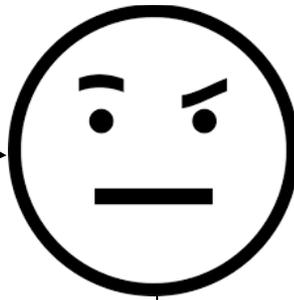


A set of suspicious circumstances has developed, but it is unclear if these circumstances rise to the level of action (review/investigation).



NOTE: Allegations of sexual misconduct, trafficking in persons, are treated differently from allegations of fraud or other wrongdoing.



*** Reasonable Person Test**

YES

NO

Does **not** rise to the level that a review/investigation needs to be started. **No credible evidence!**

A review/investigation should be initiated when a set of circumstances rises to the level of **Reasonable Suspicion (More than mere suspicion [a hunch -]) There is credible evidence.**

Mere suspicion (hunch)

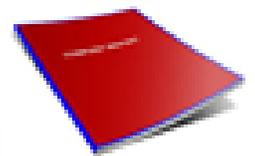
See Exhibit #2 for an explanation of the levels of suspicion/proof.



Do you report the **initial** allegation to your donors **before** undertaking a review/investigation?

See page 2

Write a short report recording what happened. Include the initial allegation, steps taken and especially the reason why further action was not necessary.



*** See Exhibit #1 for an explanation of the Reasonable Person Test.**



Do you report the **initial** allegation to your donors **before** undertaking a review?

Not sure if it needs to be reported **immediately**?

Start the review/investigation to see if credible evidence can be obtained.

Do you use an **external** or **internal** reviewer/investigator?



Internal investigators should be capable, respected, independent and have no vested interest in the outcome.



External investigators can be expensive, and should normally be used for complex, high-level or high-loss investigations.

See page 3

Is there **credible evidence** that a violation may have occurred? Do you have enough evidence to answer the reasonable person test?

YES

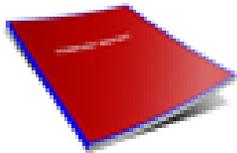
If when put to the **Reasonable Person Test**, the **initial** allegation (totality of the facts & evidence) rises to the level that a violation **may** have occurred, (**credible evidence**) the donor should be notified **immediately**.

The report should generally include the following:

- **Background**
- **Executive Summary**
- **Methodology**
- **Investigative Details**
- **Conclusion**
- **Recommendations/options moving forward** (see **Exb. 3**)



Report



Reports should generally include the following:

- Background
- Executive Summary
- Methodology
- Investigative Details
- Conclusion
- Recommendations/options moving forward (see Exb. 3)

Why present recommendations or options to your donors?

- 1. The recipient organization wants to have as much control of the outcome as possible.**
- 2. The best way to do this is for the organization to conduct the investigation, or contract with an outside firm. (Note: The donor always has the option to conduct the investigation itself.)**
- 3. This does NOT mean that facts are hidden or altered to protect the recipient. It's best to identify the bad news ASAP.**
- 4. The sooner the facts are uncovered, the sooner the organization can fix the problem/weaknesses.**
- 5. This process of fixing the issue can start **before** the investigation is completed. This is very important because the final report to the donor can show the corrective action taken. This is preferable to waiting until the donor's investigative report is received.**
- 6. Identifying and fixing the issue is what the donor wants to see; that the problem has been taken care of and will not happen again.**
- 7. Ultimately, the donor wants to be confident the organization is an honest, efficient and capable implementer, and a good steward of the donor's funds.**

What is the...?

Reasonable Person Test

A Reasonable Person is defined as a someone with:

1. Average intelligence
2. Average experience
3. Average common sense



Try to imagine how these *average people* would think.

When using the Reasonable Person Test, remember to consider the totality of the circumstances (all the facts and evidence) and not just one single fact.

Levels of Suspicion/Proof

Mere suspicion: **Something may have happened (a hunch)**

Reasonable suspicion: **More than mere suspicion - but not over 50% (preponderance of the evidence)**

Preponderance of the evidence: **More likely than not (at least 51%)**

Beyond a reasonable doubt: **Almost certain**

Beyond a shadow of a doubt: **Absolutely certain**

*Note: These are not legal definitions

Generally - Action should be taken when a set of circumstances (when viewed through the eyes of a Reasonable Person**) rises at least to the level of *reasonable suspicion*. However, there is no hard and fast rule.**

What should generally be included in a report?

Background - Give a short description of the project and where the allegation came from.

As a result of a severe locust infestation, 1 million Sudanese refugees moved to the Ethiopian border. Feed the Kids (FTK) has been awarded a \$100 million USAID contract to provide emergency food and sanitary kits to the refugees. Early this year, an anonymous source called the FTK hotline stating that suppliers had conspired to overprice all items in the sanitation kit.

Executive Summary – Most people will not read past this section. Make it as complete and concise as possible.

A market study comparing the contract price of items in the sanitation kit to the local market, showed, on average, the items were overprice by 300%. The FTA procurement officer, when interviewed, could not explain what happened and was very evasive. He resigned the next day and his whereabouts are unknown. Once it was clear that a fraud scheme had been uncovered, the review was stopped upon further consultation with USAID.

Methodology – Give a brief description of how you conducted the review/investigation.

Investigators from FTK headquarters traveled to Ethiopia where they reviewed emails, procurement records, telephone records, conducted a local market survey, interviewed local vendors and interviewed several local FTK employees.

Investigative Details – Include **relevant** investigative details, such as:

Summaries of record reviews; spread sheets; summaries of interviews; other relative information.

Conclusion – Give a short **fact-based** summary of what was found.

Investigation showed that FTK personnel likely conspired with others to inflate the cost of items in the sanitation kits. A local market survey showed the sanitation items were overpriced by approximately 300%.

Recommendations – Recommend a plan that will allow the organization to keep as much control as possible.

The evidence collected to date shows that fraudulent activity is highly likely in the FTK sanitation kit procurement process. FTK recommends it continue its internal investigation of this matter and provide a timely detailed report of the findings. Alternatively, USAID/OIG investigate this matter itself.

Note: Different donors have different reporting requirements. For instance, USAID wants to be notified of **all** allegations of kickbacks, whether or not there is evidence to support the allegation.

Donor websites

USAID: <https://oig.usaid.gov/>

United Nations Office of Internal Oversight Services:
<https://oios.un.org/report-wrongdoing>

The Gates Foundation:
<https://www.gatesfoundation.org/How-We-Work/General-Information/Reporting-Scams>

The Global Fund Office of Inspector General:
<https://www.theglobalfund.org/en/oig/report-fraud-and-abuse/>

UK Department for International Development (DFID):
<https://www.ukaidirect.org/whistleblowing/>