

## Anti-Corruption & Financial Irregularities Report 2021

In accordance with Stichting Fern's cooperation agreement with Norad, QZA-21/0187: 'Using European policies to protect rights & reduce global deforestation', Stichting Fern makes public a description of its efforts to combat financial irregularities in its operations of the previous year, as well as any closed cases of financial irregularities that the grant recipient has been involved in during the previous year.

### Summary of year



An important element of Fern's work to combat financial irregularities is to conduct visits to our sub-grantee partners to discuss and review their control environment, as well as review financial processes and policies. Due to the COVID-19 pandemic, travel to our overseas consortium partners was not possible, however, most of our partners are organisations, with whom we had worked previously and therefore had a good understanding of their context and capacity.


### What did we do in 2021 to minimise the risk of corruption and financial irregularity?

Fern reviewed and **updated its sub-granting due-diligence process** with the support of external development consultancy [Axiom](#). This new process ensures a greater level of consistency and ensures the exercise obtains a deeper understanding of our partner's financial and control environment. We also sub-contracted some of the due diligence review to Axiom directly (for French speaking partners) and will use the results to feed into our risk analysis.

Fern increased the **online contact with our partners**, with more frequent meetings, emphasizing financial management and follow-up. There was a strong focus on consistency between budgets/financial reporting and activities and the partners shared quarterly financial reports together with activity reports. There were also more frequent meetings with other donors/sub-granting organisations that support Fern's partners, to ensure consistency, best practice and to share information.

We updated our **whistleblowing and code of conduct policies** and made these available [online](#). A dedicated whistleblowing/safeguarding/complaints contact was also added to the website and can be found in the website footer. This is managed by two safeguarding & compliance responsible staff members and is overseen by a Board member with this responsibility in their portfolio.

<b>Belgium</b> Rue d'Edimbourg, 26 1050 Bruxelles Belgium Tel: +32 2 894 4690 Fax: +32 2 894 4610 info@fern.org	<b>United Kingdom</b> 1c Fosseyway Business Centre Stratford Road Moreton-in-Marsh Gloucestershire GL56 9NQ Tel: +44 1608 652 895 Fax: +44 1608 652 878	<b>France</b> 10 rue du Plateau 93100 Montreuil France <b>Unhappy?</b> Email our safeguarding team at <a href="mailto:complaints@fern.org">complaints@fern.org</a>	 <small>Fern gratefully acknowledges financial support from the Life Programme of the European Union, Norway's International Climate and Forest Initiative and the UK Foreign, Commonwealth &amp; Development Office. All opinions and context expressed are solely those of Fern.</small>  <small>Equivalency Determination on FIR</small>
---	--	--	--

© 2022 Fern  Web design agency - Liquid Light

Following the suspension of Norad funding for Foundations for Community Initiatives (FCI) based in Liberia (before commencement of the project), Fern worked closely with Client Earth to address some of the findings of the Land Tenure Facility **commissioned organisational financial and governance review**. The review conducted by KPMG identified several areas of improvements, however, **did not identify any issues of irregularity**. Fern and Client Earth commissioned and funded a package of capacity building actions through Well Grounded for FCI, which was favourable reviewed by the donor.

Corruption is often linked to safeguarding incidents and power imbalances. Fern's **safeguarding policies were overhauled in 2021** with the support of an external gender and child protection specialist. This specialist has over 20 years of experience with humanitarian agencies ([Esther Dross](#)). The updated policies were coupled with internal staff training, sharing of resources with downstream partners and an ongoing risk mapping per country Fern operates in. Fern's House Rules have a specific section for **Bribery, Corruption and Fraud** which was also reviewed by the specialist, with the mentioned grievances linked to the case management protocol.

**External financial audits** were completed for Fern's annual accounts, with project audits being completed for the NICFI, EU LIFE project, EUD Laos and Green Livelihoods Alliance (NL Government) projects. All audits were completed by a registered auditor ([VRC Bedrijfsrevisoren](#)). No exceptions were noted.

A new **financial management system** was installed at Fern ([Sage BoB](#)) in 2021, which allows the electronic linking of supporting documents to transactions, allowing for easier retrieval of evidence for auditors. An electronic expenses system ([Rydo](#)) was also rolled out to improve the expenses approval system.

Fern continued to provide **capacity building actions**, include training for downstream partners in financial management and compliance. Fern's finance team completed rigorous checking of supporting documents requested of partners and brought in an external financial specialist to assist with higher-risk partners on one project.

### **Financial irregularities in 2021**

Stichting Fern was not involved in any cases of financial irregularities in 2021. No concerns of Financial Irregularities by any of Fern's subgrantees was brought to our attention.

### **Norad direct contact**

If you wish to contact Norad's Whistleblowing channel for financial irregularities, you can email: [varsling@norad.no](mailto:varsling@norad.no). If you wish to report through this channel, please use [Norad's report form for whistleblowing](#).