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

OIG-IG-18-17

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, 2018.

I submit this report to you for forwarding to the Permanent Council, in accordance with the provisions of Article 122 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.

Activity Report of the Office of the Inspector General
for the Period from January 1 to June 30, 2018

This report is presented in compliance with Article 122 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

Original: English

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I. Summary

This report is submitted in conformity with Article 122 of the General Standards. It covers the activities of the Office of the Inspector General (OIG) from January 1 to June 30, 2018.

The OIG is the dependency responsible for exercising the functions of financial, administrative, and operational auditing, as well as investigations of complaints or allegations of any kind of misconduct at the General Secretariat (GS) of the OAS. Internal audits are conducted with 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 OIG is organized in 2 sections: the Internal Audit Section and the Investigations Section.

The Inspector General enjoys the functional independence needed to initiate, perform, and report to the Permanent Council and to the Secretary General (SG) 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 2018, the OIG:

1. Initiated 6 audits of its 2018 Audit Plan.
2. Initiated 15 investigative matters, including 2 requests from the SG.
3. Worked closely with the CAAP Working Group on the Review of OAS Programs in the monitoring of the implementation by the GS of the OIG recommendations.
4. Continued being an observer at a number of GS committees; as well as met and presented reports to the OAS governing bodies.

II. Mandate

Article 117 of the General Standards to Govern the Operations of the General Secretariat (General Standards) states as follows: *“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 119 of the General Standards establishes that: *“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 122 of the General Standards indicates that: *“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.”* Moreover, this article adds that: *“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.”*

Article 123 of the General Standards states as follows: *“Annual summary reports of the Inspector General will be made available to the public on the General Secretariat's website.”*

Executive Order No. 14-03, 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 revamped 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, adopted on October 15, 2015, emphasizes that the General Secretariat of the Organization of American States 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. Inspections of Personnel Transfers, Competitions, and Reclassifications

The General Assembly through Resolution AG/RES. 2(LI-E/16) rev. 4 - Program Budget of the Organization for 2017 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 instruction stated above, the OIG performed a review of the related personnel actions for the period from January 1 to September 30, 2017 (*Audit Code: AUD-16/01*). The Department of Human Resources (DHR) provided the OIG with a list of 124 records that covered personnel transfers, competitions and reclassifications of posts. The review was completed on February 1, 2018. Only 2 observations derived from it:

1. The limit on staff positions financed by the Regular Fund in the Program-Budget of the Organization for 2017 could have been exceeded by 4 additional staff positions. Notwithstanding this, at year end, the staff positions financed by the Regular Fund did not exceed the 366 positions approved in the Program-Budget.
2. A trust position approved as “Associate personnel” in the Program Budget of the Organization for 2017 was later filled and funded by the Regular Fund. However, the trust position was later approved and financed by the Regular Fund for the Program Budget of the Organization for 2018 (AG/RES.1 (LII-E/17)).

Moreover, the General Assembly through Resolution AG/RES. 1 (LII-E/17) rev. 2 - Program Budget of the Organization for 2018 requested the following under Human Resources section:

“12 c. To instruct the Office of the Inspector General in its semiannual 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.”

In addressing the request above, the OIG included in its Annual Audit Plan, the audit *AUD-18/02*. Considering that our review *AUD-16/01* covered the period from January 1 to September 30, 2017, the OIG selected the period from October 31, 2017 to June 30, 2018 for this audit scope. At the end of the first semester 2018 the performance of this audit was in process.

As previously reported to the Permanent Council in the Inspector General’s communication *OIG-IG-18-04* of March 12, 2018, as part of the review *AUD-18/02*, the OIG is overseeing the hiring process of the Ombudsperson post. On that regard, the Department of Human Resources (DHR) informed on February 27, 2018 that a decision had been made to hire DHR International, Inc. (the same company that handled the hiring process of the DHR Director) for the pre-screening of the candidates with the purpose of enhancing transparency of the process. The competition process would follow Article 44: “Recruitment, Selection and Appointment” of the General Standards for competitive selection process. DHR estimated then that the process would be completed at the end of the first semester of 2018.

