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September 30, 2024

Luis Almagro
Secretary General of the
Organization of American States
Washington, D.C.

OIG-IG-24-12

Mr. Secretary General:

I have the honor to submit to you the Activity Report of the Office of the Inspector General corresponding to the period from January 1 to July 31, 2024.

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.

A handwritten signature in black ink, consisting of a stylized 'P' followed by a horizontal line and a diagonal stroke.

Pedro Ruz Gutierrez
Inspector General, *ad interim*

Encl.



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2024

Activity Report of the Office of the Inspector General
for the period of January 1 to July 31, 2024

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 30, 2024

Original: English

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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, 2024.

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.

The OIG's mission is to provide independent, objective, and assurance of the GS/OAS programs and operations, as well as its management controls through audits, inspections and investigations. This oversight is focused on enhancing confidence in the performance of the OAS' General Secretariat (GS/OAS) programs while helping prevent fraud, waste and abuse through the evaluation, identification and analysis of evolving threats and risks to the Organization.

During the period from January 1 to July 31, 2024, the OIG staff:

1. Engaged in six audits; three were completed.
2. Addressed 15 investigative matters; three were concluded.
3. Prepared and addressed its risk-based biennial internal audit plan assessment for the GS/OAS for the period 2024-2025.
4. Collaborated on and carried out the following activities and reports established by General Assembly mandates:
 - a. Inspections of the personnel transfers, internal and external competitions, and reclassifications included in program-budget (AG/RES.2985 (LII-O/22), paragraph (III) (5) (e) – renewed through resolution (AG/RES.3011 (LIII-O/23) – (III) (e))).
 - b. Reports to the CAAP of the analysis on the status of implementation of recommendations made (AG/RES. 2957 (L-O/20), paragraph (IV) (30) (a) – renewed through resolution (AG/RES.3011 (LIII-O/23) – Annex I. No. 19)).
5. Continued to act in an observer capacity at several GS/OAS committees, as well as met with and presented reports to the OAS governing bodies, including the Audit Committee.
6. Collaborated with other GS/OAS dependencies on proposals and revisions to the Code of Ethics, as well as contributed to an ongoing benchmarking exercise on investigative procedures with peers among U.N. and multilateral organizations.
7. Participated in Alvarez & Marsal third-party review briefings, as well as meetings with the third-party consultants to exchange perspectives on recommendations and suggestions derived from the review.

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 GS/OAS 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 and other misconduct. The OIG Hotline is an additional mechanism for reporting allegations involving the GS/OAS human resources, as well as allegations of fraudulent, corrupt, coercive, and collusive practices, whether committed by staff members or other personnel, parties or entities.

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 providing 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, 2024 period, the OIG's Internal Audit Section (OIG/IA) processed six audits, including a Special Request from the Office of the Secretary General (SR-24/06). Of these, three have been completed, as detailed in the table below:

| Code | Title | Origin | Status as of 07/31/2024 |
|------------------|---|---------------------------------|-------------------------|
| AUD-23/04 | Facilities Maintenance Expenses | Audit Plan | Completed |
| AUD-23/05 | Expenditures' Approval Process | Audit Plan | Completed |
| AUD-24/01 | Inspections of Personnel Transfers, Internal and External Competitions, and Reclassifications Included in the Program-Budget 2023 | General Assembly Mandate | Completed |
| AUD-24/02 | Service & Recovery Funds | Audit Plan | In Process |
| AUD-24/03 | External Funding Strategy | Audit Plan | Not Started |
| AUD-24/04 | SARE Performance Management | Audit Plan | Not Started |
| AUD-24/05 | Organization's Ethics Program | Audit Plan | In Process |
| SR-24/06 | Haiti National Office & Support Programs | Office of the Secretary General | Not Started |

The results of the completed audits were as follows:

AUD-23/04 – Facilities Maintenance Expenses

In accordance with the risk-based 2023 audit plan, the OIG/IA performed an audit of the Facilities Management expenses of the GS/OAS. Owing to other priorities and resource allocation in 2023, this audit was carried over to 2024.

The scope of this audit covered the period from January 1, 2020, to June 30, 2023.

The audit focused on the following areas of the facility maintenance components of the GS/OAS:

- The adequacy and effectiveness of the GS/OAS governance, risk management and control processes vis-a-vis the management of facilities at OAS Headquarters in Washington D.C.
- The reasonability and compliance with internal procedures and controls of the expenses incurred for the maintenance of facilities at OAS Headquarters during the scope period.

The OAS' eight buildings in Washington D.C. have had a deferred maintenance backlog of nearly USD 54 million (as of 2022), with 166 outstanding projects, including 53 critical ones. The backlog grows annually due to insufficient budget allocations. The Existing Conditions Report (ECR) provides a snapshot of the situation, but its figures are not periodically updated, and it lacks a systemic risk assessment.

