Report on the Activities of the Office of the Inspector General
for the Period from January 1 to December 31, 2013

This report is presented in compliance with Article 121 of the
General Standards to Govern the Operations of the General Secretariat
Prepared by the General Secretariat of the Organization of American States (GS/OAS)

Office of the Inspector General

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I.   Summary

The activities of the Office of the Inspector General are conducted in accordance to Chapter IX - Advisory Services, Auditing, and Fiscal Control- of the General Standards to govern the operations of the General Secretariat, and Executive Order No. 95-05. These dispositions establish the function of internal audit that assists the Secretary General and the Governing Bodies in monitoring the proper fulfillment of the responsibilities of various levels of management with respect to the programs and resources of the General Secretariat. The objective of the Office of the Inspector General is to ensure the systematic revision of the operational procedures and financial transactions at Headquarters, as well as in the offices of Member States.

This report is submitted in conformity with Article 121 of the General Standards to Govern the Operations of the General Secretariat of the Organization of American States (General Standards). It covers the activities of the Office of the Inspector General (OIG) from January 1 to December 31, 2013.

During 2013, the OIG focused on establishing consistent policies and procedures. These documents included the implementation of a quality assurance improvement program, an annual plan based on a risk-based risk assessment, and the update of the Audit Procedural Manual, Management Control Policy and mechanism for following up on outstanding recommendations. The OIG has taken large strides towards standardizing the OIG internal business processes, which include the implementation of an audit management software. These efforts have established a firm foundation to ensure productivity and efficiency for the upcoming years.

In order to address the open recommendations from the Board of External Auditors (BEA), the Inspector General presented an action plan timeline for improved operations and was in the process of implementing it during the meeting with the BEA in April 2013. In addition, the OIG drafted the previously mentioned internal audit procedures. In the context of the recommended organizational review of OIG operations, the Inspector General requested that the Department of Human Resources (DHR) conduct a review and validation of job descriptions, including an analysis of the completeness and accuracy of the job descriptions for all OIG personnel. The Inspector General further requested that the DHR assist in the creation of a new job description for the P-03 position of an Investigator. Currently, all job descriptions within the OIG are based on best practices in the UN common system vis-à-vis organizational design and position management. These documents were considered during an External Quality Assessment. The External Quality Assessment report will be submitted to the Permanent Council and the BEA, along with an appropriate plan from the Inspector General on how to address its recommendations.

During the reporting period, the OIG issued six internal audit reports and one assessment. The reports included thirty-nine recommendations to improve internal controls, accountability mechanisms, and organizational efficiency and effectiveness. During this period, operational audits conducted in Headquarters were focused on reviewing the: Cash Management Services, Information and Security, Vendor Master File and Indirect Cost Recovery, GS/OAS Office in Honduras, GS/OAS Office in Uruguay, Inter-American Children's Institute (IIN), compliance of Economy Class Travel, and Audio Recordings at the 43rd General Assembly. In 2013, the OIG re-started the follow-up mechanism for determining the status of the recommendations.

Engagements conducted during the reporting period reflect the need for the General Secretariat to strengthen and formalize:

- An accountability framework, including a formal internal control framework, to ensure that risks are managed consistently and systematically through focused processes across the General Secretariat; and
- The current practices related to Local Professional Personnel and Temporary Support Personnel.

In addition, the OIG started a tracking mechanism of the investigative activities. In 2013, the OIG received fourteen matters for investigation. Of these, the OIG closed six of the matters without an investigation, finding that the allegations were either outside its mandate or unsubstantiated. The OIG opened five of the allegations into investigations and, upon completing investigative activities, issued four investigation reports. These reports included five recommendations. The three remaining matters are still under review.

Lastly, in 2013, the OIG started its quarterly reporting to the Permanent Council (PC) and the Committee on Administrative and Budgetary Affairs (CAAP). In addition, the OIG also presented to the PC a Risk Assessment Methodology, and, before the end of the year, proposed a two-year plan of audit activities based on risks.

II. Mandate

The Article 117 of the General Standards states that: *"The Office of the Inspector General shall be the dependency responsible for exercising the functions of financial, administrative, and operational auditing, for the purpose of determining the level to which the General Secretariat achieves the objectives of diverse programs and the efficiency and economy with which resources are used, as well as issuing recommendations to improve management of the General Secretariat. To achieve the aforementioned purpose, the Inspector General shall establish appropriate internal auditing procedures that reflect international best practices, to verify compliance with the standards and regulations in force, through critical, systematic, and impartial examination of official transactions and operational procedures related to the resources administered by the General Secretariat. To that end, the Secretary General shall issue an Executive Order regulating such activities."*

The International Professional Practices Framework, promulgated by the Institute of Internal Auditors, defines internal auditing as *"an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."*