On the latest follow up of the subject made by the OIG on August 22, 2018, DHR informed that the external recruiter identified 21 individuals who expressed interest in being considered for the position, and made a preliminary screening of the applicants based on the essential qualifications –education, relevant experience, and language proficiency using the information provided by the candidates. This preliminary screening indicated that nine (9) candidates fulfilled the essential qualifications. The Department of Human Resources certified this information. From this list, the Office of the Secretary General selected 5 candidates to participate in a panel interview. A panel conformed by the Chief of Staff of the Secretary General, the

Advisor in charge of the Department of Human Resources, and the Vice-President of the Staff Association, conducted the interviews of the five (5) candidates on May 30, 2018, and evaluated each candidate. Two representatives from DHR International, Inc. were also present in the interviews to provide information to panel members as needed. The Chief of Staff provided a recommendation on the best candidate to fill the position, which was presented to the Advisory Committee on Selection and Promotion on June 21, 2018. The Secretary General approved the recommendation of the Committee on July 3, 2018.

Per DHR, the selected candidate has accepted the position and is expected to commence on October 22, 2018.

IV. Internal Audits

In the January 1 – June 30, 2018 period, the OIG’s Internal Audit Section initiated a total of six audits. The *Inspections of personnel transfers, internal and external competitions, and reclassifications included in the program-budget 2017 (AUD-16/01)* was completed as indicated in the prior section of this report. The table below further details the status of the approved OIG Internal Audit Plan 2018 as of June 30, 2018.

| Code | Title | Status at June 30 2018 |
|------------------|---|------------------------|
| AUD-16/01 | Inspections of personnel transfers, internal and external competitions, and reclassifications included in the program-budget 2017 | Completed |
| AUD-18/02 | Inspections of personnel transfers, internal and external competitions, and reclassifications included in the program-budget 2018 - 1st Semester 2018 | In process |
| AUD-17/06 | Procurement Process – Electoral Observation Missions | In process |
| AUD-17/02 | Project Monitoring | In process |
| REV-17/05 | Audit of Personal Data Protection | In process |
| AUD-18/01 | MACCIH - Organization & Performance Management, Hiring Process and Management of Funds | In process |
| AUD-18/03 | Accounts Payable Process | Not Started |
| AUD-18/04 | Contract management - Major contracts of the GS/OAS | Not Started |
| AUD-18/05 | 401 (m) Plan Contracts Review | Not Started |

V. Investigations

The OIG’s Investigations Section started the year 2018 with seven (7) pending investigation matters. This figure eventually increased to sixteen (16) pending investigation matters over the January-June 2018 period. Most of the new complaints received during the period (7 out of 9), were related to the OAS Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH).

Considering the unusual increase in the OIG’s demand of services; the limited resources available at the OIG’s Investigation Section (one full time investigator and one part time consultant for workplace harassment complaints), as well as the non-availability of funds in the OIG’s budget appropriation for the

outsourcing of third party support, the Secretary General requested the OIG prepare terms of reference for the outsourcing of an external firm to support the OIG in the investigation matters related to the MACCIH. The OIG completed the competitive process related to that. With the support of the selected external firm, the OIG will initiate during the second half of 2018 five MACCIH related investigation matters, as well as an audit of this Mission (Audit *AUD-18/01* and Investigation Matters: *INV-17-12*; *INV-17-13*; *INV-17-14*; *INV-18-03*; and *INV-18-04*).

