Introduction

Light for the World works to use its resources efficiently and to the greatest possible effect. As part of our efforts to attain maximum transparency, to work with integrity, and to prevent corruption, we have introduced an internal control system. All members of Light for the World and the Country Offices have their accounts audited/reviewed by independent external auditors. Our international members have been granted quality seals in several countries.

The Transparency and Anti-Corruption Policy was developed to affirm that no kind of corruption whatsoever will be concealed, accepted, negated, or understated under any circumstance. The Policy provides guidelines for transparency and sets appropriate courses of action when dealing with the different faces of corruption. The Policy was ratified by the Board and entered into force in January 2014.

Light for the World’s Transparency and Anti-Corruption Policy has now been in place for five years. We published the first Anti-Corruption Report in 2017, to help us measure our progress from 2014 to 2016, and to share the lessons we have learned. We have since updated our Policy to reflect further developments. With this report, we continue to take stock of the progress we have made in tackling the issue of transparency and anti-corruption.

We hope that this report contributes to the discussion of transparency. With robust mechanisms for accountability in place, we are best able to use our resources to bring a brighter day to those who need it most.

Rupert Roniger
CEO Light for the World
Light for the World—who we are

WHAT WE DO
Light for the World is a global disability & development organisation. We enable crucial eye health services and empower people with disabilities in some of the poorest regions of the world. We focus on the poorest and hardest to reach, because they need it most. We aim to change the entire system, because we want our impact to last. We work with partners, because together we are stronger. We work with underserved communities around the world in countries including Burkina Faso, Democratic Republic of Congo, Ethiopia, Mozambique, South Sudan and Uganda. Our work is made possible through supporters in countries including Austria, Belgium, Czech Republic, Germany, Netherlands, Switzerland, the United Kingdom and the USA.

OUR POLICIES
Light for the World has established policies relating to our programmes and advocacy, to fundraising and communications, and to finance as guidance for our work. There are also policies that apply across the organisation. The Transparency and Anti-Corruption Policy is one of these policies. It was put in place to ensure the integrity, responsibility and transparency of our work. It embodies our commitment to prevent corruption, to respond to reports of alleged corruption, and to learn from our experiences to strengthen our systems.

OUR GOVERNANCE AND STRUCTURE
Light for the World International is made up of Austria, the Czech Republic, Germany, Switzerland, the United Kingdom and the United States of America as core members and Belgium and The Netherlands as associate members. Each core and associate member is a non-profit organisation under the respective national law. We have country offices in Burkina Faso, Cambodia, DR Congo, Ethiopia, Kenya, Mozambique, South Sudan, Tanzania and Uganda as well as an EU liaison office in Brussels.
The Transparency and Anti-Corruption Policy—a summary

Light for the World takes corruption very seriously. Cases of corruption have been investigated and subsequent action has been taken to deal with the specific problem identified. The Transparency and Anti-Corruption Policy is based on Light for the World’s previous experiences with anti-corruption as well as on good practices from Transparency International and other organisations.

WHAT IS CORRUPTION?

The Transparency and Anti-Corruption Policy adopted the following definition: corruption is “the abuse of entrusted power for private gain” (Transparency International). It is best known as bribery, fraud and theft, conflict of interest, embezzlement and extortion, blackmail, gifts, nepotism and favouritism. It is important to realise that corruption has many faces and does not exclusively take the form of money. To provide a person with a job, services or other favours can also be a form of corruption. Corruption threatens effective programmatic work, good governance, sustainable development, democratic processes and fair businesses. The Policy provides guidelines on transparency and sets the appropriate course of action when dealing with the different faces of corruption. It covers corruption within Light for the World, and in our work with other organisations. The Policy is available at: https://www.light-for-the-world.org/transparency-and-anti-corruption-policy

The Policy includes the following key elements:

1. Measures to prevent corruption
2. Raising a complaint
3. Internal documentation, and
4. External reporting

Key approaches are:

- to raise awareness and train all staff, freelancers and volunteers at Light for the World on the issue;
- to create an open environment in which complaints are raised and internal learning is supported, and
- to further enhance internal control systems.

Light for the World is committed to being transparent on suspected corruption. Every two years, we publish an external report to provide an overview of complaints, cases, and the ways we addressed the complaint. The report contributes to cross-organisational learning and helps to overcome taboos in corruption.