Executive Order 95-05 issued by the Secretary General on May 8, 1995 established the OIG as the dependency responsible for applying internal auditing procedures and performing related functions, and also provided the declaration of responsibility, purpose and authority with respect to internal audits, investigations and the composition of the OIG. The purpose of the OIG is to advise and assist the Secretary General and through him the Secretaries, Directors' and other General Secretariat supervisory staff in the proper discharge of their responsibilities by providing them with appropriate analyses, evaluations, investigations, recommendations and comments on the activities reviewed. The OIG is responsible for performing a systematic review of internal management and accounting controls, for assisting in the strengthening of internal controls and for improving the efficiency of all GS/OAS secretariats, departments, programs, divisions, offices, units, activities and projects, both at Headquarters and in the Member States.

In accordance with the General Standards, audits are conducted with special emphasis on the proposals of the BEA, particularly regarding the need to concentrate on areas of high risk. Recommendations are provided for promoting economy, efficiency and effectiveness in the operations of the General Secretariat and to assist all levels of management in the prevention or detection of fraud and abuse.

Executive Order 05-08, Corr. 1 issued on April 14, 2005 outlines the General Secretariat's policy for encouraging the reporting of financial and administrative misconduct. This policy provides protection for whistleblowers, informants and witnesses from retaliation in the reporting of financial and administrative misconduct and is essential in the fight against fraud. The use of the OIG confidential hotline is effective in providing an additional mechanism for reporting allegations of misconduct involving the human resources of the GS/OAS and allegations of fraudulent, corrupt, coercive and collusive practice against GS/OAS, whether committed by staff members or other persons, parties or entities, deemed to be detrimental to the Organization.

III.   Overall Efforts to Strength the Functions of the Office of the Inspector General

In order to meet the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, during 2013, the Inspector General:

- Established policies and procedures to guide the internal audit activity;
- Developed a quality assurance and improvement program that covers all aspects of the internal audit activity;
- Established a risk-based plan to determine the priorities of the internal audit activity for 2014 and subsequent years, consistent with the General Secretariat's goals; and
- Communicated the internal audit activity's plans and resource requirements for 2014.

Through a self-assessment, the OIG noted that its activities were focused within "Compliance Auditing" and the inherited activities were mainly Inspections. To continue evolving, the 2014-2015 plan will be:

- Differentiating internal auditing, investigation and evaluation activities; and
- Defining and establishing a framework for each activity:
    - International Standards for the Professional Practice of Internal Auditing (*Standards* or ISPPIA).
    - Uniform Guidelines for Investigations from the United Nations.
    - To be defined for Evaluations.

During 2015, the OIG will consolidate the professionalization in the following ways:

- The Internal Auditing activities of the OIG should conform with the International Standards for the Professional Practice of Internal Auditing (*Standards* or ISPPIA); and
- The Investigation activities, procedures, manuals, and templates of the OIG should follow the Uniform Guidelines for Investigations of the United Nations.

For the internal auditing activities, the OIG will perform the changes based on the five critical aspects of the balanced scorecard.

III.1. Vision and Strategy

The changes will follow the modifications to the General Standards adopted by the General Assembly AG/RES. 2756 (XLII-O/12).

#	Activity	Done in 2013	2014	2015
VS 1	Develop a new OIG role based on General Standards	X	X	-
VS 2	Develop communications with the Secretary General	X	-	-
VS 3	Develop reporting relationship with PC and CAAP	IP	X	-
VS 4	Propose Management Control Policy	-	X	-
VS 5	Propose the updated OIG Charter (Executive Order No. 95-05)	-	X	-
VS 6	Adapt communications with the BEA	X	-	-
VS 7	Conduct External Quality Assessment	IP	IP	X
VS 8	Introduce balanced scorecard to measure OIG's activities	-	X	-

IP: In-Process.

III.2. Customers

The OIG will perform the changes based on the five critical aspects of the balanced scorecard and will focus on the vision and strategy, as well as through the liaisons, the OIG has designated as subject matter experts within the OIG. As per the Standards, the internal audit activity should add value to the Organization when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

#	Activity	Done in 2013	2014	2015
C 1	Enhance recommendation follow-up procedures	X	-	-
C 2	Prepare the annual plan from a risk-based risk assessment	X	-	-
C 3	Clarify roles and responsibilities of OIG liaisons	-	X	-
C 4	Prepare an analysis of completed vs. planned audits	-	X	-
C 5	Prepare an analysis of cost/productivity	-	X	-
C 6	Emphasis the importance of audit recommendations	-	X	-
C 7	Assess the amount of audit savings	-	-	X
C 8	Determine the level of customer satisfaction - Survey	-	-	X

III.3. Internal Business Processes

This aspect will focus on the OIG's policies, procedures, and practices. The changes will ensure maturing from a "Compliance Auditing" function to "Operational Process Reviews" in a three-year period. In order for the OIG to provide "business risk-based auditing," in a multi-year plan, the OIG should:

- Develop a thorough understanding of the business and the various business risks to determine controls that should be in place;
- Audit for design, operational effectiveness and compliance; and
- Develop a Performance Measurement Tool to report progress and gaps.

