

Progress Update DFID Management Response to the Independent Commission for Aid Impact recommendations on:

DFID's Approach to Anti-Corruption, published November 2011

ICAI Recommendation	Accept/Partially Accept/Reject	Original Management Response		March 2013 Update
		Action	Target Date	
Recommendation 1: In any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy, setting out an integrated programme of activities and dialogue processes]	Accept	1. New strategy guidelines are under development by the Anti-corruption policy team, in collaboration with the Risk and Control Unit and Internal Audit, drawing on existing good practice from country offices. These will be tested and piloted in a selection of country programmes, ready for dissemination by April 2012.	April 2012	Already completed – March 2012
		2. Central scrutiny team established to review all strategy documents to ensure that they meet minimum requirements and provide a consistent assessment of corruption across the programme.	February 2012	Already completed – March 2012
		3. Anti-corruption strategies will be developed for the first batch of countries by July 2012 with coverage of all eligible DFID country	July 2013 Target date moved forward to 31 January	Complete 29 strategies completed and summaries published on DFID website.

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		programmes by July 2013.	2013.	
Recommendation 2 : DFID should review the structure and nature of its UK counter-fraud and anti-corruption resources, to develop a more co-ordinated approach to risk assessment, risk management, anti-corruption programming and fraud response	Accept	4. Identification of a Board level champion to lead and drive work in this area and support the work of the Fraud Risk Management Group, which will expand its role to co-ordinate all work on fraud and anti- corruption.	December 2011	Already completed – March 2012
		5. Deputy-Director led review (reporting to the Management Board) of the nature and structure of DFID’s existing counter fraud and anti-corruption work. This will encompass functions, capacity and capability to take this agenda forward in line with ICAI recommendations. The review will identify; <ul style="list-style-type: none"> i) How to improve cohesion and co-ordination across the Department. ii) Whether and where additional resources are required iii) How increased capability can be disseminated across the 	April 2012	Already completed – March 2012

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		iv) organisation. How to improve lesson learning and communication		
		6. Implementation of the Treasury sponsored 'Managing the Risk of Financial Loss' programme, commencing with eight key areas: Multilateral payments; Bilateral Aid; grants to Civil Society Organisations; Humanitarian/Emergency aid; Loans; procurement Payroll and Travel and subsistence and overseas programmes.	March 2012	Already completed – September 2012
Recommendation 3 : DFID should develop more articulated processes for managing the corruption risks associated with particular aid types and invest more resource in due diligence and on- the-ground monitoring of delivery partners	Accept	7. Due diligence products will be developed to explicitly cover engagement at the country level with multilateral and other partners. This will complement the work already undertaken on Fiduciary Risk assessments (which cover Financial Aid) and on UK based Civil Society.	December 2012	Complete The Due Diligence Framework was published on 21 st December 2013 and 2 Risk and Due Diligence Mangers (who will advise and assist Country Offices and Spending Department on assessments) have taken up post.

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		8. This extended suite of due diligence products will enable DFID to assess the financial competence and the accounting and reporting capabilities of different organisations in advance of funding commitments.	December 2012	Complete – see above
Recommendation 4 : While continuing to invest in the legal and institutional framework for fighting corruption, DFID should focus on supporting more robust law enforcement activity to build transparency and accountability. This should include innovative forms of beneficiary monitoring and community mobilisation.	Accept	9. The anti-corruption strategies will explicitly consider additional actions covering both law enforcement and beneficiary monitoring and community mobilisation.	July 2012	Already completed – March 2012
		10. DFID will work more systematically across Whitehall to ensure that country programmes can access key technical resources from across Government. The feasibility of building on existing cross Government arrangements is being explored. This will systematise and deepen existing working relationships with relevant UK agencies, such as the National Audit Office, Serious Organised Crime Agency, Serious Fraud Office, Crown	April 2012 The target date has been revised to end May 2013.	Off track DFID is discussing the inclusion of anti-corruption support through the iFUSE initiative (which enables systematic access to Whitehall expertise in some limited areas). The iFUSE initiative agreed in 2012 to consider extending to anti-corruption theme in early 2013. As part of this, the

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		<p>Prosecution Service, and the Metropolitan Police & City of London Police. This will enable country programmes and partner countries to access relevant technical skills where appropriate.</p>		<p>Crown Prosecution Service has agreed to take part and other Government Departments and agencies are currently considering. We will have a final decision on participation of others by end May 2013.</p> <p>Existing framework agreements with the Metropolitan Police, City of London Police and Crown Prosecution Service (CPS) to tackle international corruption affecting partner countries have been approved for extension to 2016. The Agreement with the City of London Police is completed.</p> <p>The extension Agreements with the Metropolitan Police, CPS and a new Agreement with the Serious Organised Crime Agency are also due for completion in March 2013.</p>

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		11. Using established information platforms (new Empowerment and Accountability resource network and the existing anti-corruption resource centre), we will garner and consolidate best practice on community level beneficiary monitoring, including undertaking new research and evidence gathering, and making this available to country offices.	April 2012	Already completed – March 2012
Recommendation 5 : DFID should invest more in intelligence collation and analysis of corruption risks in particular sectors and countries, to inform a more strategic approach to fighting corruption.	Accept	12. Pilot Strategic Intelligence Threat Assessments: at country level to inform our programmes of major threats. This will contribute to our country level corruption assessments. Our learning from this pilot will inform how useful this approach is; resources needed; and how to institutionalise the process with our partners.	May 2012	Already completed – September 2012
		13. Pilot a name verification system: to assess whether our partners have recorded links with organised crime or have outstanding fraud related issues at country programme level through	June 2012	Already completed – September 2012

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		using 'Know Your Partner' approaches.		
		14. Development of Information Sharing Agreements with international development partners and key UK organisations (e.g. Charities Commission) to share counter fraud related case material and intelligence on sectors/targets.	February 2012	Already completed – September 2012
		15. Creating intelligence/ learning from our fraud cases/control failures to inform our risk control systems: we are currently undertaking a lesson learning process exercise on all our closed cases covering the last three years and introducing a new information management system for case management and intelligence appraisal/analysis.	May 2012	Already completed – September 2012