The Policy is built on three core values:

1. Integrity
   - Ensuring high ethical standards
2. Responsibility
   - Preventing and reporting cases of corruption is everyone’s responsibility
3. Transparency
   - Clear reporting and accountability measures
Implementing measures taken since 2014

Preventive measures implemented

Light for the World has different measures in place to prevent corruption within our structures and in our collaboration with our partners and projects.

**INTERNAL MEASURES**
- Revision of the Transparency and Anti-Corruption Policy to integrate lessons learned, as well as new developments in transparency and anti-corruption standards worldwide
- Training and Communication: transparency and anti-corruption training is now a standard module in the induction of new staff members. Current staff receive regular refresher training on the Policy, whistleblower protection and fraud awareness
- Further enhancement of the Internal Control System and transparent structures and processes for financial transactions: this includes, among others:
  - Segregation of duties on governance and management level
  - Transparent recruitment processes
  - Disclosures of conflicts of interest
  - Four-eyes principle
  - Clear procedures of financial management
  - Internal and external audits, quality audits, comprehensive systems audits
- Capacity building: continuous strengthening of finance competencies and tools in Country Offices, improvement of core processes to limit possibilities for misuse of funds

**EXTERNAL MEASURES**
- Partner assessment, contracting and standards in reporting: in our collaboration with partners we have developed a set of assessment tools for partners and programmes, contracting mechanisms, and standards in financial and narrative reporting, including regular field visits
- Capacity-building measures in collaboration with partners
- Audits and spot checks: projects and Country Offices are audited depending on the risks assessed, the size of the programme and the nature of the project. For larger grants, spot checks by the donor are standard. In addition to this, we conduct unannounced field visits and compliance checks.
Procedures in case of corruption

COMPLAINT MECHANISM – WHISTLEBLOWER HOTLINE

If you have a suspicion

Contact the complaints team and/or talk to your line manager

Line manager informs complaints team about start of investigation

Written report for next level of management

Investigation by superior:
• Is it a rumour?
• Background check on information

Suspect can explain their view

Suspect has chance to appeal

Senior management
• decides what to do
• informs persons involved

Line manager informs complaints team about outcome

Sanctions are executed and case completed or dropped

Light for the World employees, representatives and other persons connected to Light for the World are obliged to report any suspected cases of corruption, both within the internal structure and on partner level. All information is handled confidentially and with the greatest respect by the person investigating. All personal data is protected.

Complaints can be raised on all levels of Light for the World. However, the recommendation for raising a complaint are as follows:
1. Complaints can be sent by post to the complaints team or by email to: complaints@light-for-the-world.org
2. Employees can go to their direct line manager.

The complaints team ensures that the following standard procedure is implemented in the event of suspected corruption:
Approach to cases of corruption

Light for the World recognises the trust embedded in every donation we receive. To honour that trust, we work to continuously improve our mechanisms for accountability, both internally and with our partners. When cases of corruption are brought to our attention, it is imperative to limit the magnitude of the damage to the extent possible. Many of the following cases concerned partner organisations. In several cases, we found that the best approach was to suspend the partner’s access to funds as a precautionary measure and to temporarily transfer the management of project activities to our Country Offices. We plan our next steps with the continuity of our programmes and the needs of our beneficiaries in mind.

In deciding the actions to follow, we prioritise recovering the missing funds and preventing the misconduct from recurring. This typically requires an investigation, conducted either internally or by an external auditor or consultant. Following the investigation, disciplinary action against the perpetrators is necessary. In cases involving partner organisations, the cooperation of their management in fact-finding measures and in recovering the missing funds is crucial. It determines if Light for the World will continue its partnership with them. In some instances, a probationary period may be agreed upon, where any new cases of corruption would result in the termination of the relationship.

Continuing the partnership is contingent upon the improvement of their internal control systems. Light for the World consistently offers support in capacity-building activities and in measures to improve internal control systems as a part of contributing sustainably to its partners. In this way, partnerships with Light for the World result not only in delivering services to our beneficiaries but also in more robust accountability systems in their communities.