#	Activity	Done in 2013	2014	2015
IBP 1	Implement the Quality Assurance and Improvement Program	X	-	-
IBP 2	Enhance recommendation follow-up procedures	X	-	-
IBP 3	Implement the assurance and reporting standardization	-	X	-
IBP 4	Implement the Audit Management System implementation	-	X	-
IBP 5	Update OIG manuals – Second version	-	X	-

IBP 6	Implement the audit planning and approach standardization
	  * Link the new annual risk assessment to the preliminary audit risk assessment
	  * Audit universe at the engagement level
	  * Work paper standardization
		-	X	-

IBP 7	Update OIG manuals - Third version	-	-	X
IBP 8	Develop Performance Measurement Tool	-	-	X

III.4. Financial

As per *Standard 2030 of the ISPPIA*, the Inspector General will propose a level of internal audit resources that is appropriate, sufficient, and effectively deployed to achieve the approved plan and meet the OIG objectives. The OIG will continue using a co-sourcing model of activities. With the current personnel and non-personnel resources, the Inspector General will not be able to issue an "Overall Opinion" of the activities of the GS/OAS until 2016.

#	Activity	Done in 2013	2014	2015
F 1	Develop a program budget to actual analysis methodology	-	X	-
F 2	Perform a semi-annual program budget/use of funds analysis	-	X	-

III.5. Learning and Growth

In 2014 and 2015, the OIG will focus its learning activities on the *Standards* and the implemented Audit Management System (AMS).

#	Activity	Done in 2013	2014	2015
LG 1	Perform OIG organization structure analysis	X	-	-
LG 2	Perform human resources qualification analysis	X	-	-
LG 3	Assess percentage of staff certified analysis	-	X	-
LG 4	Develop training plan	-	X	-

III.6. Risks Associated with this Initiative

The risks associated with this Initiative are as follows:

- No clear Vision and Strategy for the GS/OAS for the OIG to align its work. Therefore, the OIG annual risk-based plan may not be aligned with the GS/OAS mandates/priorities;
- Lack of OIG internal policies, procedures, and practices may not align OIG practices with OIG objectives or best practices;
- Insufficient resources for OIG to deliver its approved Plan;

- GS/OAS business processes are not fully defined, automated nor integrated, therefore there is no baseline with which to perform audits; and
- Changes in Key Personnel (GS/OAS Management) may require the OIG to adapt or modify its annual plan.

IV. Audit Activities

During the period of this report, the OIG issued six reports from which thirty-nine recommendations were issued. These recommendations resulted in increased accountability and higher adherence with GS/OAS rules and regulations, facilitated the identification of operational processes that needed improvement of internal controls, and promoted organizational efficiency and effectiveness. In addition, the OIG communicated directly with supervisors and provided appropriate recommendations regarding operational processes and issues towards the achievement of improved management controls.

Additionally, as of the date of this report, the OIG still has five outstanding audits, which are in various stages of completion.

Audit SG/OIG/AUD-13/01 – DFAMS – Cash Management Services Audit

The firm CliftonLarsonAllen LLP completed the internal audit engagement of Cash Management processes for the Department of Financial and Administrative Services of the Organization of American States (DFAMS). The procedures were agreed upon by the OIG, and were solely intended to assist the Organization with respect to its responsibilities. The objective of this audit was to review the activities related to Cash Management/Receivable, Cash Disbursement, and Bank Reconciliation units within the DFAMS. The procedures performed covered the audit period December 1, 2011 to January 31, 2013.

Overall, the OIG found that there was a suitably designed system of internal control and that the design of internal controls procedures in Cash Management/Receivable, Cash Disbursement, and Bank Reconciliation areas were functioning as intended by Management. However, the OIG identified areas that need improvement and 15 recommendations were issued in this report. The OIG conclusions supported the following 15 recommendations: (1) Establish new "unclaimed funds" policies and procedures; (2) Improve the revenue recognition process; (3) Implement an effective communication process between technical areas, the GL/Grants reporting area, and Cash Management Department with regards to grants receivable; (4) Management should consider processing FEMCIDI pledges/receivables in the same way as the Regular Fund quotas; (5) Redefine the entire cash receipts process and consider implementing proper controls for the collection of checks; (6) Review and update the investment policy on an annual basis; (7) An active independent Investment Committee should oversee the DFAMS short-term and long-term investment programs on an ongoing basis; (8) Standardize the approval and disbursement processes for the National Office; (9) Use an identification number other than the check number when inputting invoices from the National Offices; (10) Use a checklist based on the disbursement policy to verify and document that all steps in the payment process have been completed; (11) Periodically review check signing exception authorizations for National Office disbursements; (12) Complete and review reconciliations within the established time stated in GS/OAS policy; (13) Periodically review and update policies and procedures, and applicable forms, to reflect the current operating processes, and include revision dates to ensure a strong version control; (14) Periodically perform a review of the GS/OAS internet and intranet to ensure sensitive and confidential information are adequately protected from unauthorized users; and (15) Formalize and fully implement the AMS function into every department at GS/OAS.

