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Provisional Agenda Item 3.5

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ANNUAL REPORT OF THE INVESTIGATIONS OFFICE FOR 2019

Introduction

1. The Investigations Office was established on 1 January 2018, following a decision made by Executive Management of the Pan American Sanitary Bureau (PASB) and endorsed by the Executive Committee of the Pan American Health Organization (PAHO) to have a separate and dedicated unit to carry out the investigative function within PASB. Prior to 1 January 2018, the investigative function was performed by the Ethics Office.
 2. The Investigations Office plays a key role in fostering good governance of the Organization. It conducts professional, independent, impartial, objective, and timely administrative fact-finding investigations into allegations of wrongdoing involving PASB personnel or in activities contracted or financed by PAHO. Findings and conclusions issued by the Investigations Office provide management with a factual basis upon which to make informed decisions and take appropriate disciplinary action to hold staff accountable for their conduct. To allow for an independent exercise of its functions, the Office has a direct reporting relationship with the Governing Bodies of PAHO through the Executive Committee.
 3. Staff assigned to the Investigations Office must demonstrate personal integrity, objectivity, and confidentiality, and the Office must perform its mandate without external influence. Investigators in the Investigations Office are all certified fraud examiners, and the Office has in-house language capability in three of the four official languages of PAHO – English, Portuguese, and Spanish.
 4. Investigations undertaken by the Investigations Office are strictly administrative in nature and are intended to uncover the facts in an impartial, objective, and timely manner. Allegations or concerns about suspected wrongdoing may be reported to the Investigations Office through various channels, including the PAHO Helpline. The PAHO Helpline is administered by an independent outside company and provides a secure line of communication accessible through a dedicated and secure website. The Helpline is available in the Organization's four official languages (English, French, Portuguese,
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and Spanish) and allows parties or uninvolved observers to submit reports anonymously, if they wish, without fear of retaliation.

5. In addition to its primary function, the Investigations Office serves as secretariat of the Standing Committee on Asset Protection and Loss Prevention (APLP).¹ The APLP meets periodically to discuss cases of fraud, theft, and loss of PAHO property.

6. The Investigations Office is also a member of the PAHO Integrity and Conflict Management System (ICMS).² The ICMS brings together all the offices in PASB responsible for addressing matters of organizational integrity and conflict resolution.

7. In addition, the Chief Investigator chairs the Investigations Coordinating Committee, which also includes the Director of Human Resources Management and the Legal Counsel. This Committee is responsible for discussing allegations of wrongdoing and deciding on any interim actions that need to be taken to allow the Investigations Office to complete an investigation and to protect the interests of staff and the Organization.

8. This annual report of the Investigations Office outlines the work, achievements, and lessons learned in 2019. The areas covered include *a*) reports of alleged wrongdoing that were received and investigated; *b*) awareness raising; *c*) lessons learned from investigations; and *d*) future actions that will be taken to further enhance the integrity and reputation of the Organization and PASB personnel.

The Investigations Office in 2019

9. In 2019, the Investigations Office (INV) conducted investigations into allegations of wrongdoing including fraud, harassment, abuse of authority, and retaliation, among other possible breaches of PAHO regulations, rules, and policies.

10. Investigations in PASB are reactive in that the investigation process is triggered only when a report, usually in the form of a complaint or allegation about possible violation of PAHO rules or policies, is received. Typical steps taken in an investigation include *a*) preliminary inquiry, *b*) investigation, and *c*) submission of an investigation report. Upon receipt of a complaint or allegation, the Office conducts a preliminary review to assess the credibility of the information provided and to determine whether there is sufficient basis to initiate an investigation. In some cases it may decide that a less formal approach is more appropriate; this may entail guidance from the Investigations Office or referral to a relevant department within PASB. If the Investigations Office determines that a more formal

