

Essentials

Guidelines on Combating Fraud and Corruption in the Project Work of Caritas Germany

Corruption is not only a moral problem but also an economic problem. Every Euro that falls prey to corruption cannot be used to reach humanitarian, social and developmental project goals. Corruption harms the rules of competition and does not favor decisions for the common welfare. Instead, decisions are made based on personal interest.

For these reasons Caritas Germany has developed these Anticorruption Guidelines with the aim of avoiding and fighting fraud and corruption at all levels within Germany and abroad.

Within the context of these Guidelines, corruption is understood as the misuse of entrusted power for personal advantage¹.

Auditing partner organizations

Local partner organizations with which Caritas Germany begins project cooperation, are carefully audited and evaluated with regard to organizational and managerial skills, economic and operational management, accounting practices and transparency before the cooperation begins. In addition, the partner's will and ability to maintain orderly accounting practices and accept financial monitoring must be appraised.

Project agreements and Administrative Guidelines

The project agreement with the project partner defines the aims of the project, the use of funds, the amount of the budget as well as the Administrative Guidelines to be used. Continual project monitoring by Caritas Germany includes controlling the partner's compliance with project specifications and deadlines. An audit of these documents also includes an appraisal on whether the documents conform to reality and whether the prices noted in the documents realistically comply with local standards.

Accounting

Orderly, transparent and comprehensible accounting practices are a crucial prerequisite to prevent corruption. Project expenses may only be used for the purposes agreed upon in the project agreement and within the limits of the approved budget. For the latter Caritas Germany transfers installments according to the resources needed and the project's progress. Additional project income (e.g. interest earned) must be accounted for separately. Funds that have not been spent must be transferred back to Caritas Germany.

¹ Definition according to: Transparency International, Korruption in der Entwicklungszusammenarbeit – ein Problem auch für kirchliche Organisationen, 2007, S. 6., See also: Cremer, Georg, Korruption begrenzen. Praxisfeld Entwicklungspolitik, Freiburg/Br. 2008

Two-person integrity

For project relevant decisions such as project approval, approval of funds, allocation of funds, project agreements or project completion, two-person integrity is the rule.

Internal auditing and quality control

Audits of the local partner's project accounting and its submission of the report on expenditure of funds are carried out within Caritas Germany by its employees in the accounting department who are familiar with the particular and country-specific specifications of project accounting.

Procedures within Caritas Germany are controlled by Caritas Germany Quality Control according to certain specifications.

External auditing

On the basis of project agreements and the preliminary audit, projects financed by public donors can be audited by external accounting firms either as previously specified in the project agreement or based on an internal decision.

Training and advisory services for employees and partner organizations

Basic administrative knowledge and specialized knowledge of administrative procedures are necessary to ensure transparent financial administration. Caritas Germany trains its own employees in the areas of internal procedure and project administration. Caritas Germany's offices abroad have an important supportive and advisory function for the project partners in the areas of project implementation and administration. Caritas Germany's own advisors on organizational development intervene during project implementation in order to support weak partner structures in the area of organizational development or to assist the decision making process at the managerial level.

Social Auditing

Including target groups and local participants in the project's planning and budgeting phases allows for social auditing later on. This allows for the organized target groups to take over a controlling function at the reporting stage. They assess locally whether or not the funds have achieved their purpose and have been used economically. The local cooperation partner should bear in mind the necessary organizational measures to allow for the participation of grassroots organizations in this way.

Local aid workers strongly encourage the recipients of aid measures to appeal to a higher authority in the case of actual or assumed misuse of project funds and/or relief goods. As a rule, this is the authority directly above the implementing organization, respectively the Caritas Germany employee responsible for the project. For such a beneficiary complaint mechanism adequate provisions must be made.

Allocation of contracts and services; procurement control

The procurement of non-cash items is regulated in the Procurement Guidelines² of Caritas Germany.

Rules of Conduct for Employees and Partner Organizations

- Personal relationships or personal advantages must not influence the decisions of the employees of Caritas Germany and its partner organizations
- Any form of corruption, whether direct or indirect, is forbidden. This also includes kickback (the reflux of parts of a contractual payment), the use of other means for prohibited services to contractors, suppliers, partners, their employees or public officials as well as the acceptance of bribe money or kickbacks by or for the benefit of relatives.
- The payment of bribes or other benefits with the aim of securing or accelerating an official act which one is entitled to is forbidden.
- Offering or accepting gifts, entertainment or the reimbursement of expenses is forbidden if they influence the conclusion of business or project approval and exceed the level of sensible and appropriate expenses.

In case of a breach of these Guidelines and specifically in case of a violation against the above mentioned rules of conduct, disciplinary or contractual sanctions (warning, dismissal, termination of project cooperation etc) shall be carried out. In case of a crime, the appropriate legal steps shall be taken.

Caritas Germany reserves the right to make the circumstances of corruption within partner organizations public and to advise against further cooperation with the respective organization.

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Prelate Dr. Peter Neher
President

² See DCVFR 358222