

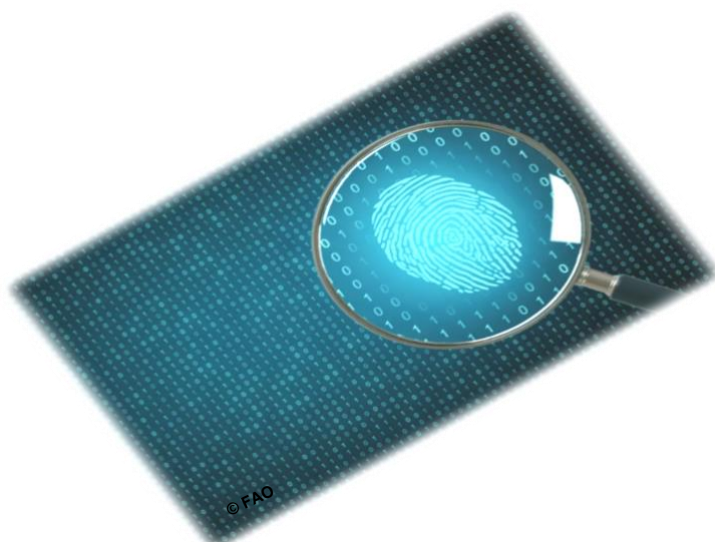


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An investigation is a formal fact-finding inquiry, which examines allegations of, or information concerning, possible misconduct. It aims to determine whether misconduct has occurred and, if so, the persons or entities responsible, so that the Organization can take informed and appropriate action to address the situation.



The Only Risk to Shy Away From *- Is fraud and other misconduct a high risk for FAO?*

By Mika Tapio, Inspector-General

Every year the Association of Certified Fraud Examiners (ACFE) issues a **Report to the Nations – A Global Study on Occupational Fraud and Abuse** (see OIG Newsletter December 2020). The introduction to this report states:

“There are more than 3.3 billion people in the global workforce, and nearly all of them have access to or control over some portion of their employers’ cash or assets. While the vast majority of those 3.3 billion people will never abuse the trust placed in them by their employers, the small percentage who do can cause enormous damage.”

As the Report puts it: *“No organization is immune from occupational fraud, and these crimes can originate from anywhere within the organization”*. Misconduct is not something any organization should be complacent about. Even at FAO, apart from risks associated with COVID-19, I would consider it to be one of the top five risks that the Organization is exposed to.



The Fraud Triangle is a framework commonly used to explain the reasons behind an individual’s decision to commit fraud and other types of abuse. The Fraud Triangle outlines three components that contribute to increasing the risk of fraud and abuse: (1) incentive, (2) rationalization and (3) opportunity. As an organization, we cannot easily control the incentives (individual pressures, motivations and needs) and rationalizations (justifications and excuses) people have for committing misconduct as these are often outside the remit of the workplace.

Training and awareness building (particularly on the Organization’s code of ethical conduct) and demonstrating in no uncertain terms that FAO has zero tolerance for fraud and abuse, can certainly be helpful. However, what we can do is reduce the opportunities for wrongdoing, including through preventive controls, and detect cases where a staff member has ‘gone rogue’ and made use of such opportunities. Ineffective or poorly designed internal controls contributed to one third of all fraud and abuse cases globally in 2020, according to the Report to the Nations. To put it differently, well designed and well operating controls can reduce misconduct cases by 33 percent.

The risk of fraud and other manifestations of misconduct by personnel, contractors and operational partners is not a new risk; not to FAO, or any other organization. What is new is the focus placed on it by external stakeholders. Member Nations, donors and the public have very little tolerance for any kind of misconduct, whether it is fraud, corruption, conflict of interest, gross negligence, or sexual exploitation and abuse. Just one case can be detrimental to an organization’s reputation and funding. However, the mirror image of risk is opportunity: smart risk management can not only minimize the likelihood and adverse impact of each risk, it can also increase the likelihood of positive outcomes from an exposure to a risk that from the outset may sound alarming.



Let us take the risk of misconduct: the solution is not to try to hide it or play it down. A much better solution is openness, transparency, relentless awareness building and education, prevention, and effective response (reporting, investigation, disciplinary action). External stakeholders are not naive: they do not expect there to be no misconduct, but they do value all the efforts FAO makes to combat it. The positive image that this can create is the flip side of the risk, i.e. an opportunity worth pursuing.