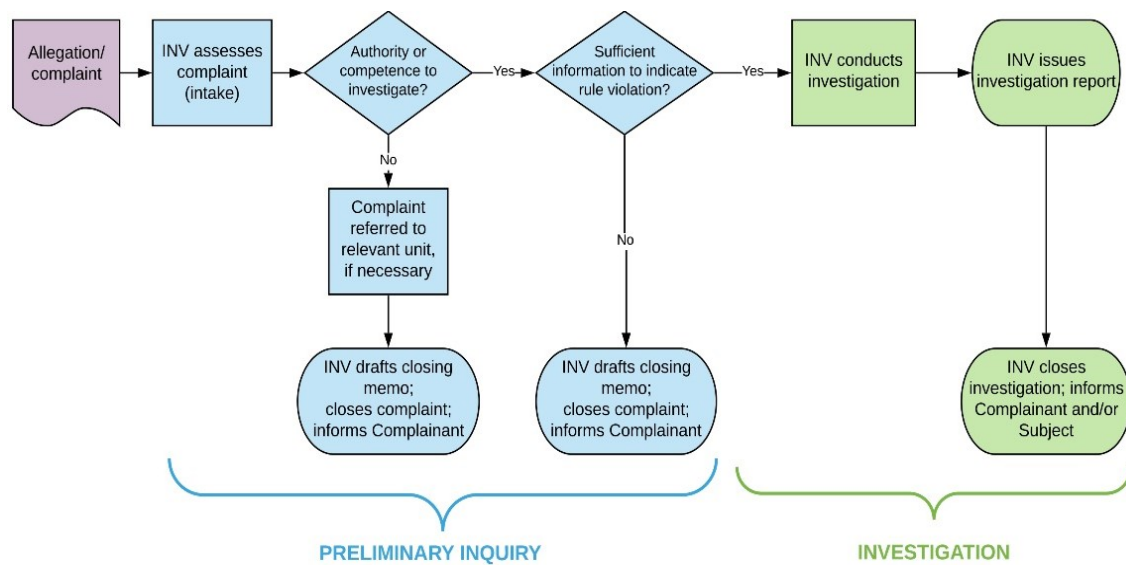
¹ The APLP has the following members in addition to the Investigations Office: the Director of Administration (the Chair), Financial Resources Management, General Services Operations, the Office of the Legal Counsel, Internal Oversight and Evaluation Services, and the Ethics Office.

² The ICMS has the following members in addition to the Investigations Office: the Ethics Office (the Chair), the Office of the Ombudsman, the Office of the Legal Counsel, Human Resources Management, the Information Security Officer, Internal Oversight and Evaluation Services, the Board of Appeal, and the PAHO/WHO Staff Association.

approach is required, it initiates an investigation, which includes a comprehensive review of pertinent documentation and interviews with people who may have relevant information to provide about the issue being investigated. After the investigation is completed, the Investigations Office normally submits a report of its findings to the Director of Human Resources Management (HRM), or in exceptional instances, the Director of Administration, which is responsible for deciding whether to take administrative or disciplinary action.

11. Figure 1 illustrates the investigation process described above.

Figure 1. Investigation Process



12. The Investigations Office therefore acts as the fact finder, while the Director of HRM serves as the decision maker. This separation of functions is essential in order to achieve greater scrutiny and transparency.

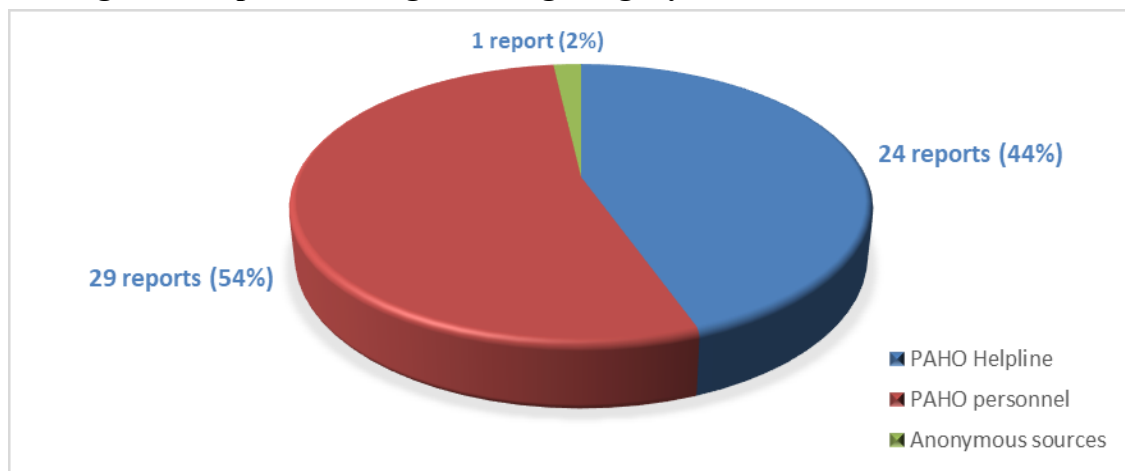
13. The Investigations Office received 54 reports of alleged wrongdoing in 2019. As shown in Table 1, an average of 43 reports per year were received during the last five years. Thus, the figure of 54 reports received in 2019 is well above the five-year average and slightly higher than the 49 reports received in 2018.

