

# FK NORWAY'S GUIDELINES FOR REPORTING SUSPICION OF FINANCIAL IRREGULARITIES OR OTHER CENSURABLE CONDITIONS

## FUNDAMENTAL PRINCIPLES

- Zero tolerance for financial irregularities is practised for all funds under FK Norway's budget.
- Notification shall be given of harassment, discrimination or other breaches of the requirement for a fully satisfactory working environment.
- All cases shall be considered in accordance with good administrative practice.
- All cases shall be considered with special care.

## NOTIFICATION

Everyone has a *right* to notify of irregularities. As an employee, you have a *duty* to notify the employer of circumstances that could cause loss or harm to the employer, employees or the surroundings. All whistleblowers may choose to remain anonymous. See the notification poster for a description of the notification procedure.

## 1. INTRODUCTION

The purpose of the guidelines is to ensure the correct handling of cases that concern notification of a suspicion of financial irregularities or other censurable conditions.

They apply to all funds administered by FK Norway, both operating funds and grant funds. The guidelines shall also apply to cases where an employee or others who carry out assignments on behalf of FK Norway use their position to acquire an unwarranted advantage for themselves or others. Examples of financial irregularities include corruption, embezzlement, misappropriation of funds, fraud or theft. The guidelines shall also apply to other censurable conditions such as harassment, discrimination etc.

The guidelines shall be applied when a suspicion arises and therefore do not cover preventive measures.<sup>1</sup>

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<sup>1</sup> For a more detailed description of preventive measures, see FK Norway's financial instructions, case processing rules etc.

The guidelines have been coordinated with the guidelines that apply to corresponding cases in the foreign service.

## **2. PROCEEDINGS AND RESPONSIBILITIES**

The Public Administration Act sets out requirements for case processing in the public administration, including cases concerning financial irregularities. Among other things, the Act stipulates that the case shall be clarified as thoroughly as possible before a decision is made,<sup>2</sup> and that civil servants normally have a duty of secrecy in these types of cases.<sup>3</sup> Information that come to one's knowledge shall be treated with care. The case processing must not be carried out in a manner capable of destroying evidence or attracting unnecessary attention.

The case processing can be broken down into five stages:

- An irregularity is detected / a suspicion arises
- Reporting
- Examination and assessment
- Sanctions
- The case is closed

## **3. AN IRREGULARITY IS DETECTED / A SUSPICION ARISES**

A suspicion of financial irregularities or other censurable conditions may arise as a result of information received from external or internal sources or based on first-hand experience. Irregularities are generally detected in connection with ordinary case processing. Typical examples are conflicting information and details that are incomprehensible or left out. Irregularities can also be detected in connection with internal monitoring procedures or other internal or external control activities. A suspicion of financial irregularities or other censurable conditions can also be reported as an oral or written notification through the external notification channel.<sup>4</sup>

The nature and gravity of such irregularities vary and can best be described as involving an action/omission in violation of current legislation/agreements. If the irregularity is related to a specific agreement, the agreement will be a useful tool when assessing whether an irregularity has taken place.

FK Norway has an obligation to investigate any irregularities that are detected. A written assessment of the matter must be made and recorded in the case, and followed up in an adequate manner. If there is doubt about whether the case concerns financial irregularities or about whether it should be reported to the Foreign Service Control Unit, the Foreign Service Control Unit shall be contacted so that it can clarify the matter.

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<sup>2</sup> Cf. the Public Administration Act Section 17

<sup>3</sup> Cf. the Public Administration Act Section 13

<sup>4</sup> [Notification channel on FK Norway website.](#)

In some cases, the case is first discussed in the media, in which case FK Norway's procedure for information crisis handling will apply.

#### **4. REPORTING**

Any suspicion of financial irregularities shall be reported in writing to the Foreign Service Control Unit and without undue delay. Other censurable conditions shall be reported to the Director General of FK Norway.

When the report is submitted to the Foreign Service Control Unit, it is registered as a 'notification case' and marked with the relevant legal authority for exemption from public disclosure.<sup>5</sup>

FK Norway will keep the section of the Ministry with responsibility for managing the subordinate agency informed by sending a copy of its correspondence with the Foreign Service Control Unit to this section.