Light for the World may take legal action when other methods have not resulted in the return of the missing funds. This is especially true in cases where the management of a partner organisation does not comply with our efforts to recover funds and hold the persons in question accountable. Legal action is both costly and time-consuming and typically has other repercussions. The Transparency and Anti-Corruption Policy allows exceptions when the life or security of a person is in danger, when the authorities are corrupt, or when the financial and reputational risks of Light for the World far exceed the benefits of legal action. The realities of our work make it necessary to pursue legal action on a case-by-case basis, rather than as a blanket approach. Regardless of the method, Light for the World takes appropriate steps to ensure that we use our resources as efficiently and effectively as possible.
Cases of corruption

This report covers a total of 20 cases:
- 3 of these cases occurred before 2017 but were not closed at the time the previous report was published.
- 17 cases were reported and investigated in 2017–2018.

Of the 17 cases,
- 12 cases where corruption could be proven and measures were taken
- 2 cases where our investigations showed that there were false accusations
- 3 cases where the evidence was not strong enough to confirm wrongdoing

Cases are presented in such a way that no direct link to any person or organisation can be made. The details of each case are kept secure at Light for the World and are accessible only to auditors and the complaints team.

CASE 01
Partner failed to justify expenses, 2013–2017

Country: Mozambique
This case opened in 2013, but was not closed by the time the last report was due.

The project: Community-based rehabilitation.

The complaint: The project partner failed to justify the use of project funds in the amount of €15,000. The first irregularities in project implementation and financial reporting appeared in April 2013.

Response: These irregularities eventually led to the termination of the project contract with the partner organisation in September 2013. Project activities were subsequently handed over to a new partner organisation. Several attempts were made to clarify the use of the missing funds in 2014.

The partner organisation gave no proper justification. It became necessary to hire a law firm in mid-2014 to facilitate a civil court proceeding against the organisation. The court decided in favour of Light for the World. However, the organisation had ceased to exist by the time the court made a decision and the missing funds could not be recovered.

Lessons learned: Legally action is a lengthy and expensive process and in some cases may not necessarily help recover missing funds. Still, a court decision favouring Light for the World affirms our zero-tolerance policy on corruption.
CASE 02
Partner failed to justify expenses, 2015 – 2017

Country: Mozambique

The project: Technical vocational training for young women and men with disabilities.

The complaint: The project partner failed to justify the use of project funds in the amount of €30,000.

The response: The first irregularities in project implementation and financial reporting appeared in August 2015, eventually leading to the termination of the project contract with the partner organisation in December 2015. Project activities were subsequently assumed by the Country Office in Mozambique until the end of the co-funded project in 2019. Several attempts were made to clarify the use of the missing funds in 2015. Since the partner organisation gave no proper justification, a law firm was hired in early 2016 to facilitate legal action against the partner organisation. The case ended with the court obliging the partner to reimburse the unjustified expenses. However, the organisation had ceased to operate on the day the contract was terminated, and no assets were available to be seized.

Lessons learned: Several control measures were introduced in the Mozambique Country Office, including regular spot checks of partners’ finances, tighter control of financial reports and obligatory ledger lists in addition to financial reports from partners. Training of partners on the nature of corruption, reporting corruption and disseminating Light for the World’s Transparency and Anti-Corruption Policy was conducted. As in the previous case, bringing cases to court proved a lengthy, expensive, and time-consuming process. Still, a court decision favouring Light for the World affirms our zero-tolerance policy on corruption.

CASE 03
Misconduct allegations, including misuse of funds, against partner staff, 2015 – 2016

Country: Ethiopia

The project: Community-based rehabilitation.

The complaint: In 2015, allegations of misconduct were raised against one of our partners’ staff members. The allegations included misuse of funds. The allegations were very difficult to untangle from political and personal grudges. Most claims could not be verified, and all persons involved made serious accusations against each other.

The response: The partner organisation investigated the allegations in an internal audit. The audit uncovered further cases of misconduct and misuse of funds, but none directly related to the Light for the World-supported project. Light for the World also launched its own investigation (interviewing stakeholders on the ground) and conducted an audit. Some irregularities were identified, including false receipts and charging one expense to two different funds. A second project and an addition to the ongoing project were initially planned. Both were suspended, and a short project extension was arranged to allow the continuity of activities in the short term. The partner organisation responded swiftly and removed the staff member in question from their position. As indicated above, they also investigated the matter. Light for the World was thus confident that the partner responded adequately and continued its partnership with the organisation.

