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Uruguay

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Luis Almagro
Secretary General to the
Organization of American States
Washington, DC

OIG-IG-21-06

Excellency:

I have the honor to submit to you the Activity Report of the Office of the Inspector General for the period January 1 to June 30, 2021.

I remit this Activity Report to you, for subsequent forwarding to the Permanent Council, in accordance with the provisions of Article 128 of the General Standards to Govern the Operations of the General Secretariat of the Organization of American States.

Accept, Excellency, the renewed assurances of my highest consideration.

Hugo Eduardo Ascencio
Inspector General

Encl.



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2021

Activity Report of the Office of the Inspector General
for the Period of January 1 to June 30, 2021

This report is presented in compliance with Article 128 of the
General Standards to Govern the Operations of the General Secretariat
Prepared by the General Secretariat of the Organization of American States

Office of the Inspector General

August 12, 2021

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I. Summary

This report is submitted in conformity with Article 128 of the General Standards. It covers the activities of the Office of the Inspector General (OIG) from January 1 to June 30, 2021.

The Inspector General enjoys the functional 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, as well as on the overall efficacy of the functions of the OIG.

During the period from January 1 to June 30, 2021, the OIG staff:

1. Engaged in seven audits of which two were completed.
2. Processed seven investigative matters of which four were completed.
3. Completed its risk-based bi-annual internal audit plan for the General Secretariat of the Organization for the period 2021-2022.
4. Collaborated and led the execution of the following mandates established by the General Assembly:
 - a. A proposal for establishing an Audit Committee (AG/RES. 2957 (L-O/20), section (IV) (30) (c)).
 - b. Annual Report of Workplace Harassment Cases Managed by the Office of the Inspector General and the Office of the Ombudsperson (AG/RES. 2957 (L-O/20), section (IV) (31)).
 - c. Inspections of the personnel transfers, internal and external competitions, and reclassifications included in the program-budget (AG/RES. 2940 (XLIX-O/19), section (IV) (11) (c)).
 - d. Reports to the CAAP on a quarterly basis of the analysis on the status of implementation of recommendations made (AG/RES. 2957 (L-O/20), section (IV) (30) (a)).
5. Collaborated in the development of a proposal to address the General Assembly mandate for establishing a separate and independent budget process for OAS oversight mechanisms including the Office of the Ombudsperson (OMB), the Office of the Inspector General (OIG), and the Administrative Tribunal (TRIBAD) (AG/RES. 2957 (L-O/20), section (IV) (7) (d)).
6. Continued acting as observers at a number of GS/OAS committees, as well as met with and presented reports to the OAS governing bodies.

II. Mandate

Article 123 of the General Standards to Govern the Operations of the General Secretariat (General Standards) - Internal audit: *“The Office of the Inspector General is 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, economy and transparency 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, in accordance with these General Standards, with the Permanent Council duly apprised”.*

Article 125 of the General Standards - Independence of the Inspector General: *“The Inspector General shall enjoy the functional 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, as well as on the overall efficacy of the functions of the Office of the Inspector General and on the qualifications and performance of the staff and independent contractors providing services in said office”.*

Article 128 of the General Standards - Reports of the Inspector General and the General Secretariat's Obligation to act:

a. *“The Inspector General shall present the Secretary General with reports on the audits, investigations, and inspections he conducts, with copies to the Permanent Council and the Board of External Auditors. In submitting his reports, the Inspector General shall recommend such measures as he deems necessary to safeguard their confidentiality.*

e. *“The report of the Inspector General will be made available to the member states at Office of the Inspector General with clearly defined procedures and appropriate protection for sensitive information that could compromise pending legal action, expose sensitive organizational data of designated operators, endanger the safety and security of any entity, unit, or individual, or infringe on the privacy rights of any individual”.*

Executive Order No. 14-03, Procedures for Whistleblowers and Protections against Retaliation, issued on November 21, 2014, outlines the General Secretariat's general policies for encouraging the reporting of financial and administrative misconduct, as well as procedures to accept reports by prospective whistleblowers seeking protection from reprisals for their actions. Specifically, this policy provides the basis for the protection of whistleblowers, informants and witnesses from retaliation in the reporting of financial and administrative misconduct and is essential in the fight against fraud. The OIG Hotline is available to the public as an additional mechanism for reporting allegations of misconduct involving the human resources of the GS/OAS, as well as allegations of fraudulent, corrupt, coercive and collusive practices involving the GS/OAS, whether committed by staff members or other personnel, parties or entities, and deemed to be detrimental to the Organization.