Table 1. Case Management Statistics, 2015-2019

| Item | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|
| Reports carried over from previous year(s) | 7 | 27 | 22 | 15 | 14 |
| Reports received in the given year | 53 | 49 | 38 | 49 | 54 |
| Total number of reports reviewed in given year | 60 | 76 | 60 | 64 | 68 |
| Reports dismissed or referred elsewhere | 3 | 21 | 12 | 20 | 26 |
| Reports closed by the Investigations Office | 23 | 23 | 21 | 20 | 22 |
| Reports resulting in an investigation report | 7 | 10 | 12 | 10 | 10 |
| Reports carried forward to the following year | 27 | 22 | 15 | 14 | 10 |

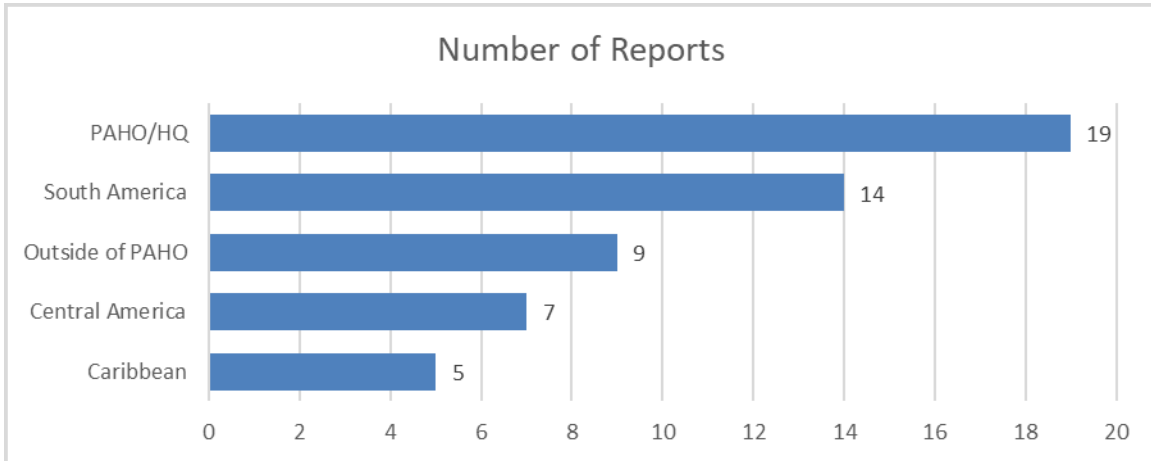
14. The Investigations Office closed 58 of the 68 matters it reviewed in 2019 (consisting of reports received in 2019 and reports carried forward from 2018). The remaining 10 reports were carried forward. As can be seen in Table 1, there has been a steady decline in the number of matters carried forward from one year to the next.

15. Figure 2 shows that 29 reports, just over half of the 54 reports of alleged wrongdoing in 2019, were received directly from PASB staff. Twenty-four reports were received through the PAHO Helpline, and 15 of these were submitted anonymously. One report was received by email from an anonymous source. Altogether, more than two-thirds of complainants identified themselves to the Investigations Office, and this figure suggests that personnel continue to feel confident in submitting their concerns directly to the Investigations Office.