Audit SG/OIG/AUD-13/02 – Department of Information and Technology Services (DOITS) – Information Security Review

The main objective of this audit is to evaluate for effectiveness and efficiency of the operational procedures. Specifically, the work includes conducting a remote penetration analysis against pre-defined systems and hosts from various different Internet sources in order to test the GS/OAS threat analysis system with minimal prior knowledge of the GS/OAS' internal IT environment, simulating the process followed by an intruder to gain unauthorized access with the purpose of identifying, confirming, and evaluating existing security vulnerabilities. This audit is currently in the final stages of the field work.

Audit SG/OIG/AUD-13/03 – DP – Vendor Master File Audit

The main objectives of this audit of the GS/OAS vendor master file ("vendor registry") was to evaluate whether internal controls over the process of creating new vendors, updating existing vendor records and maintaining the vendor registry were adequate during the period under review. The audit covered the period from October 1, 2010 to October 31, 2013. The scope of this audit did not include a detailed review of Information Technology controls relating to the vendor database. In addition, the OIG has not reviewed the process related to the Result Based Contracting Systems (RBCS), the new automated system for processing "Natural" Performance Contracts (CPRs).

Based on the results of the work, the OIG noted a lack of adequate internal controls over the stated objectives of the audit during the period under review. Specifically, the OIG noted deficiencies in the design and operating effectiveness of certain key controls related to the process of creating, updating and maintaining the vendor master file. As a consequence of its findings, the OIG issued the following six recommendations: (1) Finalize the updates to the vendor management process including the new vendor template and the alert systems developed by the DOITS and continue to formalize the existing policies and procedures to improve internal controls over the process of creating, updating and maintaining vendor records; (2) Consider performing a complete review of the vendor registry aimed towards reducing its proportion to a level commensurate with the size and procurement needs of the Organization, including archiving unnecessary vendor records; (3) Implement policies to ensure additional screening of vendors, especially for large purchases and contracts, to mitigate the risks of vendors being on a "black list" or having a track record of questionable transactions and to assist in the creation of a list of vested registered vendors; (4) Ensure that all vendor types/categories are properly defined and reflect the nature of the transactions posted to that category; (5) Establish policies and procedures to restrict or limit the number of sites a vendor is allowed to have in the vendor registry and ensure that vendor master records are not created for limited-use vendors (e. g., one-time vendors); and (6) Ensure that vendor records are accurately maintained in the vendor master file and that the number of records in the "Employee" category are in agreement with the DHR records.

Audit SG/OIG/AUD-13/04 – DHR – ICR Audit

This audit is currently in progress.

Audit SG/OIG/AUD-13/05 – GS/OAS Office in Barbados

Due to resource restrictions, this audit could not be performed in 2013 and has been included in the 2014 work plan.

Audit SG/OIG/AUD-13/06 – GS/OAS Office in Honduras

The objectives of this audit were to review the internal controls over the disbursement process in local currency in the Country and Project Offices, based on walkthroughs of the process at the GS/OAS Office in Honduras and at Headquarters, and to verify whether the process is properly designed and working effectively. The period covered in the review was from January 1, 2012 to March 31, 2013. Based on the results of the audit, the OIG determined that areas need improvement and the following two recommendations were issued in this report: (1) Develop a clear hiring policy to ensure the consistency of all hiring mechanisms employed in the Country and Project Offices in the Member States; and (2) Undertake an analysis to study the feasibility of consolidating the Country and Project Offices in Member States Countries. The OIG's observations also supported recommendations No.s 1, 2 and 3 of the internal audit report of the GS/OAS Office in Uruguay (SG/OIG/AUD-13/07) noted below.

Audit SG/OIG/AUD-13/07 – GS/OAS Office in Uruguay

The objective of this audit was to review that the GS/OAS Office in Uruguay was executing their responsibilities in accordance with the General Standards, GS/OAS policies and procedures including the Staff Rules, the Executive Orders, the Administrative Memorandum, the Budgetary and Financial Rules, the Field Financial Manual and the Project Agreements. Furthermore, the audit reviewed the internal controls over the disbursement process in local currency in the Country and Project Offices, based on walkthroughs of the process at the GS/OAS Office in Uruguay and at Headquarters, and verified whether the process is properly designed and working effectively. The period covered in the review was from January 1, 2012 to August 31, 2013.