At the end of the first half of 2018, the status of the OIG investigative matters, including 2 requests received from the Office of the Secretary General (*REV-17/04* and *REV-18-01*), were as follows:

| Code | Technical Area/Subject | Status at mid-year |
|------------------|--|--------------------|
| INV-16-03 | DHR Workplace Harassment | Completed |
| INV-17-11 | DOITS Workplace Harassment | Completed |
| INV-16-05 | Alleged Contract Irregularities DOITS | Completed |
| INV-18-01 | DHR Consultant Alleged Harassment to Internship | Completed |
| REV-17-04 | MACCIH - Alleged Infiltrated | Completed |
| REV-18-01 | Review of Intelligence Activities in the MACCIH | Completed |
| INV-18-05 | MACCIH - Alleged Hostility in Acceptance of Resignation of MACCIH Officers | Completed |
| INV-18-02 | MACCIH - Alleged Irregularities in Bidding Process | Completed |
| INV-18-07 | Alleged Irregularities in Grant's Fund Management | In Process |
| INV-17-12 | MACCIH - Whistleblower Complaint | In Process |
| INV-17-13 | MACCIH - Alleged Irregularities in Hiring of Consultants | In Process |
| INV-17-14 | MACCIH - Unauthorized Access to Information | In Process |
| INV-18-03 | MACCIH - Alleged Lack of Protection of Personal Communications | In Process |
| INV-18-04 | MACCIH - Alleged Discriminatory and Racist Comments Made by MACCIH Officials | In Process |
| INV-18-08 | MACCIH - Alleged Workplace Harassment III | In Process |
| INV-18-06 | MACCIH - Leak of internal information | Not started |

The results of the completed investigations were as follows:

INV-16-03 DHR Workplace Harassment

On June 14, 2016, the OIG/INV received a complaint from a Department of Human Resources employee indicating that he had been harassed by an employee of the GS/OAS Department of Planning and Evaluation (Strategic Council for Organizational Development and Management by Results, or SCODMR). Specifically, the complainant indicated that the most severe incident of workplace harassment was related to his appointment selection in 2015, but that he did not learn about it until May 2016. The complainant added that this incident was not isolated and that the alleged offender had exhibited a pattern of workplace harassment behavior against him since 2012.

A preliminary review report was issued on August 3, 2016, paving the way for a formal investigation. However, the accused raised various bias and conflict-of-interest objections before the Organization. Thereafter, the OIG obtained feedback from the Secretary General and other GS/OAS areas on the potential to amend the existing workplace harassment policy to allow for the use of external

investigators in certain cases. The case was suspended from September 2016 until October 2017, when it was reassigned within the OIG. Once the OIG's formal investigative process resumed and in line with the investigative inquiries and procedures undertaken, the OIG/INV concluded that:

- There was no evidence – either via witness testimony or documentary records – that the accused engaged in isolated or recurrent incidents of workplace harassment specifically against the complainant.
- The complainant's many accusations fell outside the one-year statutory timeframe for filing a formal harassment complaint.
- The complainant overreached by attempting to include in his complaint uncorroborated accounts of alleged harassment of third parties at the hands of the accused.
- The complainant's many accusations lacked specificity and appeared contrived to prevent the accused from testifying in an OAS Administrative Tribunal process affecting the complainant, who resigned from the OAS in March 2017.

The OIG determined that the complainant's allegations were wholly unfounded and without merit; the case was closed with the issuance of a report on March 26, 2018.

INV-17-11 DOITS Workplace Harassment

On June 19, 2017, a consultant of the Department of Information and Technology Services (DOITS) submitted before the OIG a written workplace harassment complaint against a DOITS staff member. The complaint detailed a series of incidents related to the complainant's job assignments and responsibilities that allegedly took place in early 2017. It also indicated that the most severe incident of workplace harassment took place on May, 30, 2017, during an internal meeting between them. The complainant further stated that the alleged offender had improperly used a position of authority to harass and intimidate her -specifically through aggressive forms of speech- and exhibited a pattern of workplace harassment behavior.