Executive Order No. 15-02, Policy and Conflict Resolution System for Prevention and Elimination of All Forms of Workplace Harassment, adopted on October 15, 2015, emphasizes that the GS/OAS is committed to provide a workplace that is free of all forms of harassment. The OIG is the competent and chosen authority by the General Secretariat to address formal workplace harassment complaints.

III. Internal Audits

In the January 1 - June 30, 2021, period, the OIG's Internal Audit Section addressed seven audits of which two were completed in the period as further detailed in the table below:

Code	Title	Origin	Status as of 06/30/21
AUD-21/01	Inspections of Personnel Transfers, Internal and External Competitions, and Reclassifications Included in the Program-Budget 2020 - 2 nd Semester	General Assembly	Completed
AUD-21/02	Follow Up – Contract Management – Major Contracts of the GS/OAS	Audit Plan	Completed
AUD-19/02	The Inter-American Commission of Human Rights (IACHR) - Audit of Disbursements & Hiring Personnel	Audit Plan	In process
AUD-21/03	Project Monitoring Follow Up	Audit Plan	In process
AUD-21/04	Audit of Common Costs and Other Disbursements	Audit Plan	In process
AUD-21/05	Cash Management – GS/OAS Treasury Fund	Audit Plan	In process
AUD-21/06	Conference Management	Audit Plan	In process
AUD-21/07	Inspections of Personnel Transfers, Internal and External Competitions, and Reclassifications Included in the Program-Budget 2021 - 1 st Semester	General Assembly	Not initiated

The results of the completed audits were as follows:

AUD-21/01 – Inspections of Personnel Transfers, Internal and External Competitions, and Reclassifications Included in the Program-Budget 2020 – 2nd Semester

The General Assembly through Resolution AG/RES. 2940 (XLIX-O /19), section (IV) of the Program Budget of the Organization for 2020 requested the following under the Human Resources section:

“11 c. To instruct the Office of the Inspector General in its Semimanual reports to ascertain that personnel transfers, internal and external competitions, and reclassifications included in this program-budget are done in strict accordance with the applicable standards.”

As per the General Assembly instructions stated above, the OIG performed a review of the related personnel actions for the period from **July 1, 2020, to December 31, 2020**. The Department of Human Resources (DHR) provided the OIG with a list of **38 files/records** that covered personnel transfers, competitions, and reclassifications of posts. Our review, based on representative samples randomly selected by us, noted the following:

1. Special Duty Allowance (SDA) recipients for more than 18 months:

Staff Rule 103.7(e) indicates that: “...the payment of an allowance shall not exceed 18 months”.

As of December 31, 2020, there were four staff members receiving SDA payments. In all those cases the individuals had been receiving the SDA payments for more than 18 months. The aging of months fluctuated between 26 to 101 months.

From those four cases mentioned above there is an exceptional case - with SDA benefits starting in 2012 – that involves a Special Observer Contract (SOC), which is not subject to a competition process as per Staff Rules. Excluding that case, the other three cases for employees receiving SDA for more than 18 months fluctuated between 26 to 60 months.

This is a recurrent matter noted by the OIG on previous reports of inspections of personnel transfers, competitions, and reclassifications (AUD-19-06 and AUD 20-02). A recommendation was issued by the OIG on this regard in the report AUD-19-06 which is being monitored within the OIG's quarterly follow-up of audit recommendations.

2. Staff member working for a different department than the one accounting for related costs for more than 12 months

As per the records provided by the DHR, during the period of review there were three staff members temporary assigned to a different department than the one accounting for the cost, with one of those cases exceeding 12 months as of December 31, 2020.

In accordance with Staff Rule 105.3 the Staff Member should be either return to his/her regular post or be transferred. If the transfer of the employee option were selected, Management should make the considerations in the Program Budget 2022 to ensure that funds are transferred from the sending area to the receiving area, so to ensure the appropriate cost accounting and reporting.

AUD-21/02 – Follow Up – Contract Management – Major Contracts of the GS/OAS

In 2019, the OIG performed the audit of the Contract Management – Major contracts of the General Secretariat of the Organization of American States (GS/OAS) (Audit AUD-18-04), which after an analysis of disbursements, focused on the two vendors with the major spend for the scope period:

- 1) Omega World Travel INC. (OWT) for the contract of Travel Management Services; and
- 2) International Building Services INC. (IBS) for the contracts of Security Guard Services, Janitorial Services and Maintenance, Messenger and other General Services.