Risks identified:
- The risks of falsifying receipts and charging one expense to two or more projects is high if Light for the World-supported projects are audited separately from the rest of the organisation.
• Weak financial systems due to inadequate control mechanisms.
• One person having broad, unchecked influence on both programmatic and financial reporting increases the risk of irregularities.

Lessons learned: More spot checks and closer financial monitoring by Light for the World helps prevent irregularities and, should they occur, allows for early detection. Auditing cannot be limited to Light for the World projects alone. Internal control mechanisms should be spread among different officers to better facilitate accountability.

CASE 04
Falsification of receipts, 2017

Country: Mozambique
The project: Technical vocational training for youth with disabilities.
The complaint: A project employee falsified receipts.
The response: An internal investigation was launched to confirm that dubious receipts were falsified by the project officer. The employee was presented with the evidence in the presence of a lawyer. The employee admitted to falsifying the receipts. Mozambican labour law does not allow the dismissal of staff without a conviction in court, but a legal process would have taken 1–2 years. Light for the World’s priority was to ensure that the employee would no longer have access to Light for the World funds. A suspension would have allowed this, but still would have required Light for the World to pay the employee’s salary for the 1–2 years that the case would have been in court. This solution would have been neither practical, nor would it have been the best use of the donations we receive. Light for the World thus negotiated the end of the employment relationship in exchange for keeping the employee’s identity and role in the incident confidential. This was the best possible option in Mozambique.

Lessons learned: While local laws allowed for the punishment of fraud and financial misconduct, the realities of litigation need to be considered. Court cases can often take a long time. As such, taking legal action may not align with the need to immediately remove persons who admit to financial misconduct. Additional measures such as including fraud and misconduct as grounds for termination of the relationship in all contracts, when in line with local laws, may be of help. Where local laws do not allow this, Light for the World evaluates the situation for options that limit the extent of the damage, and ensure the continuity and long-term stability of projects, and decides on a case-by-case basis.

Where structures do not allow a speedy response to the incident, alternatives are necessary. Light for the World evaluates these alternatives against its values and priorities on a case-by-case basis.

CASE 05
Missing funds, 2017

Country: Mozambique
The project: Community-based rehabilitation.
The complaint: The project partner failed to justify the use of project funds in the amount of € 2,150.
The response: An external consultant hired for auditing purposes found a significant discrepancy between the accounting balance and the actual bank balance. The discrepancy amounted to approximately € 7,000. Light for the World suspended funding to the organisation immediately. The partner was given time to justify the use of these funds. About two-thirds of the amount could be
explained retroactively by providing receipts that the partner had failed to include in the financial report. There was no indication that receipts were falsified, nor any hint of malicious intent. Instead, the process pointed to insufficient financial management capacity and internal control mechanisms. Light for the World assumed the remaining missing funds under the following conditions:
• The partner would hire a new accountant through a transparent selection process that required the selected person to have a degree in accounting
• The partner’s management and Board would undergo obligatory training in internal control mechanisms.

Lessons learned: The partner was subject to financial audits in the past, but auditors from certified auditing companies did not report any financial irregularities. It was through an independent consultant hired individually that this and several other cases came to light. It was experienced members of the Project and Finance Team who, upon receiving no reports of financial irregularities from auditors, became wary about the quality of the audit conducted. Looking for quality auditors can very quickly become an expensive process. Conducting reference checks of auditors with other international NGOs may help address the problem.

In addition, systems audits can be conducted alongside financial audits to identify gaps and weaknesses in the organisation’s internal control system. In community-based organisations the position of accountant is often filled by persons who need a job rather than qualified accountants. Light for the World has thus adopted a policy to require accountants paid from project funds to have a minimum requirement of a degree in accounting.
At the same time, we are still learning how to improve internal control mechanisms of such community-based organisations in an effective manner. In the meanwhile, close regular monitoring of partner finances by Light for the World finance staff is being conducted for all community-based partners.
In addition, Light for the World offers its partners many different forms of support to help improve their internal control systems. In this way, partnerships with Light for the World result not only in delivering services to our beneficiaries, but also in more robust accountability systems in their communities.