On November 29, 2017 and after analyzing all available evidence, OIG/INV decided that there were sufficient grounds to open a formal investigation. Following the issuance of its Preliminary Report, the OIG was unofficially informed about an alleged personal relationship between the complainant and her sole witness of the case. During the investigation process, both complainant and witness acknowledged that relationship existed, however; according to them, it was prior to the date of the facts being investigated. In light of a possible conflict of interest as defined in the GS/OAS Code of Ethics, the OIG disregarded the potential witness testimony from its analysis and conclusions.

The final report regarding the investigation was issued on February 15, 2018 with no recommendations. The OIG/INV closed the case, as it was not able to corroborate the alleged facts due to the lack of conclusive evidence.

INV-16-05 Alleged Contract Irregularities DOITS

On November 28, 2016, OIG/INV received an anonymous complaint via the U.S. Postal Service that a GS/OAS Staff Member was allegedly receiving bribes in a kickback scheme and was improperly directing GS/OAS employees to work on a side business. During a preliminary assessment, no such improprieties were uncovered or identified. However, in the course of evaluating the information presented, it was determined that contracts involving CPR consultants warranted further scrutiny.

The OIG/INV undertook a cursory review of the contracts to ascertain their amounts, terms of reference and conducted inquiries both in the U.S. and abroad to determine whether the Staff Member had any businesses or corporations under his name. The results of the latter inquiries were negative.

The OIG/INV assessed the allegations of bribery, potential nepotism and/or favoritism, conflicts of interest and the hiring of personnel in the CPR capacity, and evaluated them against the pertinent

applicable GS/OAS rules, regulations, executive orders and guidelines. On May 30, 2018 the OIG determined that no elements of admissibility were presented to substantiate the allegations that the Staff Member improperly awarded CPR contracts or that consultants were hired under fictitious terms.

INV-18-01 DHR Consultant Alleged Harassment to DPS Intern

On December 14, 2017, the OIG received from the Department of Human Resources (DHR), documents related to allegations of workplace harassment by a CPR consultant that was providing services to that department. The allegations involved two incidents of alleged workplace harassment against an intern of the Department of Public Security (DPS). The alleged incidents took place during the 2017 fall session of the Internship Program at the OAS.

Based on a preliminary review, on January 22, 2018, the OIG decided to open an ex-officio full investigation into alleged incidents of workplace harassment in addition to a pattern of prohibited conduct by the individual. After analyzing documentary and testimonial evidence, OIG/INV concluded that the allegations of workplace harassment with regard to the two incidents against the intern were conclusive, yet the pattern of prohibited conduct could not be established. The aforementioned findings resulted in two recommendations for the Secretary General, including the permanent debarment from future contracts with the GS/OAS for the consultant. This matter was closed on June 18, 2018.

REV-17-04 MACCIH - Alleged Infiltrated

In response to a special request from the Secretary General – which he based on a complaint received by the GS/OAS Committee of Implementation for Missions during a September visit to Tegucigalpa, Honduras, that the Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH) had been infiltrated and that its telephone lines and computer systems were compromised – the OIG/INV carried out a special review. The SG asked the OIG to inquire about the MACCIH management’s knowledge of the complaints and his ensuing response. With the assistance of contractors and a consultant, the OIG/INV carried out a three-pronged investigative approach undertaking: an electronic counter-measures sweep of the entire MACCIH building; an inspection and assessment of the entire IT systems architecture; and a collection of testimonial and documentary evidence with more than 20 field interviews.

The electronic sweep did not detect any surreptitious listening or filming devices introduced and installed in the MACCIH premises; however, the OIG/INV received multiple complaints about instances of improper remote monitoring or unauthorized access to computers with sensitive information at the MACCIH.

No concrete evidence surfaced that any person inside the MACCIH’s investigative unit was involved in the leaking of sensitive information or unauthorized disclosure of any kind in 2017; however, the OIG/INV separately noted that the MACCIH investigations unit – for various reasons – suffered from marked deficiencies in its case selection process and expected production, including infighting due to claims and counterclaims of gender-based harassment, low morale, poor leadership and weak supervision between January and September 2017.