Based on the results of the audit, the OIG determined that areas need improvement and the following eight recommendations were issued: (1) Analyze the logistics of including Local Professionals and Temporary Support Personnel under the administration of personnel by the DHR; (2) Analyze the amount of Local Professionals and Temporary Support Personnel hired in each country; (3) Review, properly file and control the contracts for Local Professionals and Temporary Support Personnel; (4) The systems of the Organization should accurately reflect all special statuses of certain personnel; (5) The GS/OAS Office should request detailed invoices for the maintenance expenses of the building and analyze the procedures for future payments; (6) Undertake an analysis of fixed assets and files maintained at the GS/OAS Office; (7) Strengthen controls over the issuance of purchase orders; and (8) Undertake an analysis of the viability of consolidating the administrative functions of the operations of the GS/OAS Office.

Audit SG/OIG/AUD-13/08 – Inter-American Children's Institute (IIN)

The objectives of this audit were to review that: (1) the IIN is executing their responsibilities in accordance with their mandate, the General Standards, GS/OAS policies and procedures including the Staff Rules, the Executive Orders, the Administrative Memorandum, the Budgetary and Financial Rules, the Field Financial Manual; and (2) the internal controls over the disbursement process in local currency and USD for the operational activities and projects executed by the IIN are properly designed and working effectively. This audit is currently in the reporting phase.

Audit SG/OIG/AUD-13/09 – Department of General Services (DGS) – Building Management and Maintenance Section

Due to resource restrictions, this audit is currently ongoing and will be completed in 2014.

Audit SG/OIG/AUD-13/10 – Department of Procurement (DP) – Monitoring of Compliance of Economy Class Travel

The objective of this audit was to review the General Secretariat's internal controls in place to verify the compliance with the mandates established by the General Assembly which requires that all tickets paid by the Regular Fund, FEMCIDI, Specific Funds, and the Trust Funds administered by the General Secretariat be purchased in economy class, except for travel by the Secretary General, the Assistant Secretary General, and the Chair of the PC. During the process of identifying the related key controls, we performed a walkthrough of the processes used by the DP to control the compliance with the non-business travel by the GS/OAS staff. The audit field work and testing covered the period of January 1, 2013 and August 31, 2013.

Based on the results of the OIG's work, the internal controls over the stated objectives of Compliance of Economy Class Travel audit need improvement and three recommendations were issued in this report. OIG's findings supported the following recommendations: (1) Formalize the process established to purchase tickets outside Headquarters; (2) Define and confirm a standard business process for handling exceptions and create an exceptions reports for internal purposes; and (3) Establish a process to be able to report the total tickets paid for by the Regular Fund, FEMCIDI, Specific Funds, and Trust Funds.

Audit SG/OIG/AUD-13/11 – Audio Recordings at the 43rd General Assembly

This audit was requested by the Secretary General. The objective of this audit was to determine whether the General Secretariat's internal controls, related to the audio recordings of the meetings, were in place and working effectively to ensure that adequate secretariat services were provided and that duties and assignments were carried out during the 43rd General Assembly of the Organization of American States. During the process of identifying the related key controls, the OIG performed a walkthrough of the processes used by the Department of Conferences and Meetings Management (DCMM) technical staff to record meetings at Headquarters.

Based on the results of the work performed, internal controls assigned to the DCMM were not in place or operating effectively to ensure that adequate secretariat services were provided and the duties and assignments were carried out during the 43rd General Assembly. The lack of control procedures contributed to the incomplete and missing recordings. As a consequence of its observations, the OIG issued the following five recommendations in this report: (1) The preparatory commission should consider defining whether the digital recordings of the sessions will be made available to the Member States; (2) Undertake an improvement in the existing process by way of designing and implementing procedures; (3) Provide GS/OAS technical staff appropriate instructions to perform adequate testing of all electronic equipment before each meeting at the General Assembly; (4) Propose the inclusion of a clause in the Agreement with the Host Country Government that clearly specifies that the GS/OAS is requesting audio recordings from the service provider and that such recordings should be provided at the end of each session; and (5) Implement control mechanisms to oversee the duties and assignments of GS/OAS staff providing the logistical services for the General Assembly to ensure timely resolution of issues that may arise during the events.

Audit SG/OIG/ASM-13/01 – 2013 Online Assessment

As part of the work plan for 2013, the OIG performed an online assessment of Country Offices in the Member States. The assessment included fifty-five questions for the GS/OAS Representative and fifty-six questions for the Administrative Technician with the purpose of obtaining general information of the daily operations of the Offices and establish the level of knowledge of the GS/OAS Representatives and Administrative Technicians regarding the principle objectives of the Country Offices, serving as a risk

assessment tool and providing preliminary information for future internal audits. The input from the Country Offices also served as a deterrent in cases where non-compliance with the rules/directives was detected.