CASE 06
Missing funds without any justification and falsification of receipts, 2017

Country: Mozambique
The project: Community-based rehabilitation.
The complaint: A partner organisation failed to justify the use of project funds in the amount of €1,550 and a project employee had falsified receipts in the amount of €420, with total damage of €1,970.
The investigation: An external consultant conducted an audit and found a gap between the accounting (theoretical) and bank (actual) balance. There were also indications that receipts may have been falsified. Funding to the organisation was stopped immediately. Light for the World and the management of the partner organisation investigated the dubious receipts. The suspicion was confirmed.
There was no indication that the management of the partner organisation was involved or aware of the situation and management cooperated fully in the investigations. The accountant, however, did not cooperate, making the investigation difficult. It was ultimately not possible to justify the funds missing from the bank account.
Follow-up: The remaining unjustified funds were assumed by Light for the World under the following conditions:

- The person responsible for falsification of the receipts would no longer have access to Light for the World funds. Light for the World offered to cover the costs for legal advice, should the partner decide to dismiss the accountant. The partner accepted the offer, and the accountant was dismissed.
- The partner was required to hire a new accountant on the basis of a transparent selection process that ensured that the selected person would have a degree in accounting.
- The partner organisation’s management and Board were required to undergo training in internal control mechanisms.
- Although there was hard evidence that the employee falsified receipts, Light for the World did not request the partner to press charges towards him/her based on our own experiences that such court proceedings are very lengthy, costly and have very low chances of actually recovering the missing funds.

Lessons learned: The partner had been audited before, but auditors from certified auditing companies did not report any irregularities. It was through an independent consultant hired individually that this and several other cases came to light. It was experienced members of the Project and Finance Team who, upon receiving no reports of financial irregularities from auditors, became wary about the quality of the audit conducted. Looking for quality auditors can very quickly become an expensive process. Conducting reference checks of auditors with other international NGOs may help address the problem. In addition, systems audits can be conducted alongside financial audits to identify gaps and weaknesses in the organisation’s internal control system.

We observe repeated cases of misuse of funds in disabled people’s organisations or organisations led by disabled people’s organisations. Light for the World closely and regularly monitors all community-based partners’ finances, with particular emphasis on disabled people’s organisations or organisations led by disabled people’s organisations. In addition, Light for the World offers its partners many different forms of support to help improve their internal control systems. In this way, partnerships with Light for the World result not only in delivering services to our beneficiaries, but also in more robust accountability systems in their communities.

CASES 07 AND 08
Fees paid without service being provided, falsified cheques and suspicion of falsified receipts, 2017 and 2018

Country: Mozambique
The project: Social inclusion of youth with disabilities.
The complaint: There were four different situations observed:

- The partner paid a company without the necessary know-how to provide three training sessions on various topics that never took place. The company reimbursed the amount after the situation was raised with the partner (no damage).
- There was a falsified cheque found in the documentation. The amount was reimbursed (no damage).
- There was a suspicion that the partner did not pay the staff’s 13th-month salary and that signatures of staff on the receipt were falsified. Estimated damage amounts to approximately €400, although hard evidence was never found.
A year later, the annual report showed unjustified amounts of €2,100 resulting from the period in which the previous employee (no longer with the organisation) had still been managing the funds.

**The response:** The first suspicion arose when training reported in the financial report was not mentioned in the narrative report. Questions to the partner confirmed that the training had not taken place, and further investigation showed that the company hired had no qualification to provide the training.

An external consultant hired for auditing purposes further found hints that a receipt for staff payments was falsified. An internal investigation took place, but the staff did not confirm that the signatures were forged.

Following the auditor’s suspicions, spot checks were conducted. During one of these spot checks, a falsified cheque was found by Light for the World finance staff. The Light for the World employee later received a call from one of the partner’s Board members, asking him/her to keep their suspicions to themselves. The partner would reimburse the amounts. The employee immediately informed Light for the World management. The employee who had issued the check left the organisation shortly after. There was no indication that anybody else—a part from this employee and the board member—had been involved.

As a result, Light for the World specified that partnership would be continued only under the following conditions:

- The Board member who requested Light for the World staff to “keep quiet” would no longer have access to Light for the World funds or be involved in the management of Light for the World funds.
- The partner must hire a new finance officer based on a transparent selection process that ensured that the selected person would have a degree in accounting.
- The management and Board were required to undergo obligatory training in internal control mechanisms.

