

**4<sup>th</sup> May 2006**

## **Outcome of Oxfam's investigation into irregularities in Aceh, Indonesia**

Oxfam's investigation into allegations of fraud in Aceh has been completed, enabling post-tsunami recovery work to resume in full after a four-week suspension of non-essential services in the Aceh Besar project office.

Oxfam sent an internal team of international and Indonesian staff to carry out an in-depth investigation into the allegations. Oxfam also appointed PricewaterhouseCoopers, the international accounting and consulting firm, to review the investigation to ensure that a thorough and comprehensive approach was taken.

The investigation also took in allegations relating to Oxfam's Meulaboh office, which came to light as part of the investigation process.

Oxfam's investigation has found evidence of losses amounting to €18,590 (GBP 13,000) of which €17,160 (GBP 12,000) has been recovered. The fraudulent activities centered on discrepancies between amounts paid to suppliers for goods and the quantity of goods delivered.

The investigation found that while Oxfam's policies and procedures are of the highest standard, weak management and monitoring systems in certain areas, aggravated by high staff turnover and difficulties with recruitment, created the possibility for fraud to occur.

Oxfam's investigation recommended that disciplinary action be taken against twenty-two staff for breach of Oxfam's code of conduct and policies and procedures, out of which ten staff face possible dismissal for gross misconduct relating to fraudulent activities.

The amount of money involved represents a tiny proportion of our tsunami programme in Aceh. However by being open and conducting such a thorough investigation we hope to show that we will not tolerate any irregularities, and will live up to high standards of accountability, both to donors, and to the 300,000 people across Aceh who have received assistance from Oxfam.

**“We take this issue very seriously, have learnt important lessons, and will remain vigilant in the future. We can assure our supporters that funds raised in Ireland were not affected by this fraud”** said Dr. Brian Scott, Executive Director, Oxfam Ireland.

The investigation also made a series of recommendations for systems improvements and staff training, which will be implemented by Oxfam's Management Team in Aceh over the next 3 months, alongside a strengthening of Logistics and Human Resources Teams. During the period of suspension in Aceh Besar, essential services such as water trucking and waste collection were continued.

In addition to the support of the communities affected, Oxfam is grateful for the solidarity and support of partner NGOs and of the Indonesian authorities, in particular the BRR (Aceh and Nias Reconstruction Board).

Oxfam is confident that openness in tackling problems is key to taking forward a high quality reconstruction and development programme in Aceh over the coming years.

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