Figure 2. Reports of Alleged Wrongdoing, by Source of Information, 2019

16. In 2019, most of the reports to the Investigations Office came from Headquarters, as shown in Figure 3.

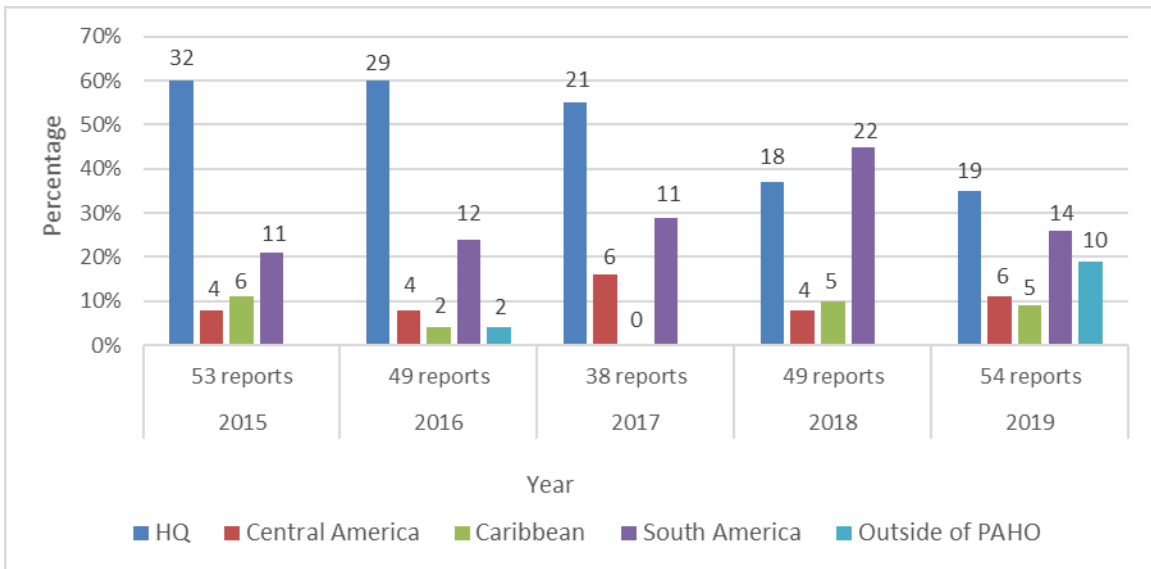
Figure 3. Origin of Reports of Alleged Wrongdoing, by Subregion, 2019



17. According to data received from Human Resources Management, PASB had a total of 2,013 staff and contingent workers as of 31 December 2019. Of those 2,013 people, 31% (621) work at Headquarters; 15% (308) in Central America; 16% (319) in the Caribbean; 35% (710) in South America; and 3% (55) outside of PAHO. Figure 3 shows that there is an approximate correlation between the numbers of reports received from the different subregions and the staffing levels in the subregions.

18. Figure 4 shows a subregional comparison of the reports received during the past five years, sorted by the location of the alleged wrongdoing.

Figure 4. Location of Alleged Wrongdoing, by Subregion, 2015-2019



19. Similar to Figure 3, Figure 4 shows that in 2019 there is an approximate correlation between the location of wrongdoing reported in the different subregions and their respective staffing levels. This stands in contrast to the preceding years, when there were fewer reports of wrongdoing in subregions outside of Headquarters than would be expected based on their respective staffing levels, and may be a reflection of increased awareness-raising efforts by the Investigations Office.

20. Several reports of alleged wrongdoing in 2019 pertained to inappropriate workplace conduct such as discourteous behavior or improper use of the Organization's resources (Table 2). While such conduct is to be discouraged, it does not necessarily warrant disciplinary action and may instead be addressed and resolved through guidance from the Investigations Office or referral to another member of the ICMS.

21. Alleged fraud continued to be reported at a steady rate, reaching 15 reports in 2019, the same number of alleged fraud reports received in 2018. As PASB strengthens its efforts to manage risks, fraud prevention and detection are key issues. The Investigations Office is an important part of the Bureau's risk management framework. Thus, the fraud investigations serve not only to deter and identify fraud but also to protect the reputation and financial well-being of the entire Organization.

Table 2. Reports of Alleged Wrongdoing Received, by Type, 2015-2019

| Type | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| Fraud | 5 | 4 | 6 | 15 | 15 |
| Harassment | 7 | 5 | 5 | 4 | 10 |
| Sexual harassment | 1 | 1 | 3 | 1 | 0 |
| Discrimination | 3 | 1 | 0 | 0 | 0 |
| Attendance/failure to work appropriate hours | 1 | 1 | 0 | 5 | 2 |
| Conflicts of interest | 2 | 2 | 4 | 6 | 3 |
| Inappropriate workplace conduct | 14 | 16 | 14 | 14 | 8 |
| Retaliation | 2 | 1 | 0 | 2 | 1 |
| Rumors | 2 | 1 | 0 | 1 | 1 |
| Hiring practices; selection processes | 8 | 7 | 5 | 2 | 0 |
| General workplace concerns | 8 | 7 | 0 | 0 | 0 |
| G-5 domestic worker issues | 0 | 1 | 1 | 0 | 0 |
| Improper termination | 0 | 2 | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 | 0 | 14 |
| Total: | 53 | 49 | 38 | 49 | 54 |

Note: In 2018, the Investigations Office received one report that entailed allegations of both fraud and harassment, and this report is counted in both categories for that year.

