



OAS | More rights
for more people

September 23, 2022

Antigua and Barbuda

Argentina

The Bahamas

Barbados

Belize

Bolivia

Brazil

Canada

Chile

Colombia

Costa Rica

Cuba

Dominica

Dominican Republic

Ecuador

El Salvador

Grenada

Guatemala

Guyana

Haiti

Honduras

Jamaica

Mexico

Nicaragua

Panama

Paraguay

Peru

Saint Kitts and Nevis

Saint Lucia

Saint Vincent and the Grenadines

Suriname

Trinidad and Tobago

United States of America

Uruguay

Venezuela

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

OIG-IG-22-09

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 July 31, 2022.

I remit this Activity Report to you, for subsequent forwarding to the Permanent Council, in accordance with the provisions of Article 131 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.



OAS | More rights
for more people

2022

Activity Report of the Office of the Inspector General
for the Period of January 1 to July 31, 2022

This report is presented in compliance with Article 131 of the
General Standards to Govern the Operations of the General Secretariat

Office of the Inspector General

September 23, 2022

Original: English

Contents

I. Summary..... 3

II. Mandate 4

III. Internal Audits 5

IV. Investigations..... 7

V. Status of Audit Recommendations 9

VI. OIG Participation at Meetings and Coordination with Other Oversight Bodies 9

I. Summary

This report is submitted in conformity with Article 131 of the General Standards. It covers the activities of the Office of the Inspector General (OIG) from January 1 to July 31, 2022.

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 July 31, 2022, the OIG staff:

1. Engaged in six audits; two were completed.
2. Addressed ten investigative matters, two of which were concluded.
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. 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), paragraph (IV) (31) – Annex II.22 AG/RES.2971 (LI-O/21)).
 - b. Inspections of the personnel transfers, internal and external competitions, and reclassifications included in both program-budget (AG/RES. 2957 (L-O/20), section (IV) (12) (b)), and (AG/RES.2971 (LI-O/21), section (IV) (12) (b) – Annex II.9).
 - c. Reports to the CAAP of the analysis on the status of implementation of recommendations made (AG/RES. 2957 (L-O/20), paragraph (IV) (30) section (a) – Annex II.21 AG/RES.2971 (LI-O/21)).
5. Continued acting as observers at several GS/OAS committees, as well as met with and presented reports to the OAS governing bodies.

II. Mandate

Article 126 of the General Standards to Govern the Operations of the General Secretariat - Internal audit and the Internal Audit Charter: *“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, after consultation with the Audit Committee, the Secretary General shall issue an Internal Audit Charter through an Executive Order regulating such activities, in accordance with these General Standards, with the Permanent Council duly apprised”.*

Article 128 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, the CAAP, the Audit Committee 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 131 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/she conducts, with copies to the Audit Committee. The Inspector General's reports will also be made available to the member states upon their request. In such cases the Inspector General will keep the Secretary General duly apprised. In submitting his/her reports, the Inspector General recommends such measures as he/she deems necessary to safeguard their confidentiality.*

e.” *The reports of the Inspector General will be made available to the member states upon request by the OAS Permanent Missions. In submitting his/her reports, the Inspector General shall take the measures that he/she deems necessary to protect 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 - July 31, 2022, period, the OIG's Internal Audit Section engaged in six audits, two of which were completed, as detailed in the table below:

| Code | Title | Origin | Status as of 07/31/2022 |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------|
| AUD-19/02 | The Inter-American Commission of Human Rights (IACHR) - Audit of Disbursements & Hiring Personnel | Audit Plan | Completed |
| AUD-21/06 | Conference Management | Audit Plan | Completed |
| AUD-22/01 | Inspections of Personnel Transfers, Internal and External Competitions, and Reclassifications Included in the Program-Budget 2021 – 2nd Semester 2021 | General Assembly | In process |
| AUD-22/02 | Judicial Facilitators Program | Audit Plan | In process |
| AUD-22/03 | CPR Compliance Audit | General Assembly | Not Started |
| AUD-22/04 | Inspections of Personnel Transfers, Internal and External Competitions, and Reclassifications Included in the Program-Budget 2022 – 1st Semester 2022 | General Assembly | Not Started |

The results of the completed audits were as follows:

AUD-19/02– The Inter-American Commission of Human Rights (IACHR) - Audit of Disbursements & Hiring Personnel

The OIG considered the cyclical audit of the Inter-American Commission of Human Rights (IACHR) disbursements. The scope covered the period of January 2018 through June 2019.

