

Charity Delays Tsunami Work as Audit Finds Irregularities

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Oxfam International, the relief organization, said yesterday that it had temporarily suspended its operations in a district at the northwestern tip of Sumatra, in the Indonesian archipelago — the region hardest hit by the tsunami in December 2004 — after a routine internal audit uncovered financial irregularities there.

The group said it had started an investigation to try to learn exactly what happened in the district, Aceh Besar, and promised to do everything it could to recover any money determined to be missing. A spokeswoman for the group said it estimated losses in the tens of thousands of dollars out of a 2005 budget of about \$48 million.

"Because Oxfam strongly believes in transparency and accountability, we decided not to wait until completing our investigation before making the matter public," the group said yesterday in a statement. It said it was continuing critical relief work in the area, such as distributing potable water and removing rubbish, but had frozen the work of rebuilding houses and restoring the livelihoods of tsunami victims. "We expect to have restarted our work within a few weeks at most," Oxfam said.

It is rare for any nonprofit group to make such problems public, much less before exhausting internal queries, but more organizations are striving to demonstrate their attention to good stewardship because donors have placed a premium on knowing how their contributions are spent and regulators have begun to intensify oversight.

"Give Oxfam credit for discovering the problem through their own procedures and then reporting it publicly as one of the steps toward rectification," said Rick Cohen, executive director of the National Committee for Responsive Philanthropy, a research and watchdog group. "That's not the usual process among nonprofits."

Oxfam's field office in Aceh Besar was one of six in Aceh Province. The other five continue to operate and appear to be free of the problems found in Aceh Besar, Oxfam said.

At the end of 2005, Oxfam had received \$278 million for tsunami victims, and it plans to spend \$97 million over the next three years in [Indonesia](#). Its year-end report estimated that it had served 1.8 million people in the region hit by the tsunami, more than 300,000 in Indonesia.

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