The OIG issued 5 recommendations in the Audit AUD-18-04, all related to compliance issues noted in the contracts with IBS. This *follow-up* audit AUD-21-02, focused on the assessment of the effectiveness of the actions implemented by the General Secretariat to mitigate the risks observed in the Audit AUD-18-04. For that assessment, the follow-up audit considered the relevant contract's transactions from July 1, 2019, to June 30, 2020. In our review we noticed, that of the five recommendations previously issued, three were implemented, one was mostly implemented, and one was not implemented as detailed below.

1. Performance of the Security Guard Services Contract by IBS has improved. (Recommendation mostly implemented)

After the audit AUD 18-04, DGS sent communications to IBS following the recommendations of the audit report and implemented some procedures to improve the internal controls. This *follow-up* audit (21-02) confirmed that the performance of the security guard services by IBS company has improved.

2. Personnel working long and extra hours to cover shifts (Recommendation not implemented)

Several instances were noted of security personnel working long and extra hours to cover shifts, even after the letter sent by DGS to IBS to address the issue and before the changes in procedures in security services due to the COVID-19 pandemic in the second fortnight of March 2020. The figures suggest that this pattern will repeat once the operations at the GS/OAS Offices resume to normal if no action is taken in this regard.

IV. Investigations

In the January 1 to June 30, 2021, period, the OIG's Investigation Section (hereinafter OIG/INV) processed seven investigative matters, four of which were completed. Of those received in this period one was a "Special Request" by the Secretary General, (REV-20/08).

Details are reflected in the following table:

Code	Technical Area/Subject	Status as of 06/30/21
INV-20/04	CICTE - Alleged Workplace Harassment	Completed
INV-20/06	Possible Breach of Privacy – Staff's email Redirection to Group Account	Completed
INV-20/07	Alleged Workplace Harassment in the DGS	Completed
REV-20/08	Alleged Assignment of Work to CPRs Without a Valid Contract	Completed
INV-18/11	Alleged Misconduct of OAS Staff Member	In Process
INV-20/01	Alleged Irregularities at the IACHR Executive Secretariat	In Process
INV-18/10	Alleged Irregularities in Program Administration	Not Started

In accordance with the Uniform Guidelines for Investigations, all investigations conducted by the OIG/INV are administrative in nature and are intended to assist the Secretary General in fulfilling his internal oversight responsibilities with respect to the resources and staff of the Organization as well as to assist the OAS Permanent Council, the Board of External Auditors and the CAAP in their fiscal supervision duties (OAS General Standards, Article 114).

If, as an outcome of the investigative work, a staff member is found by a preponderance of the evidence to have engaged in misconduct, OIG/INV includes specific recommendations to the Secretary General for disciplinary measures or employment-related sanctions in accordance with the facts, findings and supporting documentation of each case. Staff Rule 111.1 - Disciplinary Measures, establishes that disciplinary measures shall be imposed by the Secretary General: at the recommendation of the corresponding Office or Department Director, including the Inspector General.

Specific OIG/INV recommendations for staff members are omitted from this report in order to protect the privacy of the respective personnel and confidentiality of any related administrative internal processes.

The results of the completed investigations were as follows:

INV-20/04 – CICTE - Alleged Workplace Harassment

On June 22, 2020, through Memorandum DHR/284/20 entitled "Referral of a possible case of Workplace Harassment – Inter-American Committee Against Terrorism's employee (CICTE/SMS)", the

Department of Human Resources (DHR), requested *ex officio* to the Office of the Inspector General (OIG) to evaluate the opening of an investigation for possible serious or recurrent workplace harassment by a CICTE's employee.

During the formal investigation phase the OIG's Investigations Unit (OIG/INV) took sworn statements from 21 witnesses. Excluding CICTE employee's direct supervisor, of the remaining 20 people interviewed, 16 (80% of the interviewed population) reported having witnessed and/or being direct recipients of at least one of the behaviors typified as improper on the part of CICTE's employee. The investigation established that CICTE's employee incurred in a variable and at times aggressive behavior pattern that violates the provisions of the Policy. However, the testimonial evidence gathered did not establish that any person reported/expressed feeling threatened in their integrity and personal safety by said CICTE's employee. As a mitigating factor the OIG was able to confirm that since May 2020 the employee has taking measures to address the behavioral issues reported.

As a corollary of the above, the OIG recommended to the Secretary General the imposition of a written censure, and to reassess the current position of CICTE's employee within the structure of the Organization, preferably in one that does not involve supervisory responsibility.