The key audit findings were:

- Inability to comply with the maintenance plan and reduce the backlog
- Lack of formal manual of procedures for building maintenance management
- Absence of an updated equipment inventory and software system for asset management
- Payments made according to contract dates, and not receipt of product or services

- Recommendations from projects and studies not implemented due to lack of funds

These findings highlight the need for improved planning, budgeting, and management of building maintenance to minimize risks and ensure the Organization's facilities are safe and operational.

AUD-23/05 – Expenditures’ Approval Process

In accordance with the 2023 risk-based audit plan, the OIG work plans included the audit of the GS/OAS Expenditures Approval Process; due to other priorities and resource allocation in 2023, this audit was carried over to 2024.

The OIG/IA audited the GS/OAS Expenditures Approval Process to provide assurance to Member States and Senior Management on the expenditure approval process and internal financial control environment across the General Secretariat and its units.

The audit aimed to assess whether expenditures from January 1, 2023, to December 31, 2023, were made in accordance with internal policies and procedures, with the objective of providing objective and reasonable assurance. (Note: The original scope was January 1, 2020, to December 31, 2022, but was modified to include more recent transactions).

This review’s main findings found:

- Adequate internal control environment for expenditures' approval
- Opportunities for improvement in review and approval phase, such as restricting access to approvers outside the preparing area
- Need for integrated budget tracking capabilities within the ERP system to enhance project financial reporting and monitoring

The audit provides recommendations for consideration during the implementation of the new ERP system to strengthen internal controls and improve financial management.

AUD-24/01 – Inspections of Personnel Transfers, Competitions, and Reclassifications at the GS/OAS for the 1 January-31 December 2023 Period

The General Assembly Resolution AG/RES.3011 (LIII-O/23) requests the OIG/IA to prepare an annual report by June 30, 2024, on personnel transfers, competitions, and reclassifications included in the annual Program Budget. The purpose of this audit of Department of Human Resources (DHR) processes is to ascertain that these actions are done in strict accordance with applicable standards.

According to the resolution, the OIG/IA reviewed related DHR personnel actions from January 1 to December 31, 2023, to ensure compliance with OAS regulations and the Program Budget.

During the audit, the OIG/IA reviewed 29 transactions out of 73 reported by DHR with a goal to provide assurance that personnel transfers, competitions, and reclassifications of posts were conducted in strict compliance with OAS regulations and the Program Budget.

The OIG confirmed that staff transfer rules are potentially open to misinterpretation, as the OIG and DHR may differ in their understandings of the personnel regulations. Any initial inadvertent reading by the OIG was dispelled upon further review for the 2023 period, in which the audit's primary findings revealed that personnel transfers and reclassifications period adhered to regulations and there was no deliberate attempt to circumvent rules.

Findings included:

- Three reclassifications to higher-grade positions that were processed following “lateral” or “with position” transfer procedures, which also indicated these staff members were intended to immediately assume higher-level positions
- The Secretary General’s final approval for a reclassification precedes the DHR’s receipt of certification from the technical areas that staff members are performing satisfactorily in reclassified posts
- A staff member hired in 2019, who as of Dec. 31, 2023 had not yet presented proof of having met the language proficiency requisite

As a result of these observations, the OIG issued recommendations for DHR to: (i) Conduct a review of transfer and reclassification procedures to ensure and optimize compliance with Staff Rules; and (ii) Enhance competition control and compliance of the related regulations.

IV. Investigations

In the January 1 to July 31, 2024, period, the OIG’s Investigations Section (OIG/INV) processed 15 investigative matters, three of which were completed.

Details are reflected in the following table:

| Code | Title | Status as of 7/31/24 |
|---------------|--|----------------------|
| INV-18/10 | Alleged Irregularities in Program Administration | In Process |
| INV-18/11 | Alleged Misconduct of OAS Staff Member | In Process |
| INV-20/01-A01 | Alleged Workplace Harassment to Human Resources | In Process |
| INV-20/01-A04 | Alleged Improper Use of Resources in CPR Contracting | In Process |
| INV-20/01-A05 | Senior Staff Assignments Without Competitions | In Process |
| INV-23/02 | Alleged Workplace Harassment to Human Resources | Not Started |
| PR-23/03 | Alleged Acts of Workplace Harassment | Completed |
| INV-23/04 | Alleged Irregularities in Staff Competition Process | Completed |
| INV-24/01 | Alleged Assignment of CPR Work Without Valid Contract | Not Started |
| INV-24/02 | Alleged Workplace Harassment to Human Resources | In Process |
| INV-24/03 | Alleged Irregularities in Staff Competition | In Process |
| PR-24/04 | Unauthorized Transfer & Use of OAS Official Credential | Completed |
| INV-24/04 | Unauthorized Transfer & Use of OAS Official Credential | Not Started |
| INV-24/05 | Counter Workplace Harassment Complaint by Staff Member | Not Started |
| INV-24/06 | Alleged Acts of Workplace Harassment | In Process |

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. These 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 the outcome of the investigative work determines that a staff member engaged in misconduct, the OIG issues specific recommendations for disciplinary measures or employment-related sanctions in

accordance with the facts, findings and supporting documentation of each case. For disciplinary steps other than summary dismissal or separation from the Organization, the preponderance of the evidence standard requires proof that a misconduct is more likely than not to have occurred. For cases involving dismissal or separation from the Organization, the evidence must be clear and convincing, which means that the truth of the facts asserted is highly probable.

