



# ANNUAL CORRUPTION CASE REPORT 2019

May, 2020

Integrity, Compliance & Legal



This report has been prepared to the best knowledge and judgment of the ICL unit 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 a response. This response 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. Definitions and examples thereof are also outlined in [Section 5.1](#) of this report. **Responsibilities** of individual co-workers (both in member associations and in the GSC) 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 2019

### 2.1 Overall Number of Corruption Cases

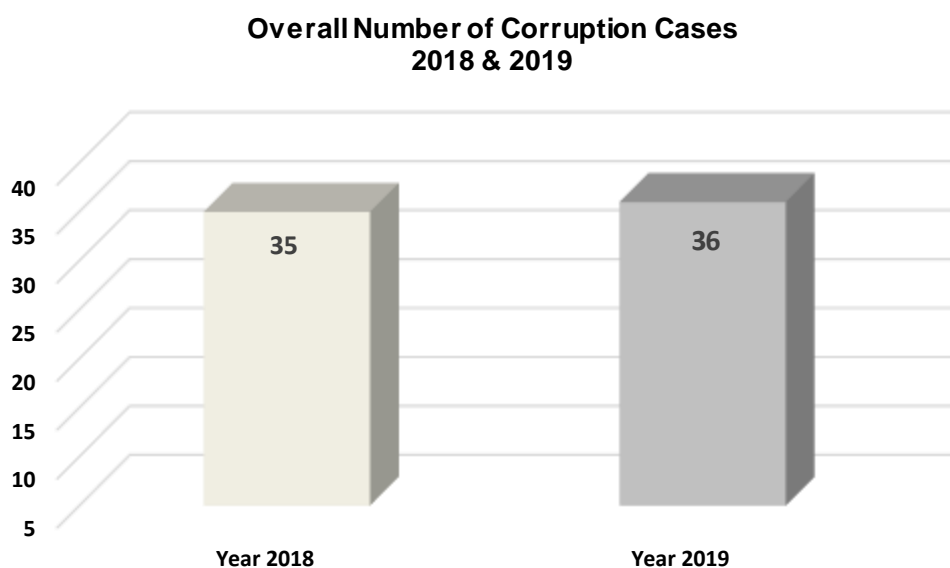


Table 1

In 2019, 36 new cases of alleged corrupt conduct were reported<sup>1</sup>. Combined with a steady increase since 2010, this indicates that this number, or even a more elevated level is the new norm. Nevertheless, increased use of whistleblowing channels is generally positive and a metric for the effectiveness of, and confidence in, our reporting process. Learning about potential misconduct early gives our organisation time to address and respond to alleged misconduct before it causes greater damage.

Since 27 November 2017, SOS CVI also operates an online whistleblowing channel for reporting suspected corrupt conduct. We introduced the online channel to complement the existing reporting options. Besides supporting whistleblowers by acknowledging the variety of situations they may find themselves in, offering different reporting mechanisms also serves a means to discourage individuals from misconduct.

## 2.2 Corruption Cases per Result

In 20 out of the 36 reported corruption cases from 2019, where the investigation was finalised by 31 December 2019, allegations were found to be fully or partly confirmed (56%). In five 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. In another 11 cases which were reported in 2019, the investigations continue into the year 2020.

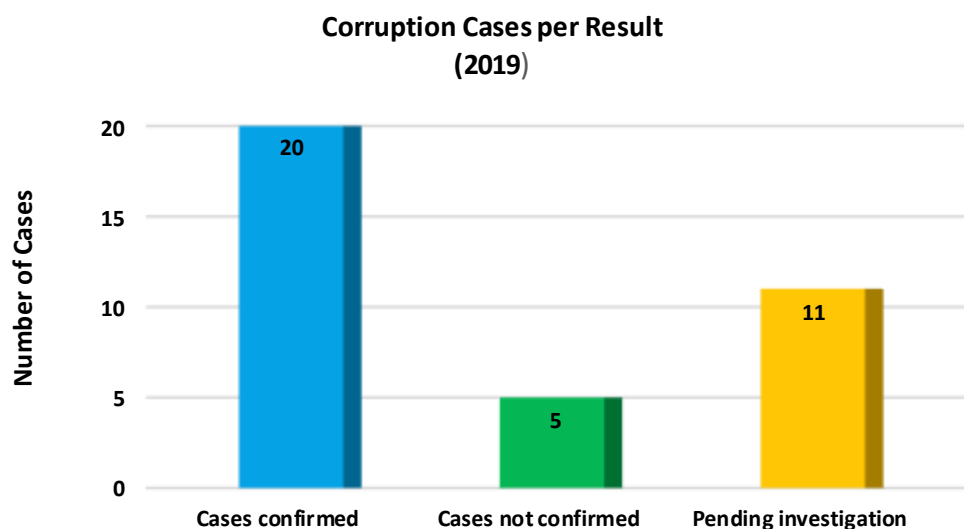


Table 2

<sup>1</sup> Cut-off date for the collection of the data is information available at the Integrity, Compliance & Legal department by December 31, 2019