Although there was hard evidence of falsification of documents by the partner’s employee, Light for the World did not request the partner to press charges. In this case, Light for the World assessed that court proceedings would not have helped to recover the missing funds. Additionally, the costs that would have been incurred would have been disproportionate to the amount to be recovered.

During the following audit exercise, the independent consultant found missing funds of €2,100. This situation seemed to arise during the time of the previous staff member, who left the organisation. There was no indication that the management of the partner or the new accountant had been involved in the situation. It was also clear that it was not possible for the partner to clarify retrospectively what had happened to the funds.

The partner was informed in a letter about a probation period of one year, during which any further irregularity would lead to the termination of the partnership.

Following this letter, the partner approached Light for the World with reports of further missing funds in the amount of €800. They said the damage was incurred before the finance officer was dismissed and therefore requested that the missing amount also be covered by Light for the World.

Light for the World required the partner to reimburse the missing funds as a further condition of continuing the partnership and gave them until the next financial report to do so. Employees from the partner organisation contributed to reimburse the amount.

**Lessons learned:** Detailed review of the financial and narrative report proved effective in detecting inconsistencies. Spot checks were also useful in identifying malpractice.
In general, this case reflects the reality in many small, community-based organisations: internal control mechanisms are typically weak. Light for the World offers support in building these capacities, not only as part of transparency in its projects but also as a lasting contribution in the communities we work in. In the meanwhile, Light for the World carefully and regularly monitors finances when working with community-based partners.

CASE 09  
Missing funds without any justification, 2018

Country: Mozambique  
The project: Community-based rehabilitation.  
The complaint: A partner organisation failed to justify the use of project funds in the amount of €1,700.  
The response: An external consultant conducted an audit and found a gap between the accounting (theoretical) and bank (actual) balance of approximately €3,900. Light for the World’s Country Office in Mozambique temporarily assumed project management to ensure the continuity of the project and the uninterrupted payment of field workers, while discontinuing the payment of management staff salaries until the issue was resolved. Shortly after, a manager at the partner organisation presented dubious receipts to justify expenses. Light for the World finance staff questioned the invoice, and the manager reimbursed the amount in the invoice. Two days later, the board of the partner organisation informed Light for the World that both the accountant and the manager had been internally demoted and the positions would be filled with new people as soon as possible.  
The new accountant and new manager worked with the Light for the World to trace the missing amount. It was clear that reporting on expenses during the time the previous accountant and manager were employed would be a challenge (see case 05). With support from Light for the World, the partner was able to justify part of the missing funds, reducing the amount of unjustified funds to less than half the amount. Light for the World assumed the unjustified funds.  
Light for the World conducted a meeting with several partners with similar cases, showcasing the total damage for the programme and sensitising management and boards about the need to improve internal control systems. Light for the World also informed partners in writing that if auditors found any further case of malpractice in the same year, partnership with the organisation would be terminated immediately and without further negotiation.  

Lessons learned: We observe repeated cases of misuse of funds in disabled people’s organisations or organisations led by disabled people’s organisations. Light for the World closely and regularly monitors all community-based partners’ finances, with particular emphasis on disabled people’s organisations or organisations led by disabled people’s organisations. In addition, Light for the World offers its partners many different forms of support to help improve their internal control systems. In this way, partnerships with Light for the World result not only in delivering services to our beneficiaries, but also in more robust accountability systems in their communities.
CASE 10
Missing funds without any justification, 2018

Country: Mozambique
The project: Community-based rehabilitation.
The complaint: A partner organisation failed to justify the use of project funds in the amount of €3,600.
The response: An external consultant conducted an audit and found a gap between the accounting (theoretical) and bank (actual) balance. The discrepancy was identified after the previous accountant had been dismissed (see case 06). A new accountant had been hired. The partner’s office was broken into shortly after, and documents were stolen and destroyed. There was no indication that the new accountant, or the partner’s management, were involved. It was clear, however, that it was not possible for the partner to retroactively clarify how the missing funds were used.

Light for the World conducted a meeting with several partners with similar cases, showcasing the total damage for the programme and sensitising management and boards about the need to improve internal control systems. Light for the World also informed partners in writing that if auditors found any further case of malpractice in the same year, partnership with the organisation would be terminated immediately and without further negotiation.