Now, I know I just provided a teaser by referring to misconduct as being one of the top five risks within FAO. What are the other four? In my opinion, they include:

- **Excessive administrative bureaucracy and inefficiency:** Rules, regulations, policies and administrative instructions serve to ensure consistency in how things are done and compliance with specific controls to manage risks and threats. However, procedures that are too rigid and too many controls are risks in themselves. With continuous innovation and smart challenging of existing regulatory frameworks, the Organization can develop more efficient procedures, and simpler, better controls. For example, artificial intelligence provides tremendous potential to help organizations simplify their procedures and controls, including monitoring controls.
- **Suboptimal structure and staffing of Decentralized Offices (DOs):** Based on audits conducted, we already know that DOs, especially Country Offices, are hampered by inadequate and inefficient office structures and staffing allocations. This exposes FAO to the risk of weakened operational performance in the field. While the solutions are not easy and can be time-consuming to implement, awareness of where the root causes lie is already half a victory. OIG has noted with satisfaction that FAO management is committed to taking action in this regard. Rethinking the design of DOs would be an opportunity to strengthen FAO's operational response.
- **Cyber threats and risks associated with data including data privacy and protection:** This represents multiple risks in one, and certainly something that should never be under-estimated. Increasing reliance on technology and mobile communication, and the modern-day data revolution, while having enormous benefits, expose all organizations to risks we have never seen before. This is COVID-19 in the IT world: it is not a pandemic that will subside or can be fixed with vaccines. However, it is an opportunity too – organizations that manage these risks well can build confidence among their stakeholders.
- **Risks associated with Third Parties:** Everything you delegate outside your organization carries risk. Whether it is vendors or partners that support implementation of programmes and projects, or external cloud service companies hosting your data, you are entrusting them with your success. This is important because you cannot do everything yourself, and third parties bring skills, capacity and products that an organization might not have. However, they can also bring failure, which may be significant. There are great benefits and opportunities in using third parties, and they are indispensable to FAO, but the associated risks need to be kept in control. This is perfectly doable.

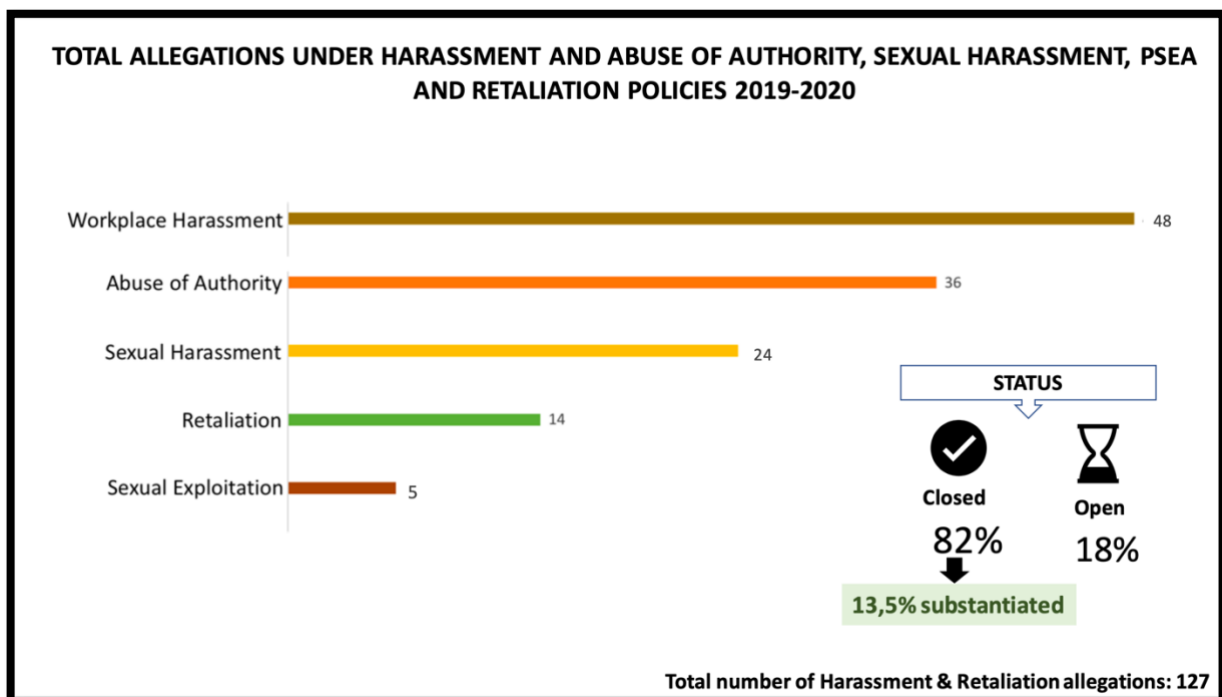
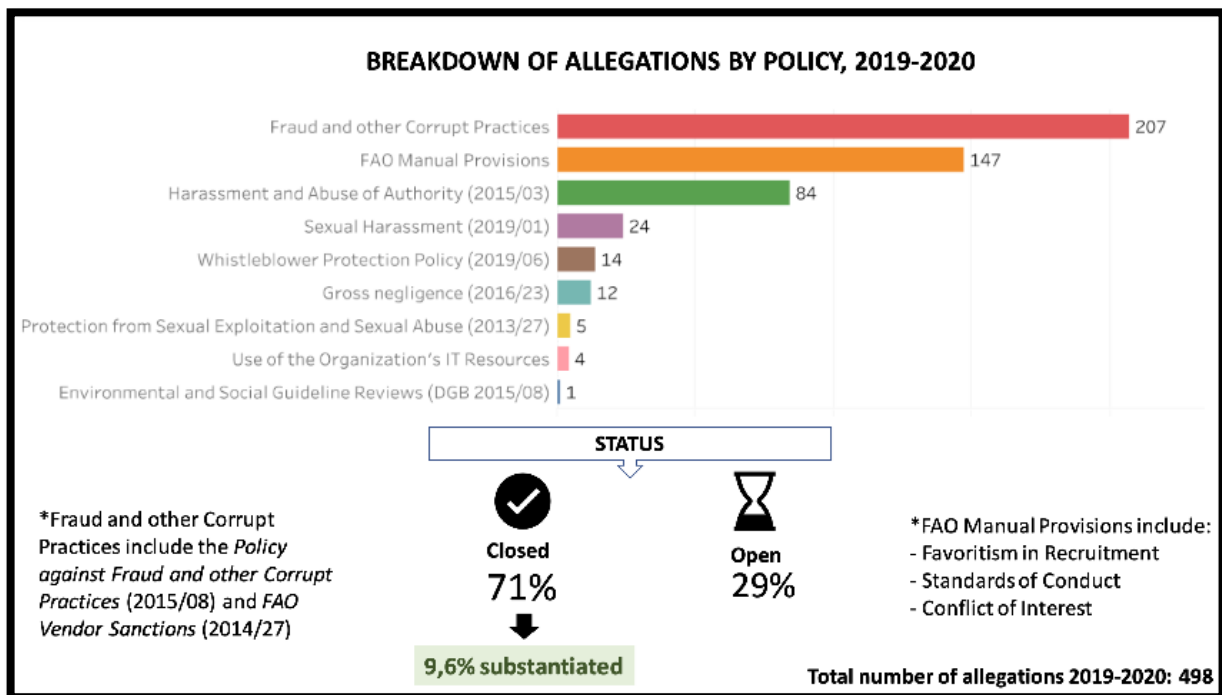
The only risk you should shy away from is the risk of temptation to willfully violate the provisions in the Organization's legal, ethical and regulatory frameworks!