It is important to emphasize that this was a self-assessment where most of the Country Offices assured the OIG that they were complying with GS/OAS rules and directives. This information will be considered during the Annual Risk Assessment and for future audits and no recommendations were issued.

V.   Status of Recommendations and Management's Response

During 2013, the OIG established new procedures to follow-up on recommendations so that the responses from the areas are consistent, the OIG can properly verify their status and the information can be accurately updated.

Area	As of 1/1/2013	Merged	Closed	Issued in 2013	As of 12/31/2013
Department of Procurement	25	(3)	(16)	9	15
Coordinating Office for the National Offices	22	-	(18)	-	4
Department of Human Resources	17	-	(2)	2	17
Department of Financial and Administrative Management Services	13	(1)	(8)	13	17
Secretariat for Administration and Finance	8	-	(1)	10	17
Mission to Support the Peace Process in Colombia	5	-	(3)	-	2
Department of General Services	4	-	(3)	1	2
Department of Human Development, Education and Culture	3	-	-	-	3
Secretariat for Multidimensional Security	3	-	(3)	-	0
Other areas with one or two recommendations	13	-	(8)	9	14
Total	**113**	**(4)**	**(62)**	**44**	**91**

(*) Corresponds to a total of six recommendations merged into two recommendations in the Department of Procurement

VI.   Investigation Activities

As noted above, in 2013, the OIG requested the DHR assist in the creation of a new job description for the P-03 position of an Investigator and held a competitive selection process to contract an Investigator with experience conducting investigations and drafting investigation policies in the United Nations system. With the addition of this Investigator to the OIG, in 2014, the OIG expects to formalize its investigations procedures in compliance with internationally accepted Guidelines for Investigations. In order to develop the accountability framework of the Organization, the OIG further expects to align the OIG's investigative functions, as defined in the GS/OAS rules, orders and directives, with those practiced by the investigative offices of international organizations and multilateral financial institutions.

In 2013, the OIG received fourteen matters for investigation. Of these, the OIG closed six of the matters without an investigation finding that the allegations were outside its mandate. Specifically, the OIG received four matters via letter or the confidential hotline, which upon review were determined to be related to matters outside the GS/OAS. When possible, the OIG responded to the complainant informing them of the OIG's mandate and referring them to the correct external entity. The OIG also received two matters, which were determined to be related to matters outside the OIG's mandate. The OIG referred both complainants to the relevant departments within the GS/OAS.

The OIG opened eight of the matters into investigations, of which three are still ongoing. For the remaining five, the OIG, in collaboration with the Department of Legal Services (DLS), issued four investigation reports, which included five recommendations. These recommendations were aimed to strengthen the internal controls, improve the procurement process and project management, and enforce compliance with current rules and regulations within the juridical framework of the Organization. In addition, the OIG communicated directly with supervisors and provided appropriate recommendations regarding operational processes and issues towards the achievement of improved management controls.

Investigation SG/OIG/INV-13/02

In January 2013, the DHR received an allegation of fraud against a GS/OAS personnel and forwarded this information to OIG. While the allegation fell into the OIG's investigative mandate, the Secretary General, in accordance with Executive Order No. 05-8 Corr. 1, assigned the investigation to the DLS. OIG closed the matter and did not issue any report.

Investigation SG/OIG/INV-13/01

In February 2013, an anonymous email that originated from a public address was sent to emails within the GS/OAS in violation of Administrative Memorandum No. 120 and the OIG opened an investigation. The investigation was conducted in collaboration with the DLS and the DOITS. While the investigation was unable to conclude who the wrongdoer had been, during the course of the investigation, the OIG noted non-compliance with the Executive Order 05-04 Corr. No. 1 and three recommendations were issued.

Investigation SG/OIG/INV-13/03

In March 2013, the OIG received a memorandum alleging a possible violation of the GS/OAS Procurement Contract Rules. As a result of this memorandum, the OIG opened an investigation into the procurement process at issue. This investigation was conducted in collaboration with the DLS. In the course of the investigation the complainant retracted the allegation and, based on this and other investigative findings, the OIG concluded that there was insufficient information indicating any violations of the rules had occurred. The OIG issued a report to ensure accountability of the process, including the decision to close the investigation, but no recommendations were issued as a result of this investigation.

