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# Report on cases of financial irregularities in 2017

## Foreign Service Control Unit

Report | Date: 19/02/2018 | [Ministry of Foreign Affairs](#)

(<http://www.regjeringen.no/en/dep/ud/id833/>)

Foreign Service Control Unit in the Ministry of Foreign Affairs has made this report on cases of financial irregularities in 2017.



*Credit: Philip Schuler, World Bank*

## 1. Introduction

The Foreign Service Control Unit deals with cases involving breaches of rules in the Foreign Service, unless responsibility for following up a specific type of irregularity has been assigned to a different unit in the Ministry of Foreign Affairs. The Foreign Service Control Unit also oversees such cases in subordinate agencies.

The Ministry publishes quarterly reports in Norwegian on cases involving financial irregularities, listing cases that have been closed after appropriate measures were implemented ([see regjeringen.no](http://www.regjeringen.no)

([http://www.regjeringen.no/no/dokumenter/rapporter\\_oversikt/id2395346/](http://www.regjeringen.no/no/dokumenter/rapporter_oversikt/id2395346/))).

## **2. Zero tolerance**

The Ministry has zero tolerance for financial irregularities and other misuse of Ministry funds. This applies to all Foreign Service employees, suppliers of goods and services, and organisations and others that manage funds allocated by the Ministry.

Misused funds must be repaid to the Ministry. The same applies in cases where there is no documentation that funds have been used in accordance with the relevant agreement. The matter may be reported to the police if it is likely that a criminal offence has been committed.

## **3. Dealing with cases of suspected financial irregularities**

Most of the cases dealt with by the Foreign Service Control Unit have to do with possible misuse of grant funds. Suspicion of financial irregularities is normally reported to the Foreign Service Control Unit by the unit responsible in the Foreign Service or by the organisation that has received the funds. If the Foreign Service Control Unit finds reason to investigate the matter more closely, it is registered as a case of suspected financial irregularity.

As a rule, further disbursements to the final recipient are stopped until the case has been investigated and adequate risk-reducing measures have been implemented.

Investigations are normally carried out by the Foreign Service Control Unit, in close cooperation with units involved in the Foreign Service. In some cases, external expertise is commissioned to investigate a case or perform a specialised audit. The Ministry of Foreign Affairs has framework agreements with five different companies for such services. Additionally, the Foreign Service Control Unit hires external legal services to follow up legally complex cases. If the organisation that has received the grant initiates its own enquiries, the Foreign Service Control Unit normally waits until the results are available before considering further measures.

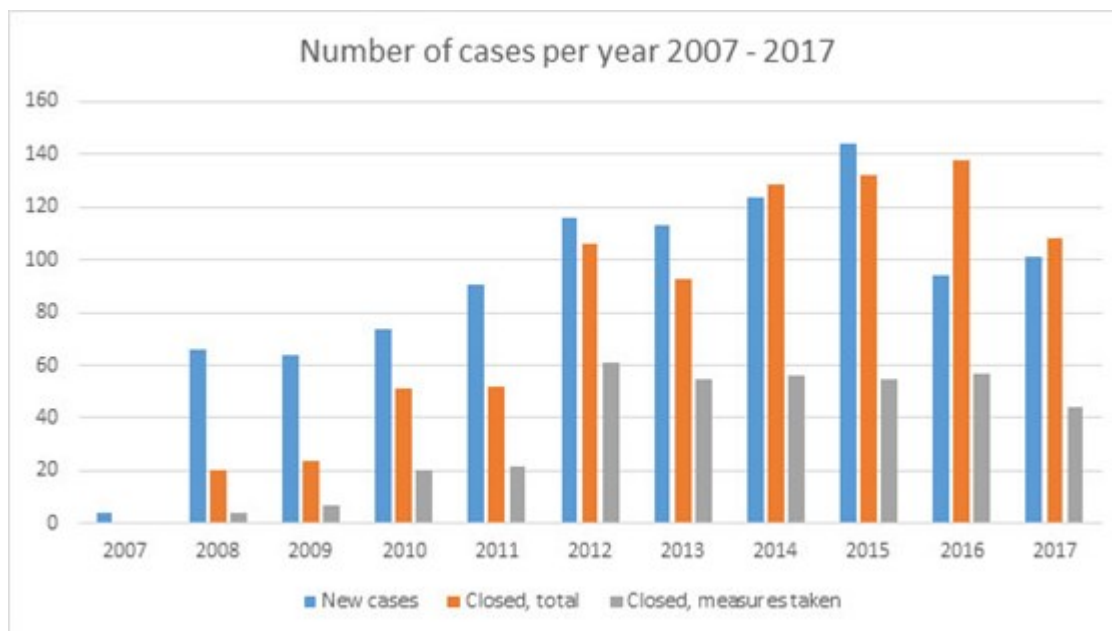
In most cases of financial irregularity, the grant recipient agrees to repay the misused funds. If, however, the Foreign Service Control Unit's claim for repayment is contested, legal proceedings may be initiated to recover the funds.

A case is closed if the investigation concludes that nothing has happened that requires a response from the Ministry. In cases where the Ministry claims reimbursement, the case is not closed until the funds have been repaid.

Information on cases that have been closed after appropriate measures have been implemented is published quarterly on the Ministry website (in Norwegian only).

#### **4. Trends in the number of cases since 2007**

Since 2007, the Foreign Service Control Unit has registered 991 cases of financial irregularities and closed 853 cases. Measures were implemented in 381 of the closed cases – most often claims for the repayment of funds. A total of NOK 96.5 million has been repaid during this period. These figures include cases involving funding managed by Norad, FK Norway and Norfund, in addition to the Ministry.



*Number of cases per year 2007 - 2017*

The number of new cases rose steadily until 2015, but was slightly lower in 2016 and 2017. This is probably partly because the Foreign Service Control Unit has raised the bar somewhat for registering cases; clearer signs of financial irregularity are now required before a case is registered. In addition, there is naturally some variation in the number of cases from year to year. It is therefore not possible to draw any conclusions regarding other reasons for the drop in the number of new cases.

## 5. Cases dealt with in 2017

In 2017, the Foreign Service Control Unit registered 101 new cases and closed 108 cases. Measures were implemented in 44 cases: in 43 of them repayment of funds was required, and in one case an employee was dismissed. A total of NOK 13 066 320 was repaid in 2017. In 43 of the cases that were closed after measures were implemented, funding had been allocated under programme area 03 – international development assistance. The figures include cases involving funding managed by Norad, FK Norway and Norfund, in addition to the Ministry.