With all other risks, treat them as sources of potential success. Those successes usually do not just miraculously appear by blindly accepting the risk. Instead, it is important to identify the main risks stemming from uncertainties in our external and internal environment, and then intelligently and diligently manage them in a way to minimize the downsides and optimize the upsides of those uncertainties.

ALLEGATIONS REPORTED TO OIG

- a snapshot in time of misconduct allegations

To provide FAO personnel with an insight into the issues considered by the OIG Investigations Unit (OIGI), the charts below reflect the type and number of allegations reported to OIG during the period 2019-2020. It is important to note that the number of allegations does not necessarily correlate with the number of cases undertaken by OIGI, as cases may include more than one allegation.



The Value of OIG Investigations

By Elisa Vari

Having joined FAO's Office of the Inspector General (OIG) only a few months ago, I entered the world of administrative investigations with a number of expectations as to the relevance of such mechanisms. I knew from the beginning that investigative bodies, such as the Investigations Unit at FAO, have a significant role within organizations, though back then I did not realize just how significant this role would be. During the course of the past months, I have understood that the work of OIG investigators affects FAO as a whole in important ways. Put simply, it ensures that personnel, vendors and beneficiaries can work together fruitfully and, ideally, free from fraudulent or corrupt conduct, harassment or abusive behaviour.

From the cases I have worked on thus far, discussions with colleagues, and also from FAO's own policies and OIG's Charter and Investigations Guidelines, I learned of the ways in which internal investigations can be of great value to FAO's work. Important examples are protecting FAO's reputation and integrity, upholding international civil service standards of conduct, safeguarding resources, and deterring future misconduct.

Protecting Reputation and Enhancing Integrity

One of the main reasons why investigations units such as OIG exist, is to preserve and enhance the integrity of organizations like FAO and of individuals and entities associated with them. When misconduct occurs, whether by FAO personnel or by third parties working with FAO, the reputational risks are high, such that the image of the Organization as a whole can be seriously damaged. In my short time with OIG, I have already witnessed a number of cases being reported in news articles, often in ways that disparage the Organization as a whole for its failure to prevent or appropriately address misconduct. This, in turn, can cause those collaborating with FAO to lose confidence in our work. In practice donors may withdraw funding (many donor agreements include certain types of misconduct as grounds for termination or condition funding on effective controls being in place); this makes the achievement of organizational objectives more difficult. It may even become harder to attract talent, as passionate individuals will turn to organizations that display stronger integrity and maintain a healthy workplace culture.

