



International Rescue Committee
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Rescue.org

January 24, 2017

Ab Klink
Chairman of the Board
Stichting Vluchteling
Stadhouderslaan 28 | 2517 HZ Den Haag

Dear Chairman Klink:

We are pleased to provide you this written summary of our investigation into procurement activities connected with Syria cross-border program activity conducted from Turkey, which sought to determine whether SV, as a donor who supported these activities, sustained a loss.

Background

The IRC investigation, initiated in January of 2016, was conducted by Robert Appleton, then an investigative partner at the law firm Day Pitney and was supported by a team of Day Pitney staff and other resources. The investigation produced a series of reports, with the most important findings delivered in July of 2016. The main findings of that investigation were and are that there was a systematic effort by organized criminal elements to target international NGOs operating in southern Turkey. The principal activity affecting IRC was collusion amongst vendors from whom the IRC procured goods and services. The largest portion of the conduct occurred within the 18 months after the IRC commenced serving Syria from southern Turkey in the fall of 2012.

The investigation also determined that several former Turkey-based IRC staff members formed improper relationships with third-parties and did not properly follow IRC's policies and procedures which facilitated inappropriate procurements. All staff against whom misconduct allegations have been asserted and where evidence has been identified to support the allegations have been terminated or already had left IRC. No member of the IRC's current or former senior management were found to have participated in any fraudulent activities.

IRC has responded vigorously to these developments. Over the course of the last several years, IRC has (a) implemented major changes in its procurement resources, policies and processes, (b) enhanced the resources it deploys and the processes used when starting work in new countries and (c) added additional resources and processes to prevent and detect fraud. Most of these improvements were undertaken independent of events in Turkey, but



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IRC conducted a comprehensive internal review based on the investigative findings that considered both ongoing changes and those additional improvements undertaken in direct response to Turkey to insure a comprehensive response. Major elements include the following:

- *New leadership, resources and sophistication for compliance and investigations:* Compliance oversight, including investigations, is now centered in a newly created Ethics and Compliance Unit (ECU), led by a Chief Ethics and Compliance Officer reporting directly to the audit committee of our board.
- *Launch large-scale responses to rapid-onset emergencies only through EPRU:* IRC has increased resources and now only initiates large-scale responses to rapid-onset emergencies through its Emergency Preparedness and Response Unit (EPRU). SV has been a critical partner in this development, which has both enhanced IRC's ability to help those in greatest need but also has further strengthened our controls.
- *Significant enhancement in procurement controls and resources:* Over the past two years, IRC has implemented multiple rounds of improvements in procurement policies, controls and resources, a process that is ongoing and will continue.

Investigation of Loss

After Appleton delivered his reports in mid-2016, additional investigative work was done through the fall of 2016 and into 2017 to determine whether major donors who supported the IRC activities under investigation sustained a loss. This month, a Day Pitney team completed work and produced a report analyzing whether SV, which supported IRC's work in Turkey as a donor, experienced any loss. The work was produced by a team of non-IRC personnel including a forensic accountant, an email analyst, three Day Pitney Associate investigators, a paralegal specialist and a Turkish speaking attorney investigator.

The investigation team analyzed the contracts, transactions, and delivery and performance by these suspect suppliers, from the records it was able to locate over the past 9 months from IRC's Turkey and headquarters offices. These records included documents, electronic media and witness statements. During the course of the investigation, the team collected numerous documents and records, including all of the procurement, contract and payment files in the possession of IRC for the cross border work; the team imaged 16 computers, other devices and the local email server in Antakya in January 2016; collected and analyzed several hundred thousand email records from IRC staff involved in the cross border programs; and conducted numerous interviews of IRC staff and others.



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The investigation was subject to material limitations, particularly the passage of time since these procurements occurred several years ago and also because ultimate delivery of the procured goods and services primarily occurred inside Syria. Nonetheless, other than minor discrepancies, the documents contained in the procurement files appeared to substantiate performance. Delivery records were identified for the shipments of goods and medicines. The team also looked at the issue of possible overpricing and product substitution. The latter effort was challenging, in that without the goods themselves, an actual inspection was not possible. The team relied on notes, the files, witness interviews and deep email searches to identify instances of substitution and product deficiency. Again, subject to the noted limitations, the investigative team did not find evidence of these issues. No loss to SV, therefore, was identified.

IRC takes a zero-tolerance approach to the misuse of resources. We work hard to ensure that all funds are used for the maximum benefit of our beneficiaries while meeting the requirements of our donors as trusted stewards of their resources.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'David Johnson'.

David Johnson
Chief Financial Officer