The objectives of the audit were twofold:

- Evaluate the reasonableness of disbursements for the audit period, as well as compliance with the internal rules of the Organization.
- Assess the internal control environment in the processes of:
 - a. Management and use of funds, including travel expenses and hiring of consultants.
 - b. Hiring of personnel.

Below are listed the issues observed during the audit for the period in scope(January 2018 through June 2019):

1. A case of noncompliance with competitive process and reclassification requirements was noted.
2. The input from technical areas where a vacant post belongs was not considered in the IACHR recruitment process.
3. The terms of reference of a CPR contract did not match the purpose of the project charged with the disbursement.
4. Control issues of CPR payments.

5. Improper payment of per diem to non-staff travelers.

Considering the OIG's findings, 5 medium/low recommendations were issued and discussed with the management of the Executive Secretariat of the IACHR.

AUD-21/06– Conference Management

The objective of this audit was to provide Member States and Senior Management with an assessment about the cost effectiveness and efficiency of the conference services provided by the General Secretariat to Member States (e.g. meetings of the Permanent Council, the CAAP, etc.). Additionally, the audit also assessed whether the disbursements made in the audit period were made in accordance with any established agreement and the internal regulations.

The audit covered the period from January 1, 2020, to June 30, 2021.

During the execution of the audit, we noticed the following:

- 1) An adequate internal control environment regarding the following functions: requesting, approving, and recording transactions for disbursements made from the subprograms managed by the Department of Conferences and Meetings Management (DCMM). No issues were noted by the OIG in this regard.
- 2) Considering the actual labor costs of the in-house translators versus the costs of outsourced translation services, our analysis concluded that either there is room for improvement regarding the in-house translators' productivity, or that the in-house translator's strategy is not cost effective.
- 3) At the time of this audit no formal appraisal system for vendors under a Temporary Conference Service Contract (TCSC) was in place.

As a result of our audit the OIG provided two recommendations:

1. Define a strategy to reduce the cost per word of in-house translation services.
2. Develop a performance appraisal system for an objective evaluation of persons working under a TCSC.

IV. Investigations

In the January 1 to July 31, 2022, period, the OIG's Investigation Section (hereinafter OIG/INV) processed ten investigative matters, two of which were completed. Of those received in this period, one was a "Special Request" by the Office of the Secretary General, (SR-22/02).

Details are reflected in the following table:

| Code | Technical Area/Subject | Status as of 07/31/22 |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| INV-20/01-A03 | Alleged Irregularities at the IACHR Executive Secretariat - Conflicts of Interest in Competitions | Closed |
| INV-21/01 | Improper Hiring of CPR within the Judicial Facilitators Program in El Salvador | Closed |
| INV-18/11 | Alleged Misconduct of OAS Staff Member | In Process |
| INV-20/01-A01 | Alleged Workplace Harassment to Human Resources of the Executive Secretariat of the IACHR | In Process |
| INV-20/01-A02 | Alleged Sexual Harassment to Human Resources of the IACHR | In Process |
| INV-20/01-A04 | Alleged Irregularities at the IACHR Executive Secretariat - Use of GS/OAS Resources in CPR Hires & Senior Staff Assignments Without Competitions | In Process |
| INV-22/01 | Alleged False and Defamatory Accusations of Physical Battery | In Process |
| SR-22/02 | Follow-Up of Alleged Assignment of Work to CPRs Without a Valid Contract | In Process |
| INV-22/03 | Alleged Misconduct of Senior OAS Staff Member | Not Started |
| INV-18/10 | Alleged Irregularities in Program Administration | Not Started |

In accordance with the Conference of International Investigators (CII)'s Uniform Principles and 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 Audit Committee and the CAAP in their fiscal supervision duties (OAS General Standards, Article 120).