Upon learning of the allegations of infiltration and suspected eavesdropping of communications and IT systems, the former MACCIH’s management ordered stricter IT security protocols, including an inventory of all hardware/software systems with digital credentials, and keys and other sensitive information to be stored in a safe. MACCIH’s management also requested a forensic audit of MACCIH’s IT systems. On the infiltration issue, which was one of the main uncorroborated claims and for which the OIG later found inconclusive evidence, MACCIH’s management ordered its security department to conduct inquiries on an employee, whom they transferred out of the unit.

The OIG concluded that throughout 2017 – but particularly after June when it was presented with the aforementioned allegations – the former MACCIH’s management withheld key information from the

GS/OAS, including superiors and the OIG, about the true internal state of affairs at the MACCIH; and that this omission warranted a disciplinary measure in conformance with Staff Rule 111.1. In addition, the OIG noted areas of improvement in the selection and hiring processes for international staff assigned to special OAS missions and recommended thorough vetting and background checks for candidates to posts with access to sensitive information, as well as security clearances of maintenance workers and contractors at the MACCIH. This report was issued on March 1, 2018.

REV-18-01 Review of Intelligence Activities in the MACCIH

On March 14, 2018, the Office of the Secretary General requested the OIG to review and investigate “the undertaking, both inside and outside the MACCIH, of intelligence activities during the prior administration”.

The OIG conducted a post review of the Security and Intelligence Officer position held by a MACCIH special missions contract Staff Member.

The OIG determined that it did not possess elements or indications to conclude that functions and tasks performed by the MACCIH security department’s security officer were incompatible with the terms of reference under which the person was hired for the post; the person was in charge of information analysis, threat assessments and risk mitigation vis-a-vis the Mission, its staff and facilities.

There was also no basis to conclude that the officer had exceeded any of his actions during the previous administration or that he/she participated in clandestine espionage and/or undertook counterintelligence measures not in accordance with his position. The OIG further judged that the responsibilities and functions carried out by the officer conformed to job descriptions in definitions of similar security positions in other public international organizations.

This report was completed and issued on April 11, 2018.

INV-18-05 MACCIH - Alleged Hostility in Acceptance of Resignation of MACCIH Officers

On February 20, 2018 a former MACCIH officer presented two complaints to the OIG alleging hostility and retaliation from the GS/OAS in the acceptance of the resignation of one of his colleagues, as well as in the acceptance of his own resignation.

The MACCIH employee complained that the GS/OAS accepted the resignations of his colleague and himself with immediate effect (February 20, 2018) while he and his former colleague had communicated the resignations should be effective on April 3, 2018 and on March 19, 2018; respectively.

He alleged among other things that the anticipated acceptance of their resignations violated their employment contracts; exposed them to be uncommunicated as the Organization’s mobile phone assigned to them was withdrawn; and that they should be protected by the OIG by virtue of the *Procedures for Whistleblowers and Protections Against Retaliation (GS/OAS Executive Order No. 14-03)* – as they had previously reported admissible whistleblower reports to the OIG (*INV-17-12 and INV-17-13*).

Upon reviewing the complainant allegations, their employment contracts, the documentation of their employment contract termination, as well as the GS/OAS relevant regulations, the OIG concluded that the alleged hostility in the acceptance of these officers resignation was unsubstantiated considering that:

1. Clauses 1.3 and 1.4 of their employment contracts explicitly granted authority to GS/OAS for terminating their employment contracts at any time if considered convenient for the overall safeguard of the Organization.
2. The GS/OAS communicated to them in the acceptance of their resignation letters that their full salaries and benefits until their requested termination dates would be honored and paid.
3. The Organization’s acceptance of their resignations cannot be deemed a retaliation measure, as it was not the Organization that initiated the decision to rescind their services.