## 2.3 Corruption Cases per Category

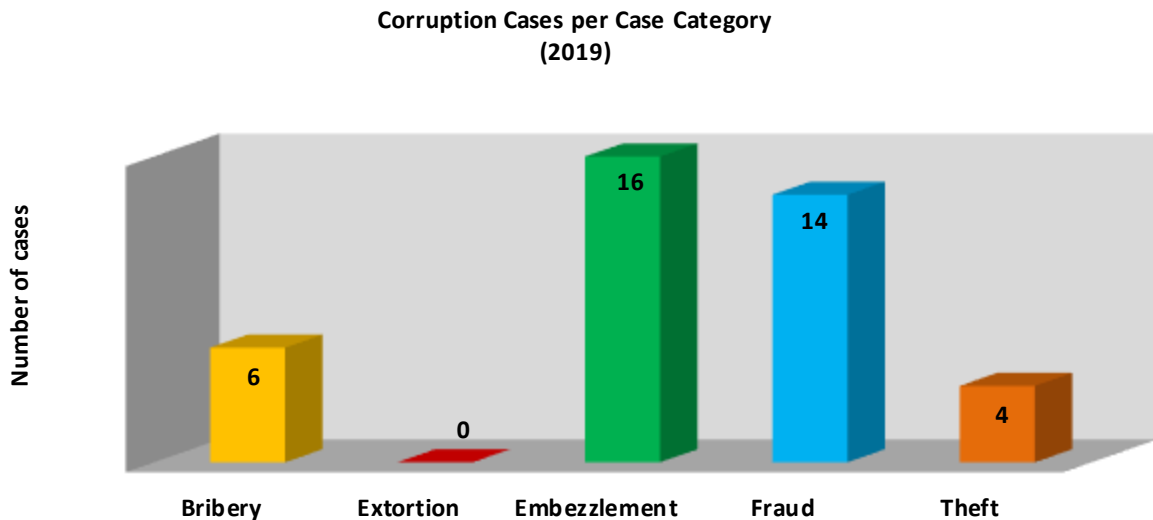


Table 3

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

In 2019, the most affected areas of corruption, were embezzlement and fraud. In 83% of the overall 36 reported corruption cases, the allegations included embezzlement and fraud.

We provide in our [Question & Answers Section below](#) explanations and examples for corruption categories, such as:

- **Fraud** includes the wilful deception to obtain an unlawful benefit to the disadvantage of our organisational resources.

**Examples:** (1) A co-worker submits private receipts/invoices as part of business travel. (2) Payroll staff members create fake employees and pay these 'ghost employees', directing the money into their own bank accounts. (3) A co-worker forges the invoice of a supplier to personally collect the invoiced amount.

- **Embezzlement** is the misuse of entrusted resources for one's own or someone else's benefit.

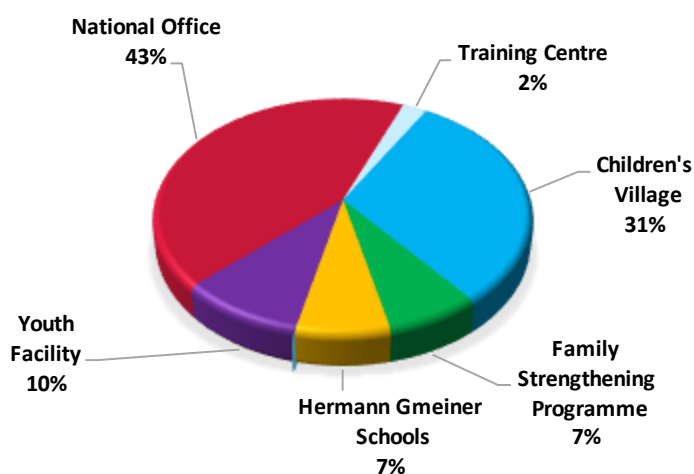
**Examples:** (1) A co-worker claims to have lost his/her company mobile phone (=entrusted to him/her), while in fact she/he has given it to a family member for private use. (2) A co-worker who has access to company accounts (=entrusted company resource) transfers funds to his/her private bank account.

## 2.4 Corruption Cases per Programme Affected

The following chart shows all SOS programme/service types that are affected by the reported corruption cases in 2019. The percentage shown for each SOS programme or service type means the frequency of being referred to in the cases and not the number of confirmed corruption cases.