Per an OAS Administrative Tribunal judgment in 2022, the OIG adopted the application of the higher standard of proof for all current and future cases involving recommendations for summary dismissal or separation from the Organization.

Staff Rule 111.1 - Disciplinary Measures establishes that disciplinary steps shall be considered and imposed by the Secretary General at the recommendation of the corresponding Office or Department Director, including the Inspector General, or the Director of the Department of Human Resources.

The results of the completed investigations were as follows:

PR-23/03 – Alleged Acts of Workplace Harassment

On December 18, 2023, the OIG received a referral from a Staff Member that included a formal resignation letter from a local employee at an OAS office overseas, alleging a hostile work environment.

In response, the OIG initiated a preliminary review and conducted interviews with parties involved to gather additional information.

After a review of testimonies, reports and documentation, the OIG concluded that a formal investigation is warranted.

INV-23/04 – Alleged Irregularities in Staff Competition Process

On December 19, 2023, a CPR consultant submitted a written complaint to the OIG, comprising of a letter and supporting attachments. The complaint pertained to a staff position competition process that took place in 2022-2023, for which the complainant applied while serving in a *de facto* capacity as the incumbent consultant. Furthermore, the consultant alleged receiving inaccurate and false comments about their work.

To assess the complaint's admissibility and whether the acts and events warranted a formal investigation, the OIG/INV compiled and reviewed all available information to determine if irregularities occurred that unfairly favored other candidates, to the complainant's detriment, or may have violated GS/OAS rules and regulations.

Based on the procedures, activities, and findings, the OIG/INV closed the case at the preliminary stage, as the complaint's allegation of irregularities in the post competition did not justify opening a formal investigation. A second allegation regarding malicious or false comments made against the complainant will be handled as a separate investigation.

PR-24/04 – Unauthorized Transfer & Use of OAS Official Credential

On March 20, 2024, the OIG received a complaint regarding allegations of access control violations and unauthorized use of the OAS ID badge. The Department of General Services (DGS) transmitted documentation and archived information to the OIG/INV via secure email correspondence, pertaining to a reported Access Control Incident at the GSB parking facility.

A preliminary briefing suggested that:

- Two staff members were involved in violating parking garage access and GS/OAS ID policies
- Multiple incidents occurred between December 2023 and January 2024, during which one staff member allowed another to use the former's official ID card and parking privileges

The OIG preliminary review *prima facie* suggested that there were elements of proof to warrant a formal investigation.

V. Status of Audit Recommendations

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

In the period from January 1 to July 31, 2024, a total of 24 high- and medium-priority audit recommendations were monitored, of which the OIG considered 11 to have been fully implemented. For these remaining 13 still-open recommendations, in most cases, the General Secretariat had already initiated the necessary actions to address them.

In accordance with resolution (AG/RES. 2957 (L-O/20), paragraph (IV) (30) (a) – renewed through resolution AG/RES.3011 (LIII-O/23) – Annex I. N°. 19 and Annex II)) of the Program-Budget for 2024 of the Organization, the OIG will continue with this oversight and its presentation of reports.

VI. OIG Participation at Meetings and Coordination with Other Stakeholders

The OIG staff participated in periodic meetings as presenters before the CAAP, as well as observers in various committee meetings and working groups of the General Secretariat related to internal controls and the Contract Awards Committee.

The OIG remained in contact with the Members of the Audit Committee and their Assistants, the External Auditors of the Organization, as well as representatives from other oversight bodies of the GS/OAS, for consultations and to ensure proper coordination and coverage for reform proposals, throughout the year.

In line with General Assembly mandates, the OIG undertook reviews of Code of Ethics proposals and revisions alongside the Department of Human Resources and also initiated a benchmarking exercise on investigative procedures with oversight office peers among U.N. and multilateral organizations.

Owing to a third-party external review by the Alvarez & Marsal consulting firm, the OIG participated in both Project Steering Committee briefings, as well as meetings with the consultants to exchange perspectives on recommendations and suggestions on the operations and governance aspects of the review.

Pedro Ruz Gutierrez
Inspector General, *ad interim*