



Report on cases of financial irregularities in 2019

Foreign Service Control Unit

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(<http://www.regjeringen.no/en/dep/ud/id833/>)

In 2019, the Foreign Service Control Unit registered 90 new cases. In the same period, 94 cases were closed. A response was required in 54 of these cases, all of which fell under programme area 03 – international development assistance. A total of NOK 9.2 million was repaid.



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1. Introduction

The Foreign Service Control Unit deals with cases involving breaches of Foreign Service rules, unless responsibility for following up a specific type of irregularity has been assigned to a different unit in the Ministry of Foreign Affairs. The Foreign Service Control Unit also oversees cases involving breaches of rules in subordinate agencies.

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2. Zero tolerance

The Ministry practises zero tolerance of financial irregularities and other misuse of Ministry funds. This principle must be observed by all Foreign Service employees, suppliers of goods and services, and organisations and others that manage funds allocated by the Ministry.

The principle of zero tolerance of financial irregularities also applies to the use and management of funds that the Ministry has allocated (through an allocation letter or by other means) to third parties, including its subsidiary agencies Norad and Norec (formerly FK Norway). It also applies to grants given by Norfund.

The responsibility for implementing this policy rests with the unit that has budget responsibility for the funds. All grant recipients must also undertake to show zero tolerance of financial irregularities in connection with funds provided by Norway, and to report any deviations from this principle.

The Foreign Service Control Unit has a particular responsibility to follow up reports on deviations from grant agreements and other matters relating to financial irregularities in the Foreign Service. Norad, Norec and Norfund have an independent responsibility for following up cases within their areas of responsibility.

As a general rule, misused funds must be repaid. The same applies in cases where it cannot be documented that funds have been used in accordance with an agreement. The Ministry will consider reporting cases of this kind to the police if it is likely that a criminal offence has been committed.

Further details are provided in the policy memorandum *Zero tolerance of financial irregularities in practice* and the *Guidelines for dealing with suspected financial irregularities in the Foreign Service* were also updated (see annexes.)

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3. Dealing with cases of suspected financial irregularities

Most of the cases dealt with by the Foreign Service Control Unit have to do with possible misuse of grant funds. Suspected financial irregularities are normally reported to the Foreign Service Control Unit by the relevant unit in the Foreign Service or by the organisation that has received the funds. However, some cases may be received through external whistleblowing channels. If the Foreign Service Control Unit finds reason to investigate a matter more closely, it is registered as a case of suspected financial irregularities.

As a rule, further disbursements to the recipient will be suspended until the case has been investigated and adequate risk-reducing measures have been implemented. An agreement partner (organisation/grant recipient) that has reported suspected irregularities involving a local partner will often initiate its own investigation. In such cases, the Foreign Service Control Unit usually waits until the results of the investigation are available before considering its response. If the agreement partner does not decide to carry out its own investigation, the Foreign Service Control Unit will do so in close cooperation with units involved in the Foreign Service and the agreement partner. In some cases, external experts are engaged to investigate a case or perform a forensic audit. The Ministry of Foreign Affairs has framework agreements with five different companies that provide such services. In addition, the Foreign Service Control Unit engages external legal experts to follow up legally complex cases.

In most cases of financial irregularities, the grant recipient agrees to repay the misused funds. If, however, the Foreign Service Control Unit's claim for repayment is contested, legal proceedings may be initiated to recover the funds.

A case will be closed if the investigation concludes that a response from the Ministry is not required. In cases where the Ministry claims repayment, the case will not be closed until the funds have been repaid.

Information on cases that have required a response from the Ministry before being closed is published on a quarterly basis on the Government website (in Norwegian only).

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4. Trends in the number of cases

Since the Foreign Service Control Unit was established in 2007, it has registered 1177 cases of financial irregularities and closed 1065 cases. A response was required in 497 of the closed cases – most often a claim for the repayment of funds. A total of NOK 124.4 million has been repaid since 2007. In addition to funds managed by the Ministry, the figures also include cases involving funds managed by Norad[1] and Norec.[2]



Number of cases 2010-2019

The number of new cases rose steadily until 2015, but has fallen somewhat since then. This is probably partly because the Foreign Service Control Unit has introduced more stringent criteria for registering a case as a case of suspected financial irregularities: clearer indications that there has been a financial irregularity are now required before a case is registered. In addition, there is naturally some variation in the number of cases from year to year. It is therefore not possible to draw any conclusions regarding other reasons for the decline in the number of new cases.

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5. Cases dealt with in 2019

In 2019, the Foreign Service Control Unit registered 90 new cases. In the same period, 94 cases were closed. A response was required in 54 of these cases, all of which fell under programme area 03 – international development assistance. A total of NOK 9.2 million was repaid.

Cases dealt with in 2019					
	Carry over from 2018	New	Closed total	Closed, measures taken	In progress 31 Dec 2019
Ministry	64	34	48	14	50
Norad	43	53	45	39	51
Norec	5	3	1	1	7
	112	90	94	54	108

Norad responded in a much higher proportion of cases than the Ministry. This is probably largely because Norad and the Ministry have had different practices for registering suspected cases of financial irregularities. The Ministry has tended to register most cases as they are received, whereas Norad conducts some preliminary investigations before registering a case.

5.1 Types of irregularities