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-20/01-A03–Alleged Irregularities at the IACHR Executive Secretariat - Conflicts of Interest in Competitions

On August 17, 2020, the OIG received a referral by the Office of the Secretary General (OSG) to investigate allegations of irregularities at the IACHR Executive Secretariat, including presumed conflicts of interest in staff member competitions for the professional staff category.

The findings established that the Staff Member neither identified nor declared any real, potential, or apparent conflicts of interests, as required by the Code of the Ethics of the General Secretariat of the OAS (GS/OAS) when the Staff Member participated in the candidate competitions involving prior acquaintances. Specifically, the Staff Member did not abstain from nor recused himself/herself in competition processes involving any former colleagues, subordinates, and collaborators from his/her home country – where he/she served in various government agencies – and from a third country, where he/she served just prior to being selected for the IACHR position at the OAS.

The Code of Ethics' conflicts of interest section requires that any Staff Member involved in an internal “*administrative decision*” including “*participation on a committee to advise on the selection or promotion of another Staff Member...must assess whether his/her personal, financial, or professional relationships could create a conflict of interest that could likely compromise or appear to compromise, his/her ability to remain objective and/or impartial in participating in that process...*”

The OIG concluded that the party failed to adhere to the Code of Ethics of the GS/OAS by not disclosing the real, potential, and apparent conflicts of interest to the administration and/or superiors, and not recusing or abstaining from participation in the administrative processes. These failures constituted violations of GS/OAS rules and regulations. Based on these facts, findings and conclusions, the OIG provided specific recommendations for consideration by the Secretary General.

INV-21/01– Improper Hiring of CPR within the Judicial Facilitators Program in El Salvador

On July 14, 2021, a Department of Sustainable Democracy and Special Missions supervisor at the Secretariat for Strengthening Democracy (SSD) reported a possible case of alleged misconduct by a Staff Member assigned to the OAS National Office in El Salvador who allegedly maintained a romantic liaison with a CPR consultant he hired. The OIG had previously received a letter dated December 24, 2020, from the CPR consultant's spouse who also described a romantic relationship between the consultant and the Staff Member.

The OIG was presented with dozens of screenshots of social-media message exchanges between the consultant and her husband that clearly and convincingly show that there were ongoing romantic relations between the Staff Member and the consultant at the time of the latter's hire, and that both parties agreed beforehand, should they be confronted with the facts, to deny their relationship during the OIG investigative process. The cell phone numbers' ownership was confirmed as belonging to the consultant and her husband. Additionally, the OIG reviewed a photograph showing the consultant and Staff Member sitting at a public place with her arm entwined in his; when shown the photograph during the OIG interview, the consultant did not question its authenticity.

The evidence shows that it is highly probable that the Staff Member:

- Covered up the existence of a romantic relationship with the consultant at the time of her hiring, contravening the Code of Ethics of the Organization by submitting evidence with false content and breaching the OIG Investigation Protocol by failing to tell the truth under oath.

- Failed in his duty as an OAS official/Staff Member by not divulging to GS/OAS management and/or his superiors the real conflict of interest that existed at the time he arranged the hire of the consultant with whom he was romantically involved.

These actions and/or omission by the Staff Member – (i) the processing of the contract for the consultant without having disclosed a conflict of interest; and (ii) the direct supervision of the consultant and her products – constitute violations of the GS/OAS internal code.

Based on the testimony and evidence gathered, the OIG offered specific recommendations to the Office of the Secretary General as disciplinary measures.

V. Status of Audit Recommendations

The OIG monitors on a quarterly basis the status of pending outstanding OIG audit recommendations within the GS/OAS. Subsequently, in a quarterly presentation, an analysis and the results of such monitoring are reported to the CAAP.

In the period from January 1 to June 30, 2022, a total of 16 high- and medium-priority audit recommendations were monitored, of which 4 were deemed as fully implemented. For the remaining 12 still open recommendations, in most of the cases the General Secretariat had already initiated the actions needed to address them.

In accordance with resolution AG/RES. 2957 (L-O/20), paragraph IV.30.a. – Annex II.21 AG/RES.2971 (LI-O/21) of Program-Budget for 2022 of the Organization, the OIG will continue with this oversight and its reporting.

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

The OIG staff participated 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 to ensure proper coordination, coverage and minimize duplication of efforts.

Hugo Eduardo Ascencio
Inspector General