Reviewing and investigating allegations of misconduct, therefore, is a fundamental step to tackle unacceptable or improper behaviour that reflects badly on the entire Organization and damages it in tangible ways.

Upholding the Standards of Conduct for the International Civil Service

When I joined FAO, like every other colleague, I was directed to the [Standards of Conduct for the International Civil Service](#), among other internal policies and administrative guidelines. The Standards in particular caught my attention: as international civil servants, we are expected to uphold "the highest standards of conduct" and the ideals of the United Nations system. In order to do so, we must act with integrity and in ways that serve the best interests of the Organization. When colleagues fail to adhere to these principles, they are not only damaging FAO, but they are chipping away at the effectiveness of international civil servants as instruments of change.

Investigating misconduct helps the Organization uphold and give meaning to the Standards of Conduct for the International Civil Service and ensure that colleagues, as international civil servants, continue to embody "the highest aspirations of the peoples of the world."

Safeguarding Resources

FAO's [Policy Against Fraud and Other Corrupt Practices](#) reminds us that the Organization is entrusted with significant resources to ensure humanity's freedom from hunger, such that it is imperative that these resources are not diverted from their ultimate goal of assisting beneficiaries. In fact, fraud, corruption, conflicts of interest and similar practices can cause organizations such as FAO to lose funding, as well as Member and donor confidence in our work, and preclude those in need from receiving assistance. FAO projects often receive millions of dollars in funding, making them fertile ground



for unscrupulous personnel or vendors who seek to take advantage of their relationship with the Organization. When investigations are conducted, fraudulent or corrupt practices may be prevented or remedied, with funds being secured or reimbursed to the Organization where possible. At a minimum, due to FAO's zero-tolerance policy for fraud, the individuals or entities that are found to have engaged in such conduct may be prevented from working with FAO in the future.

Deterring future misconduct

Of course, investigations are also meant to deter future misconduct by ensuring accountability. [FAO's Policy on the Prevention of Sexual Harassment](#), for example, underlines that its goal is to create and foster a workplace "where accountability is consistent and power is never abused." When it comes to FAO personnel, it is particularly important to ensure that individuals at FAO are aware that, regardless of their position within the Organization or the immunity they may enjoy, there are consequences for inappropriate and unacceptable behaviour. As to FAO vendors, the potential damage to their business (which may result, for example, from their indefinite exclusion from FAO tenders, in accordance with [FAO's Vendor Sanction Procedures](#)), should serve as a reminder that actions that go against FAO principles are not tolerated.

Overall, OIG's investigations are a fundamental aspect of fostering a productive, inclusive, and healthy environment at FAO. Of course, investigations should not be an end in themselves. A truly effective workplace requires that misconduct is prevented in the first place. If investigations become necessary, then they are conducted in accordance with [FAO Investigation Guidelines](#), ensuring fairness and impartiality. With the right tools, investigations can not only protect the interests of the Organization and the dignity of affected personnel and beneficiaries, but can also, at least in part, avoid further harm to personnel, beneficiaries, and the Organization itself.

INVESTIGATION PRACTICES

- Advancement through knowledge sharing

By Terry Buckingham

During May 2021, OIG investigations staff had the opportunity to attend the 21st Conference of International Investigators (CII). CII is a forum for investigators of international organizations to discuss integrity issues, address challenges in fighting fraud and corruption, receive information on new developments and share leading practices. It seeks to continually advance the work of its participants through harmonization of practices and sharing of ideas and leading practices to support their important role in developing, maintaining, and improving the integrity of their organizations.



The CII annual conferences enable and enhance close cooperation and collegiality among investigative offices of participating organizations, facilitate the exchange of information, provide advanced hands-on training, and enable its participants to hear from industry specialists and receive the latest developments in the field.

The CII Host Committee for this year's virtual conference included the Rome-Based agencies WFP, IFAD and FAO. The agenda for the conference consisted of an informational mix of plenary sessions, workshops, and open floor exchanges. Topics

included responding to donors, value and impact of investigations, and practices and implications due to the Covid-19 pandemic. Importantly, there was a specific discussion and review of the draft "CII Information Sharing Framework".

In addition, the conference received a presentation on the recent "Investigators' Manual for Investigations of Sexual Harassment Complaints in the United Nations" developed by the CEB Task Force on Addressing Sexual Harassment within the United Nations System.

At its conference held in 2019, the General Principles for Financial Forensics, that supplements the CII's Uniform Principles and Guidelines for Investigations, was endorsed along with the General Principles for Proactive Integrity Risk or Fraud Detection.



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