Lessons learned: Ensuring the safety and security of the organisation’s premises, especially where records are kept, should be integrated into the response to allegations of corruption. We observe repeated cases of misuse of funds in disabled people’s organisations or organisations led by disabled people’s organisations. Light for the World closely and regularly monitors all community-based partners’ finances, with particular emphasis on disabled people’s organisations or organisations led by disabled people’s organisations.

In addition, Light for the World offers its partners many different forms of support to help improve their internal control systems. In this way, partnerships with Light for the World result not only in delivering services to our beneficiaries, but also in more robust accountability systems in their communities.

CASE 11
Money collected from clients was not used for their intended purpose, 2018

Country: Burkina Faso
The project: Koam’s Tiligre, Prevention, Rehabilitation and Inclusion of persons with disabilities, 2018–2020.
The complaint: A staff member collected money from clients for goods and medical services. The money was never handed to the cashier of the project, hence the clients complained.
The response: The person admitted to the accusations and was immediately dismissed. The Labour Office was officially informed. The employee repaid the missing amount, and clients received the goods they paid for.

The Country Representative informed staff and local partners about these developments.

Lessons learned: Strong relationships between the organisation and clients empower clients to directly bring complaints to Light for the World, enabling the speedy detection of financial misconduct.

- Collaborative relationships between Light for the World and its partners empower its partners to openly inform our Country Office of these developments.
CASE 12

**Missing funds without justification, 2018**

**Country:** Mozambique  
**The project:** Community-based rehabilitation services.  
**The complaint:** The project partner failed to justify the use of project funds in the amount of €4,740.  
**The response:** An external consultant hired to conduct an audit could not produce a report due to a lack of documents to review. Funding was suspended as soon as problems become apparent. It took months for the partner to provide the necessary documentation. When the auditor could finally draft a report, it showed missing funds dating as far back as 2012. The missing funds amounted to roughly €5,800 up to 2016. The partner was able to reimburse three-quarters of the missing funds. In the meanwhile, it became clear that it would not be possible for the consultant to produce an audit report for the following reporting period (2017). The partner launched an internal investigation and worked with Light for the World to reconstruct documentation for the year 2017. It was revealed that another €3,400 were missing in 2017. The amount was traced to project activities, but no receipts could be provided. It seemed that the funds were in fact spent on project activities, but a lack of capacity in financial management led to the discrepancy.

Light for the World assumed the missing funds under the following conditions:

- The partner would keep Light for the World up to date on the internal investigation and share the final report.
- A dedicated finance officer would be appointed to the project’s finances.
- Light for the World would conduct regular spot checks of the partner’s finances.

**Lessons learned:** Missing amounts were identified as early as 2012 but were shown in each year’s report as “loans to be repaid”. This was communicated in each year’s audit, but the partner’s management seemed to be unaware of the discrepancy. Light for the World thus learned that it is crucial to start requesting all partners to repay any loans or unjustified amounts within the same year or act immediately.

CASE 13

**Workers not paid according to their contracts, 2018**

**Country:** Bolivia  
**The project:** Community-based rehabilitation.  
**The response:** Former employees from a partner organisation reported that the partner did not comply with labour laws, and that community workers did not receive their salaries in the previous year even though their salaries were budgeted for and reported.  
**The response:** The programme coordinator for Bolivia, together with a local consultant, investigated the case through interviews with the ex-employees as well as the staff members of the organisation. Additionally, an external audit was conducted, with the auditor interviewing the CBR workers. It was found that the funds Light for the World provided for these purposes were spent, but that in many cases there was no written proof that the money for social benefits had been received. The payment of salaries was a much trickier issue. The management said they paid a bonus to their community workers. The community workers were part-time volunteers. Labour laws, however, require that if they received any payment, they should receive a minimum salary. The partner organisation therefore asked the community workers to keep quiet about the money they received.
Following the report, the partner gave its community workers donations in kind. This, however, could not be a long-term solution according to local labour laws. The partner agreed to employ community workers according to local labour laws. The partner would have to engage fewer community workers, but those employed would be fully covered by labour provisions. Audits would be continued. An external financial consultant would support the partner organisation in improving their financial systems.

**Lessons learned:** All projects must be audited by an external auditor contracted by Light for the World. The auditor should know the local laws. Contracting a local consultant for intensive monitoring and general organisational development helps strengthen systems and prevent irregularities.