Investigation SG/OIG/INV-13/04

In April 2013, the OIG received a communication indicating that members of the GS/OAS personnel were receiving a pecuniary benefit every time a third party was given business with the GS/OAS. The OIG opened an investigation and, as a result of investigative activities, found the allegations substantiated and recommended that the Ethics Committee examine any possible violations of policies on ethical conduct and/or conflicts of interest with respect to this investigation. As a result of this investigation, two recommendations were issued and the DP issued an internal bulletin SAF/11-13 reminding staff of the Organization's procurement policies and that the GS/OAS Code of Ethics prohibits staff members from accepting any gratuity or favor from any commercial firm or individual doing or seeking to do business with the GS/OAS or any government.

Investigation SG/OIG/INV-13/11

In December 2013, the OIG received an allegation via the confidential hotline indicating a possible failure on the part of the GS/OAS to inform the U.S. Department of State of a visa holder's separation from the Organization. The allegation claimed that GS/OAS' negligence in informing had allowed the ex-OAS personnel to overstay his visa in violation of national immigration laws. As a result of the investigation, the

OIG concluded that the GS/OAS had informed the U.S. State Department in a timely manner and the allegation was unsubstantiated. The OIG issued a report to ensure accountability of the process, including the decision to close the investigation, but no recommendations were issued as a result of this investigation.

VII.   OIG Participation at Meetings

In 2013, the OIG participated as an observer during meetings of the PC and the CAAP, as well as an observer in various committee meetings and working groups of the General Secretariat that may impact internal controls, which include the Selective Bid and Contract Awards Committee and the Information Technology Governance Committee. The OIG greatly appreciates the collaborated effort of representatives from the DLS in addressing matters that, in the opinion of the Inspector General, pose the significant risk to the Organization. The OIG encourages department managers to consult with the Inspector General regarding operational matters that may present a potential risk to the Organization, the implementation of recommendations, or other operational issues related to the internal control environment, including proposals for changes in business processes and reviews of draft operational procedures. This process would contribute to improving internal communication and a satisfactory internal control environment within the General Secretariat.

VIII.   OIG Staffing

The most critical resource for the OIG is its staff. During 2013 and within the context of the required organizational review of OIG operations, the Inspector General requested the following from DHR:

- Review and validation of job descriptions;
- Analyze the completeness and accuracy of the job descriptions;
- Re-draft job descriptions to ensure all required OIG components are addressed and captured based on best practices in the UN common system vis-à-vis organizational design and position management; and
- Assist in the creation of a new job description for the P-03 position of an Investigator.

From this process, all the job descriptions for the OIG staff have been updated accordingly (see Annex I).

The human resources available for the auditing and investigation activities of the OIG are provided in the Regular Fund. At the end of 2013, OIG staff positions provided by the Regular Fund consisted of one (D-01) the Inspector General, two P-03 Auditors, two P-02 Auditors and one P-01 Auditor.

Category	As of 01/01/2013	Out	In	As of 01/01/2013
D-01	1	-	-	1
P-05	1	(1)	-	-
P-03	2	(1) [*]	1 [*]	2 [**]
P-02	2	(2)	2 [***]	2
P-01	1	-	-	1
Total	**7**	**(4)**	**3**	**6**

[*]   DOITS Temporary Assignment
[**]   ST-EO/101/13 – One Investigator level P-03 published September 27, 2013
[***]   Two Auditors level P-02 positions joined the OIG in September 2013

IX. Continuing Professional Education and Professional Development

In addition to its key role in enhancing skills and knowledge, continuing training empowers the OIG staff members to develop their careers with the goal of providing internal audit services of the highest quality to the GS/OAS. In 2013, all personnel of the OIG were members of the Institute of Internal Auditors.

To meet the current demands of internal auditing, and the need to focus on risk management and value-based auditing, as well as compliance with regulatory mandates particularly from Member States and donors, the OIG needed an effective training strategy and resources aimed at maximizing staff competencies and knowledge, consistent with the new and emerging trends.

Efforts to provide training to OIG staff members are undertaken to maintain their skill levels, to keep up-to-date with developing trends in the professional practice of internal auditing and ensure that staff members are adequately trained and meet the required minimum annual continuing professional education credits. The OIG is committed to support OIG staff members to become certified and accredited in the auditing field and to develop the necessary skills to maintain their professional competencies.

Internal auditors are required to perform engagements with proficiency and due professional care and this includes having sufficient knowledge to evaluate the risk of fraud. During 2013, and considering the high rotation, the OIG focused its efforts on strengthening the functions of the OIG. During 2014, the OIG will focus its learning activities on the *Standards* and the implemented Audit Management System. In addition, a training plan will be developed for the coming years.

X. Independence

The latest modifications of the General Standards adopted at the second plenary session of the General Assembly through AG/RES. 2754 (XLII-O/12) on June 4, 2012 focused on strengthening the autonomy of the Inspector General and his relationship with the PC.

