



## **Suspicion of irregularities in relation to Danish Red Cross' activities in Iraq**

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TILSKUD

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The Ministry of Foreign Affairs of Denmark provides a grant under the Strategic Partnership Agreement (SPA) 2022-2026 to Danish Red Cross (DRC) of DKK 154 million. DRC cooperates with local implementing partner, Iraqi Red Crescent Society (IRCS), with the aim of integrating multisector intervention, building resilience, and promoting cohesion in Iraq. DKK 5,818,447 has been disbursed to IRCS in the period 2022-2023.

The irregularity was first detected in the beginning of 2024 during the preparation and consolidation of the SPA 2022 and 2023 financial reports. During this process, several supporting documents relating to the 2022 and 2023 financial years, could not be located due to limited staffing in IRCS. These gaps were subsequently flagged to the external auditors, who confirmed the absence of documentation through the delayed local audit exercises for 2022 and 2023, which were conducted in 2024. The amount under suspicion is DKK 25,591.

In April 2025, DRC HQ International Controller & Advisor (ICA) travelled to Iraq for a finance monitoring mission and identified that the IRCS controls were inadequate during 2022–2023, due to their reliance on manual archiving methods, unstructured document movement, delayed accountability of staff advances, lack of timely monthly bank reconciliations, and excessive use of cash for project activities. Significant improvements were introduced in 2025, including new internal controls, penalties for delayed staff advances, and a move towards mobile-money payments. IRCS have been conducting an internal follow-up in coordination with DRC consisting of document tracing, branch-level verification, and cross-checking against bank statements, reports, and cash advance registers. This led to the successful recovery of most of the documentation. IRCS and DRC are awaiting the upcoming audited financial report to confirm the recovery of the documentation.

A new report will be forwarded when there are further developments in the case.