We recognise that concerns of suspected corrupt conduct occur in a wide range of our programmes/services. This strongly supports SOS' approach to implement a Federation-wide corruption prevention framework with globally applicable policies and procedures, such as our Anti-Fraud and Anti-Corruption Guideline. It is also reflected in the decision to roll out a global Integrity & Compliance Network in 2017, which currently brings together over 138 contact persons from member associations and regions who contribute to the strengthening of corruption prevention within SOS.

**Type of SOS Programmes/Services Affected in % (2019)**



**Table 4**

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

## 2.5 Corruption Cases per Source

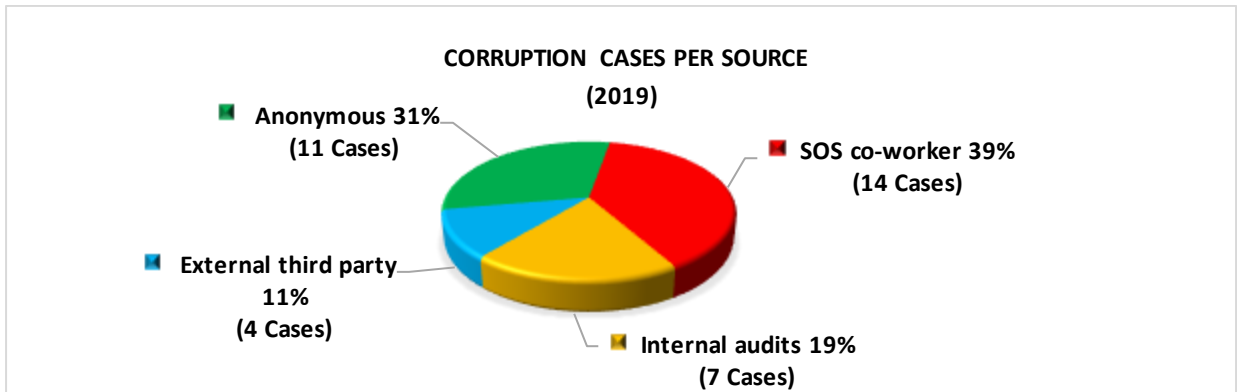


Table 5

In 2019, 81% of the suspected corruption cases were reported by SOS co-workers, external third parties and anonymous whistleblowers. The consistently high percentage of whistleblowing reports indicates a growing awareness of what constitutes corruption and the awareness that it harms the SOS Children’s Villages International Federation and should therefore be reported.

In 2019, 31% of the cases were reported anonymously .While we encourage our co-workers to speak to their supervisors or other co-workers in a position to receive such reports, some co-workers may not feel comfortable with that approach. The SOS Online Whistleblowing Channel seeks to address some of the concerns and provides space for such reports to be made.

## 2.6 Remediation Efforts and Measures

In 2019, we recovered € 14,038 which elevates the overall recovered funds from 2010 through 2018 to the amount of € 200,802. We note that cases detected early give us the opportunity to address improper conduct before a situation escalates and causes severe financial loss. In addition, 11 of the cases investigated in 2018 are still pending in the remediation phase with options for further recovery of funds.

As we follow a zero-tolerance approach, there is always a response to corrupt conduct. Responses vary according to the specific circumstances of each individual case. Generally, if a case is confirmed, we at SOS always review processes, and, where appropriate, introduce structural enhancements. In addition, we also take appropriate human resources measures which in 2018 ranged from individual trainings over sensitization workshops for co-workers to disciplinary warnings and, in severe cases, to termination of the employment.

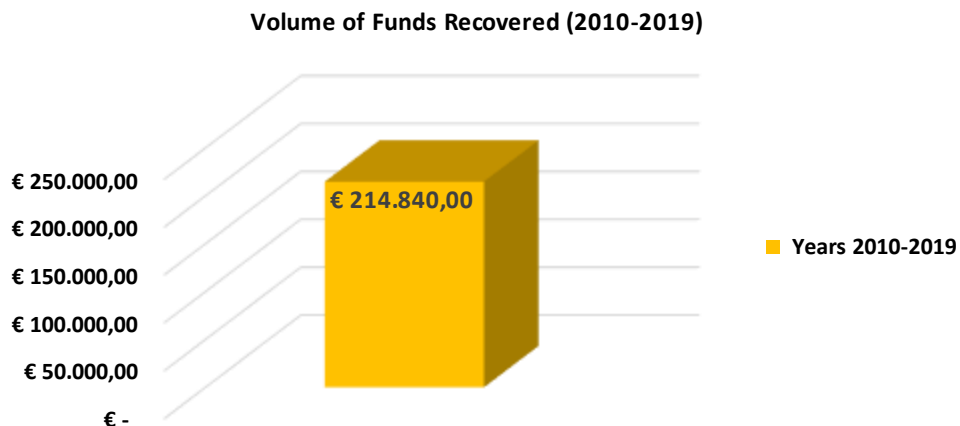


Table 6

## 2.0 What are examples of suspected corruption that shall be report?

Below, please find explanations and examples of suspected corruption that shall be reported:

**Bribery:** A person, organisation or institution provides goods and/or services in return for some form of improper benefit.