**CASE 14**

Local staff allegedly falsified receipts for personal benefit, 2018

**Country:** South Sudan

**The project:** Skills training for youth with disabilities. A staff member of Light for the World was seconded to the programme.

**The complaint:** Allegations were received from the partner organisation that the Light for the World staff falsified two receipts. The amounts were, respectively: €3,460 and €480.

**The response:** This was discovered during an internal financial audit at the partner organisation. The audit revealed that the staff member working on the programme had liquidated expenditures and large amounts of cash with zero balance twice. The liquidations were documented by faulty receipts, showing a purchase of stationery and a purchase of food in the same location. Both were written in Arabic. It was found that the location sells neither food nor stationery. The person who had written the receipts admitted that he had written the receipts upon the request of a third person. The staff member advised us not to tell anyone, as they were afraid that he would face repercussions from the person(s) who had asked for the receipts.

Light for the World approached the director of the partner organisation and asked for written confirmation that, due to reputational risks surrounding the allegations of falsified receipts, Light for the World staff could no longer be seconded. Light for the World opted for this approach for several reasons: the staff member was nearing the end of his one-year contract, providing a way to terminate the staff member’s contract that would take far less time than filing a case. It would also avoid the complications that may have arisen due to terminating the contract early. Additionally, this approach allowed Light for the World to protect its team members from the harm that the perpetrator might have caused. Prudent communication and action were of utmost importance.

**Lessons learned:** Light for the World was able to contact the relevant persons quickly. Hurdles in case management were caused primarily by the need to consider different legal implications and the lack of clarity regarding which organisation was contractually responsible for staff members, given the secondment. Understanding local dynamics was necessary before taking action.
CASE 15

Falsification of receipts by a member of staff 2018

Country: Mozambique

The project: The project aimed to promote inclusive vocational training. A team was hired by Light for the World for implementation of the activities.

The complaint: The Light for the World Finance Team found a suspicious receipt submitted by the staff.

The response: An internal investigation was launched to confirm the suspicion that receipts had been falsified. After consulting with our lawyer, Light for the World ended its working relationship with the employee immediately. We informed our co-implementing partner of this and requested that they inform the external donor who funded this project. While the former employee only embezzled approximately €130, the full damage from inadmissible receipts was €720. We were able to recover the missing funds from the outstanding salary payments to the employee, so no damage was done.

Lessons learned: The fact that our staff found the falsified receipts, despite it not being obvious, showed that the improved internal control mechanisms result in the early detection of cases. The internal investigation, immediate ending of the contract with the employee and transparent communication to all relevant stakeholders prevented any further damage. It also showed us that our internal processes could detect and respond to such cases.
The series of cases we encountered in 2017–2018 show that we have been moving in the right direction. Our emphasis on improving internal control systems both in our organisation and with our partners has proven crucial not only in prevention but also in responding to cases of corruption. Spot checks, careful reviews of financial and narrative reporting, distributing management and reviewing functions, and close financial monitoring have allowed us to detect cases early and take appropriate action. We have also learned that audits should not be limited to Light for the World projects, but should cover the entire organisation to detect irregularities like charging the same receipt to two different projects. In this way, we ensure a holistic view of transparency in our partner organisations.

Ensuring the quality of audits is also necessary. Looking for quality auditors can very quickly become an expensive process. Conducting reference checks of auditors with other international NGOs may help address the problem. In addition, systems audits can be conducted alongside financial audits to identify gaps and weaknesses in the organisation's internal control system. Robust internal control systems also require hiring the right personnel, and financial management teams are no exception. The cases brought to light in the last two years have emphasised the importance of accountants with the necessary qualifications and skills as a key component of transparent financial management. Additionally, clear contracts specifying salaries and benefits and the mode of receipt, as well as unambiguous reporting lines, communicates responsibilities and entitlements. It empowers employees to recognise and flag suspicions of corruption.

In our experience, legal action has been time-consuming and costly. We endeavour to recover funds and resolve matters out of court when possible. It has been necessary in a select few cases to take legal action. Convicting perpetrators helps combat impunity and complicity around corruption, especially in countries with weaker mechanisms of accountability. Legal action therefore remains a part of Light for the World’s toolkit in combatting corruption. Development work is a broad, systemic process. Light for the World is proud to include measures against corruption. When we break down unjust barriers, we are able to unlock the biggest potential.