INV-20/06 – Possible Breach of Privacy – Staff's email Redirection to Group Account

This investigation arises due to an *ex officio* measure carried out by the Office of the Inspector General (OIG). On September 9, 2020, the OIG sent to a CICTE employee, an official communication through his institutional email account and later learnt that the employee's email account had been redirected to his entire team in apparent contradiction with the GS/OAS Administrative Memorandum 120 - Information Security Policy.

After gauging all information available, and analyzing GS/OAS rules and regulations, in particular the Information Security Policy, the OIG/INV established that the redirection was made without CICTE's employee's consent.

The investigation noted that the redirection of emails of staff members in administrative leave, had been a common practice of the General Secretariat and not a sole event directed against the CICTE employee with malice. Considering that the OIG, after careful consideration, concluded that the better way to address this issue in a holistic way was by sending a written reminder to the DHR and DOITS of their obligations to comply and enforce the Administrative Memorandum 120. Failure to do so in the future should be subject to disciplinary measures for the officers involved.

INV-20/07 – Alleged Workplace Harassment in the DGS

On September 29, 2020, a contractor's employee filed a complaint with the Office of the Inspector General (OIG) against an employee of the GS/OAS Department of General Services (DGS) for abuse of power and workplace harassment. In his complaint the contractor's attendant pointed out the existence of malice and abuse of authority in an incident dated 10/30/2019, which he added had not been isolated.

The OIG/INV undertook several steps to clarify whether the DGS' employee conduct/behavior was in violation of GS/OAS rules and regulations. The OIG/INV established from the sworn interviews and documentary evidence available, that the DGS' employee did not harass the complainant during the incident reported.

Notwithstanding the above, the sworn interviews conducted by the OIG/INV with all individuals involved, evidenced the lack of a collaborative work dynamic between the areas of parking and security within the DGS. In this regard, the OIG recommended several actions to the senior management of DGS and the SAF to address the situation, including the issuance of written notes to the people involved and the review of the organizational structure of the DGS.

REV-20/08 – Alleged Assignment of Work to CPRs Without a Valid Contract

At the request of the Office of the Secretary General on Dec. 16, 2020, the OIG undertook a special review to gauge whether certain retroactive payments to consultants were appropriate and to learn the reasons behind work assignments to consultants without a valid contract, which appeared to contravene standing rules and guidance, namely Memorandum OSG/254-17.

The OIG determined that based on the information analyzed it was proper for the project manager, in this case a consultant, to request the payments. However, the OIG also concluded that the project manager did not comply with the contractual terms in his/her own contract by awarding work without a prior contract to two fellow CPR consultants; this lapse in internal control apparently derived from an inadequate internal management on the part of General Secretariat personnel.

The evidence showed that this was not the first time that the project's consultants worked without a valid contract and allegedly with the knowledge of GS/OAS personnel, as illustrated in an email chain.

Based on the aforementioned and the analyzed information, the OIG made several recommendations, including the following: Lacking the assignment of a consultant or Staff Member, either full-time or in part-time capacity, to act as an administrative support officer, the project manager was to be trained to obtain the proper knowledge of the financial and administrative systems of the GS/OAS and thus be able to adequately manage all facets of the program.

Additionally, due to its breadth, relevance and for the program's continuity within projects financed by donors, it was recommended that an additional after-action review be done to ascertain shared responsibilities, identify lessons learned and areas for improvement that would eventually help reinforce the supervision and the coordination of the same. The OIG deemed that this self-assessment would ensure the continuous enhancement of the internal processes of the GS/OAS.

V. Status of Audit Recommendations

The OIG monitors quarterly with the General Secretariat the status of the outstanding OIG audit recommendations. Subsequently, the results of that monitoring are report to the CAAP.

During the first two quarters of 2021 a total of 18 high/medium priority audit recommendations were monitored, of which two were deemed as fully implemented by the OIG.

VI. OIG Participation at Meetings and Coordination with Other Oversight Bodies

Due to the ongoing COVID-19 pandemic outbreak, the OIG staff participated virtually in some meetings of the CAAP, as well as observers in various committee meetings and working groups of the General Secretariat that may affect internal controls, such as the Contract Awards Committee.

The OIG also remained in communication with the External Auditors of the Organization, as well as with other oversight bodies of the GS/OAS in order to ensure proper coordination, coverage and minimize duplication of efforts.

Hugo Eduardo Ascencio
Inspector General