If a request for access to the case is received, the Foreign Service Control Unit shall be informed. FK Norway shall, in cooperation with the Foreign Service Control Unit, prepare contingency notes.

Case documents shall be stored in a secure manner in accordance with the applicable rules.

#### **5. INVESTIGATION AND ASSESSMENT**

When there are grounds for suspecting an irregularity, an investigation shall be initiated without undue delay. A decision to investigate shall be made by FK Norway's management.

The investigation must not be carried out in a manner that increases the risk of destruction of evidence. Nor should the investigation take too long. The investigation of the case must be completed within the period of limitation.<sup>6</sup> What time limits apply should be clarified at an early stage. Different countries' regulations stipulate different time limits. If a suspicion of financial irregularities affects other donors or contract parties, efforts should be made to cooperate with them during the investigation phase

As part of the investigations, a continuous assessment shall be made of the contradiction considerations, i.e. the need to inform the suspected person about the case and give him/her an opportunity to make a statement about the case before it reaches the sanction stage.

The measures considered most expedient may vary. Relevant measures include

- Internal investigations to obtain more information such as

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<sup>5</sup> For example, the Freedom of Information Act Section 24 second paragraph may provide legal authority

<sup>6</sup> Under Norwegian law, the time limit for submitting an application for public prosecution is six months after the Foreign Service has acquired knowledge of the criminal act and who has committed it, cf. Section 80 of the General Civil Penal Code of 1902. The general period of limitation is three years from the date on which the breach of contract commenced.

- Field visits
- Requirement for written documentation/elaboration of reports
- Investigation of facts
- Enquiries to other relevant parties
- External assistance, e.g. through a forensic audit

Regardless of the form of investigation, the objective is to obtain the best possible factual basis for deciding further sanctions.

## **6. SANCTIONS**

One foreseeable sanction when financial irregularities are discovered will be to stop or freeze further payments and, if relevant, submit a claim for repayment. Repayment, compensation in damages, civil action and/or criminal prosecution shall always be considered. The safety representative may inform the Norwegian Labour Inspection Authority or the working environment committee of other censurable conditions if the employer has not followed up the notification within a reasonable space of time.

FK Norway does not have the authority to cancel claims or refrain from submitting a claim concerning the State's funds and shall always raise such issues with the Ministry of Foreign Affairs.

In connection with grants for exchanges, the primary partner is FK Norway's contractual partner according to the Cooperation Agreement, and is thereby responsible for the whole partnership. Whether FK Norway shall demand repayment directly from the secondary partner if the irregularities took place there, will be assessed on a case-to-case basis.

## **7. THE CASE IS CLOSED**

When the case is closed, a brief summary memo will be prepared and the Foreign Service Control Unit at the Ministry of Foreign Affairs will be informed of this in writing. Internal cases shall be considered by the working environment committee before they are closed.

## **8. INFORMATION/DOCUMENT PROCESSING**

Caution should be exercised when distributing documents, also internally. As a general rule, access to information concerning cases involving suspicion of financial irregularities or other censurable conditions should be restricted to the reporting line (case officer, controller, manager and the Foreign Service Control Unit. Case documents shall be stored in a secure manner in accordance with the applicable rules.

## Important acts, regulations and other governing documents for FK Norway

- The Public Administration Act
- The Act relating to State Employees
- The Norwegian Working Environment Chapter 2 A. Notification
- Regulations on Financial Management in Central Government
- Provisions on Financial Management in Central Government
- Main instructions for financial management in FK Norway, adopted by the Minister of the Environment on 1 January 2009.
- The annual Proposition No 1 to the Storting for the Ministry of Foreign Affairs
- The Ministry of Foreign Affairs' annual Letter of Allocation to FK Norway
- Internal financial instructions
- Guidelines for grant administration in FK Norway
- FK Norway's Regulations on Exchange Agreements
- The State Personnel Handbook Section 10.19: Guidelines for dealing with cases of embezzlement, corruption, theft, fraud and misappropriation of funds in the Public Service