**Examples:** (1) A co-worker makes a payment to a city official to obtain a building permit; (2) A co-worker accepts money from a supplier in return for awarding the supplier a contract

**Embezzlement:** Embezzlement is the misuse of entrusted resources for one's own or someone else's benefit.

**Examples:** (1) A co-worker claims to have lost his/her company mobile phone (=entrusted to him/her), while in fact she/he has given it to a family member for private use. (2) A co-worker who has access to company accounts (=entrusted company resource) transfers funds to his/her private bank account.

**Extortion:** Extortion is the act of obtaining something by force or threats.

**Example:** A co-worker threatens to spread lies about his/her supervisor if she/he is not allowed to use the company car for private purposes.

**Fraud:** Fraud includes the wilful deception to obtain an unlawful benefit to the disadvantage of our organisational resources.

**Examples:** (1) A co-worker submits private receipts/invoices as part of business travel. (2) Payroll staff members create fake employees and pay these 'ghost employees,' directing the money into their own bank accounts. (3) A co-worker forges the invoice of a supplier to personally collect the invoiced amount.

**Theft:** Theft includes the unauthorised removal or taking of organisational property.

**Example:** A co-worker steals an SOS computer.

## 2.1 Which reporting channels can I use to report suspected corruption?

**SOS co-workers** are encouraged to personally get in contact with:

- Their *supervisor*;
- Their *National Director* or the *International Director* of the respective SOS region;
- Their *supervisor's superior* or the *HR department*;
- *Another internal person in a position to receive such reports* (e.g., local staff council or board).

**Third parties** can always approach their SOS-internal contact person, if available.

**Both SOS co-workers and third parties** can report through the **SOS Children's Villages International online whistleblowing channel**, via the link on the SOS Children's Villages International external website <https://www.sos-childrensvillages.org/integrity-and-compliance>.



### 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 anonymized cases illustrate how reporting, investigation and response is approached and handled.

#### 3.1 Case Example – Fraud / Embezzlement

*Case Sensitivity: Less Critical  
Allegation: Confirmed*

Allegation:

Embezzlement by a co-worker of an SOS member association of SOS funds by returning purchased SOS materials to a vendor and pocketing the reimbursement by the vendor of the price for these materials and not submitting the reimbursement to SOS.

Investigation:

The National Director of the respective member association commissioned an investigation into the allegation which confirmed that embezzlement occurred through the following investigation measures:

- Retrieving and screening all relevant invoices as well as relevant SOS accounts;
- Interviewing the accused SOS co-worker about the missing funds and requesting respective invoices from him/her.

Remediation Measures:

- Dismissal of concerned individual.
- All funds were recovered and paid back by the concerned individual and transferred to the respective SOS accounts.
- All finance co-workers have again been sensitised to regularly check all financial transactions.

#### 3.2 Case Example – Fraud / Bribery

*Case Sensitivity: Critical  
Allegation: Not Confirmed*

Allegation:

Fraud and Bribery by one or more National Management Team member(s) or Board member(s) or GSC-staff with managerial responsibility:

- The misuse of travel expenses.
- Kickbacks for procurement.
- Unauthorized use of SOS vehicle.

Investigation:

An internal audit with the support of an independent external audit firm was carried out.

The audit result revealed that:

- No positive assurance regarding the above mentioned allegations was discovered.
- However, the findings indicated that the respective management was negligent in controlling the assets of the organization with regard to outstanding advances to employees for travel and inventory.

### 3.3 Case Example – Fraud / Embezzlement

*Case Sensitivity: Critical  
Allegation: Confirmed*

Allegation:

Embezzlement by a National Management Team member by registering work time for private purposes, including private social media posting.

Investigation:

An interview held by the respective investigation team with the concerned Management Team member confirmed the allegation:

- He/she confirmed that the alleged acts took place, namely inappropriate use of social media and making advertisements for private work during official working hours in the SOS office.

Remediation Measures:

Dismissal of the National Management Team member.

## 4 Annexes

### 4.1 Referenced Guidelines and Related Materials

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

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

[Code of Conduct](#)

### 4.2 Abbreviations & 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:**

**<https://www.sos-childrensvillages.org/integrity-and-compliance>**