4. Both officers failed to exhaust the internal instances established by the GS/OAS to deal with allegations of alleged misconduct as they both leaked to the media and social networks information about the complaints that they had previously presented to the OIG. *Executive Order No. 14-03, Procedures for Whistleblowers and Protections Against Retaliation* does not shield complainants from their own misconduct.

Consequently the case was closed at the preliminary phase on May 23, 2018.

INV-18-02 MACCIH - Alleged Irregularities in Bidding Process

On April 6, 2018, the acting MACCIH chief alerted the OIG that two MACCIH Officers were refusing to re-issue a signed “intelligence” report that they authored in 2017 and that was used to disqualify a company in a renewed bid process in early 2018.

The OIG/INV found that the report in question was based and prepared upon questionable information-gathering processes and later distributed without sufficient quality controls. The OIG/INV did not find elements to sustain that the actions of the two – now former MACCIH employees – amounted to willful misconduct or malice. However, their conduct constituted culpable negligence that cost the Organization overpayments to their preferred bidder based on information from a single confidential source, when neither the information nor the source was fully or properly vetted. The due care and diligence expected of GS/OAS professionals in processing and channeling such information were deficient. Both individuals also were careless in disregarding multiple requests in 2018 to release a signed copy of a report that they authored, approved and upheld with a categorical recommendation only a year earlier.

While one of the officers resigned April 27, 2018, it was recommended that the findings of this report be included in his DHR file and that the other officer’s contract not be renewed after July 15. It was also resolved that both officers be deemed ineligible for future GS/OAS employment. This report was completed on June 15, 2018.

VI. Status of Audit Recommendations

During the first half 2018 the OIG remained working closely with the General Secretariat and the CAAP Working Group on the Review of OAS Programs in the monitoring of the implementation of the OIG recommendations.

The OIG plan to enhance the monitoring of the recommendations introduced at year end 2017 was fully implemented over the period. As part of such plan, a risk-based criteria for the rating of the OIG recommendations was introduced and the entire open recommendations were re-assessed. Fourteen OIG recommendations remained open after the reassessment.

Moreover, the OIG is monitoring the status of the implementation of the recommendations every quarter applying a systematic approach. At the end of the first half of 2018, management was able to implement nine of the agreed action plans, resulting in only five open recommendations at the end of the period.

VII. Other Major Activities Performed Over the Period

The OIG also remained in communication with the oversight bodies of the GS/OAS in order to ensure proper coordination, coverage and minimize duplication of efforts. During the period the OIG updated its risk assessment, which is the basis for its bi-annual audit plan. That work, as well as the plan to enhance the monitoring of the OIG recommendations, was presented and discussed with the Board of

External Auditors. In its annual report, the Board concluded that the two recommendations¹ they had provided about the OIG in the prior year, were implemented.

With regards to training activities, the OIG continues to make of them an important part of staff development in order to maintain or augment their skill levels and ensure that they are adequately prepared to meet the Organization's needs. The training plan was concluded and will be implemented over the second half of the year. As part of such plan, the OIG coordinated with the Institute of Internal Auditors (IIA) the presentation of the course "*Evaluating Organizational Ethics*" for the entire OIG. That course is one of the mandatory training subjects established by the IIA for Certified Internal Auditors (CIAs).

Last but not least, in accordance with Art. 127 of the General Standards, the OIG has coordinated the External Evaluation of its Internal Audit Function by the IIA. The OIG has started with the preparation of the documentation required for this evaluation and the IIA will initiate its assessment during the second half of the year. The full exercise is expected to be completed by the first quarter of 2019.

Hugo Eduardo Ascencio
Inspector General

¹ The two recommendations that the Board had provided to the OIG, now regarded as implemented are:

- i. The OIG should execute a risk-based approach in selecting audits with a specific focus on return on effort.
- ii. The OIG should review all open audit recommendations, including a reevaluation of the criteria used to rank each one as either, high, moderate, or low risk, and promptly close recommendations that have been adequately addressed by management or that are no longer valid.