual Report, and the audit was unqualified. After assessment Diakonia approved the reporting, and we informed Backdonor. Partnership continues.                          |           |              |      |
| <b>Lessons learned:</b>   |           |              |      |
| In this case, delays were due to problems with exchange rates. On the other hand, the partner received core funding support, and it struggled with deadlines because the reports shall cover all the funding for the organization. Delays were also caused by internal structures and/or lack of capacity. Core funding partners who struggle to meet report on core funding should be accompanied by capacity building plans and support to their financial systems. |           |              |      |

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| <b>File no:</b>   | CN12 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>  |           |              |      |
| A donor who also supported a partner reported to Diakonia that they had found what they believed to be irregularities concerning Diakonia's funding.  |           |              |      |
| <b>What we did:</b>   |           |              |      |
| Diakonia performed an in-depth final follow up and found no signs of irregularities and all was in order. Backdonor was informed. Before the case, Diakonia had a phase-out plan with the partner so partnership was finalized but not due to the incident. |           |              |      |
| <b>Lessons learned:</b>   |           |              |      |
| When receiving information about possible irregularities it is good to assess and verify the situation before taking measures to contact external investigators.  |           |              |      |

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| <b>File no:</b>  | CN13 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |           |              |      |
| During an annual follow-up of partners' performance, Diakonia found that an organization had used funds from Diakonia to finance another project pending a contract with another donor, which ultimately did not go through.       |           |              |      |
| <b>What we did:</b>  |           |              |      |
| Since what had occurred was a violation of the agreement with Diakonia, a claim for repayment of funds was sent to the partner and Diakonia will repay and the case has been reported to the Backdonor. Partnership was finalized. |           |              |      |
| <b>Lessons learned:</b>  |           |              |      |
| Diakonia needs to safeguard that partner organizations understand the requirements and demand in the agreements before signing them, making sure partner's Board of Directors also are part of that process.                       |           |              |      |

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| <b>File no:</b>  | CN14 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |           |              |      |
| A partner organization informed Diakonia that they had received a report on sexual harassment having taken place in their work. The partner had performed an investigation, had given support to survivor and family, including legal and psychosocial support. The perpetrator had been suspended.  |           |              |      |
| <b>What we did:</b>  |           |              |      |
| Diakonia assessed the investigation and found it was well performed. Together with the partner the situation was assessed to make sure the survivor got all supported needed. The partner has a well-functioning system for reporting and follow up of incidents and have designated staff to give necessary assistance. Diakonia and partner agreed on a plan to strengthen the organizations preventive measures. Partnership remains. |           |              |      |
| <b>Lessons learned:</b>  |           |              |      |
| Preventing Sexual Harassment, Exploitation and Abuse (PSHEA) needs to be an ongoing work that is followed up in all organizations to ensure understanding and compliance from staff members and others.<br>Having functioning and safe reporting system is necessary to safeguard people who are in contact with Diakonia and partner organizations.   |           |              |      |



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| <b>File no:</b>  | CN15 2021 | <b>Year:</b> | 2021 |
| <b>Content of the complaint:</b>   |           |              |      |
| <p>The partner organization did not submit their Annual Report to Diakonia despite several contacts. When the partner finally submitted their Annual Report, the audit report had a qualified opinion and the auditor also had made observations. According to internal guidelines a qualified audit must be investigated.</p>   |           |              |      |
| <b>What we did:</b>  |           |              |      |
| <p>Diakonia visited the partner on several occasions and reviewed documentation and interviewed several representatives. The delay in submitting of the report was caused by needed adjustments to the annual financial report related to exchange rates and local currency deviations. No indications of irregularities could be found, and the partner organization had implemented the action plan that had been agreed upon. Diakonia could approve the Annual Report. Due to a shift in Diakonia's strategy in the country partnership was finalized. Backdonor was informed.</p> |           |              |      |
| <b>Lessons learned:</b>  |           |              |      |
| <p>In countries suffering from financial crisis and high devaluation partners may need assistance and capacity building to strengthen their internal accounting process and reporting.</p>   |           |              |      |