Article 119 of the General Standards states the following: *"The Inspector General is responsible for carrying out the audit and investigation functions mentioned above. To that end, he shall enjoy the independence needed to initiate, perform, and report to the Permanent Council and to the Secretary General on the audits, investigations, and inspections required to ensure the correct use and administration of the Organization's resources and to safeguard its assets. The Inspector General shall also enjoy the necessary independence to report to the Permanent Council on the overall efficacy of the functions of the Office of the Inspector General and on the overall qualifications and performance of the staff and independent contractors providing services in the Office of the Inspector General."*

Standard 1110 of the ISPPIA, related to Organizational Independence, states that the Inspector General must confirm to the governing bodies, at least annually, the organizational independence of the internal audit activity.

The OIG operates as an independent unit of the GS/OAS under the Compliance Oversight Management Bodies. The OIG internal audit and investigation activities fall under the responsibility of the Inspector General, who reports to the Secretary General, the PC, and the BEA, in accordance with the juridical system of the Organization.

XI.   OIG Areas of Interest

Although the General Secretariat continues its efforts to strengthen the internal control environment, and significant improvements and efficiencies in their operations have taken place, GS/OAS challenges that cause concern to the Inspector General relate to:

- Enterprise risk management and the need to perform a comprehensive assessment of Organization's current approach to risk management;
- The transition from the current Budgetary and Financial Rules to IPSAS and the need to implement an outreach effort with both internal and external users of the financial statements;
- Results-based budget initiative; and
- OAS business processes, which are not fully defined, automated, or integrated, and should be focused on Human Resources and Budget Execution.

XII.   Work Plan for the Year 2014 and 2015

Pursuant to Article 118 of the General Standards, and in accordance with the approved budget, the Inspector General shall present to the PC, before the end of each year, a plan of activities for the investigation and audit of the programs, services, and activities of the General Secretariat for the next two years and shall update it annually. The PC may request the inclusion of specific investigations or audits, once it reviews the plan.

In addition, AG/RES. 2774 (XLIII-O/13) has requested that the General Secretariat pursue efforts for the purpose of improving the transparency and efficiency of the General Secretariat's operations, and establish appropriate planning, control, and evaluation systems that will enable the Member States to follow-up on budget programming and fiscal supervision.

On December 18, 2013, the Inspector General introduced the Risk Assessment Methodology for the OIG and the OIG Audit Work Plan for the years 2014 and 2015 to the PC (CP/doc.4950/13). These documents were distributed and approved during the January 28, 2014 meeting of the CAAP (CP/CAAP-3279/14).

During the budget process for 2014, the following goals for the OIG were submitted:

Subprogram	Goal	Unit of Measurement	Quantity	Description
143B	1	Audit	8	Audit of operations, processes, and specific areas/departments carried out at the headquarters, and audits of the OSGEMs.
143B	2	Audit	3	Audits and investigations conducted pursuant to the requests of the Member States and the Secretary General, and the recommendations of the Board of External Auditors, and/or complaints on the hotline.
143B	3	-	-	Administrative management of audits, including follow-up on pending recommendations of auditors' reports and other administrative tasks. OIG staff trained and updated in audit issues to complete educational requirements as specified by the Institute of Internal Auditors.
143B	4	-	-	Strategic plan of the OIG: defined Manuals and procedures updated; audit work papers standardized; and Annual Operating Plan prepared.
143B	5	-	-	Participation as observer in meetings of the Member States and of the GS/OAS on internal control matters, including operational procedures.

From the risk assessment process performed, the OIG developed the risk-based audit plan as follows:

OIG Audit Work Plan for 2014		
Audit	**Technical Area/Subject**	**OIG - POA Goal #**
1	Department of Human Resources - CPRs	1
2	Department of Human Resources - Local Personnel	1
3	Department of Planning and Evaluation - Implementation of Results-Based Budget	1
4	Department of Planning and Evaluation - Spanish Fund	1
5	Secretariat for Legal Affairs - Inter-American Judicial Facilitators Program	1
6	GS/OAS Office in Barbados	1
7	GS/OAS Office in Nicaragua	1
8	GS/OAS Office in Panama	1
9	Department of Procurement - Monitoring of Compliance of Economy Class Travel	2

OIG Audit Work Plan for 2015		
Audit	**Technical Area/Subject**	**OIG - POA Goal #**
1	Department of Planning and Evaluation - Technical Cooperation Portfolio Management	1
2	Secretariat for Multidimensional Security - Inter-American Drug Abuse Control Commission (CICAD)	1
3	Secretariat for Multidimensional Security - Inter-American Committee against Terrorism (CICTE)	1
4	Department of Procurement - Procurement Process for Specific Funds	1
5	Department of Procurement - Vendor Master File	1
6	Secretariat for Administration and Finance - Business Continuity Plan	1
7	GS/OAS Office in Trinidad and Tobago	1
8	GS/OAS Office in Venezuela	1