22. Most investigation reports submitted to the Director of HRM by the Investigations Office in 2019 pertained to fraud, as shown in Table 3.

Table 3. Investigation Reports Submitted, by Type, 2015- 2019

| Type | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|
| Fraud | 0 | 1 | 1 | 3 | 8 |
| Harassment | 3 | 5 | 3 | 4 | 0 |
| Sexual harassment | 0 | 2 | 2 | 1 | 0 |
| Discrimination | 2 | 0 | 1 | 0 | 0 |
| Attendance/failure to work appropriate hours | 0 | 0 | 0 | 0 | 0 |
| Conflicts of interest | 0 | 0 | 0 | 1 | 0 |
| Inappropriate workplace conduct | 1 | 1 | 1 | 1 | 1 |
| Retaliation | 1 | 0 | 0 | 0 | 0 |
| Hiring practices; selection processes | 0 | 1 | 2 | 0 | 0 |
| G-5 domestic worker issues | 0 | 0 | 2 | 0 | 0 |
| Breach of national laws | 0 | 0 | 0 | 0 | 1 |
| Total: | 7 | 10 | 12 | 10 | 10 |

23. The Investigations Office submitted 10 investigation reports to the Director of HRM in 2019. Table 4 details the location of the alleged wrongdoing, whether at Headquarters or at one of the PAHO/WHO Representative (PWR) Offices in the countries. It also indicates the nature of each allegation.

Table 4. Investigation Reports Submitted, by Location and Nature of Alleged Wrongdoing, 2019

| Location | Alleged wrongdoing | Substantiated or unsubstantiated by Investigations Office |
|--------------|---------------------------------|---|
| PWR Office | Health insurance fraud | Substantiated |
| PWR Office | Entitlement fraud | Substantiated |
| PWR Office | Entitlement fraud | Substantiated |
| PWR Office | Entitlement Fraud | Unsubstantiated |
| PWR Office | Entitlement fraud | Unsubstantiated |
| Headquarters | Entitlement fraud | Substantiated |
| Headquarters | Entitlement fraud | Substantiated |
| PWR Office | Entitlement fraud | Unsubstantiated |
| PWR Office | Breach of national laws | Unsubstantiated |
| PWR Office | Inappropriate workplace conduct | Substantiated |

Fraud, Theft, Damage, and Loss of PAHO Property

24. All cases of fraud, theft, damage, and loss of PAHO property must be reported to the Investigations Office. In its role as secretariat of the APLP Committee, the Investigations Office serves as the focal point for these matters within PASB.

25. In accordance with the PAHO Asset Accountability Policy, instituted in 2012, staff are held responsible for replacing or repairing any equipment that is lost, stolen, damaged, or destroyed because of negligence or willful misconduct. This requirement motivates PASB personnel to care for the Organization's property as if it were their own. Reports of thefts and losses of PAHO equipment are made to the Investigations Office, which determines whether reasonable measures were taken to protect the property or equipment from loss or theft. If not, staff members may then be required to reimburse the Organization for the cost of the missing or damaged asset.

26. In 2019, the Investigations Office received 32 reports regarding fraud; theft, damage, or loss of PAHO resources or equipment; or fraudulent misuse of PAHO corporate or travel credit cards by non-staff. The total reported loss amounted to \$79,049.16.³ PAHO recovered \$13,182.83, leaving a net loss to the Organization of \$65,866.33. These cases, which are also described in the 2019 Financial Report of the Director, were as follows:

- a) One case involved the theft or loss of textbooks from the Expanded Textbook and Instructional Materials Program (PALTEX), for a total value of \$15,694.70. Ordinarily, point-of-sale distributors are required to indemnify PAHO for any theft or loss of textbooks from their distribution sites, and PAHO typically recovers such losses in full. However, in this instance PAHO waived its indemnity, as the loss occurred in the midst of a political crisis in the country. As a result, the Organization bore a net loss of \$15,694.70.
- b) Twenty-two cases involved the theft, damage, or loss of attractive property (laptop computers, tablets, smartphones, projectors, etc.) at PAHO Headquarters and in the PWR Offices. The total net loss to PAHO amounted to \$4,697.61.
- c) One case involved alleged fraud that resulted in a preliminary assessment by the Investigations Office. The Organization did not recover the loss, as the loss was the result of a cyber attack, and the culprit could not be identified. There was a net loss totaling \$6,343.25.
- d) Six cases involved alleged fraud that resulted in investigations by the Investigations Office. Of these six cases, five involved entitlement fraud and one related to health insurance fraud. The Organization suffered a net loss totaling \$39,130.77, with the bulk of the loss stemming from the health insurance fraud. The APLP Committee discussed these cases to determine how the Organization can reduce similar losses in the future.

³ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

- e) Two fraudulent transactions were made by people outside the Organization who used purchase or travel credit cards belonging to PASB staff members. The fraudulent charges, totaling \$412.90, were reimbursed in full by the financial institutions that issued the purchase or travel cards.

Awareness Raising

27. The Investigations Office conducted awareness-raising activities for over 400 personnel in 2019, as follows:

- a) WebEx sessions for PAHO/WHO Representatives.
- b) Administrators participating in the biannual meeting in PASB Headquarters.
- c) New PASB personnel.
- d) PWR Offices in Belize, Dominican Republic, Panama, and Peru.
- e) Departments at Headquarters: Procurement and Supply Management, Human Resources Management, Communicable Diseases and Environmental Determinants of Health, and Financial Resources Management.

28. As the work of the Investigations Office is solely reactive, awareness-raising activities are an important means of outreach to encourage PAHO personnel to report alleged wrongdoing and to remind them of their obligation to do so.

Lessons Learned

29. It is important that the Investigations Office addresses matters in a thorough and timely manner. In 2019, all harassment reports were closed in less than six months. The Investigations Office will continue to investigate and close harassment cases within six months and will aim to close sexual harassment reports within three months. Table 5 shows a summary of the average time it took the Investigations Office to close matters in 2019.

Table 5. Average Time Required to Close Matters, 2019

| Reports received | Average time |
|--|---------------------|
| Fraud | 3.0 months |
| Harassment | 2.0 months |
| Attendance/failure to work appropriate hours | 2.5 months |
| Conflict of interest | 2.0 months |
| Inappropriate workplace conduct | 1.0 month |
| Retaliation | 2.0 months |
| Rumors | 1.0 month |
| Miscellaneous | 1.0 month |

30. The Investigations Office received 10 reports of harassment in 2019, compared to an average of five in previous years. This increase in reports of harassment (which includes allegations such as favoritism) may in part reflect ongoing cost-cutting and staffing exercises being carried out by PASB.

31. The Investigations Office notes that there were no sexual harassment or sexual exploitation and abuse (SEA) cases reported in 2019 (Table 2). This might be a sign of underreporting, and it may be worthwhile to consider additional awareness-raising activities on reporting mechanisms, especially in the PWR Offices.

32. In 2019, the Investigations Office found it effective to implement the practice of issuing observation letters to provide feedback to senior management regarding control weakness issues and trends. During this period, one observation letter was issued to the Director of PASB, pointing out a gap in travel entitlement rules.

33. While the Investigations Office has handled reports of harassment expeditiously, it recognizes that the time taken to address reports of fraud can be improved. It is difficult to set a time frame for resolving fraud matters because investigators want to ensure that they have conducted a thorough review of the case and have enough evidence to provide the Director of HRM with an understanding of the facts that is as complete as possible. Nonetheless, with the creation of a dedicated and strengthened Investigations Office, resolution time for all types of cases improved in 2019.

Future Actions

34. While maintaining its functional independence, the Investigations Office will collaborate with other offices in a collective effort to prevent and detect possible fraud and corruption and to safeguard the resources and assets of the Organization. This includes working with senior officials in PASB to codify investigative procedures involving fraud and corruption by third parties who are performing activities contracted or financed by PAHO.

35. The Investigations Office has begun a review of the PAHO Investigation Protocol. Revision of this protocol aims to ensure that it is in line with latest industry best practices and is consistent with the Office's Terms of Reference. The revision will also establish criteria for the handling and prioritization of reports that the Office receives.

36. The Investigations Office will continue its outreach to entities in Headquarters and in the PWR Offices and increase its visibility. The Office will also increase its accessibility through an updated landing page on the intranet and internet.

Action by the Executive Committee

37. The Executive Committee is invited to take note of this report, solicit additional information or clarification on the work and activities of the Investigations Office in 2019, and provide additional guidance to PASB as it sees fit.

Annex

Analytical Form to Link Agenda Item with Organizational Mandates

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| 1. Agenda item: 3.6 - Annual Report of the Investigations Office (2019) |
| 2. Responsible unit: Investigations Office (INV) |
| 3. Preparing officer: Mr. Alexander Lim |
| 4. Link between Agenda item and Sustainable Health Agenda for the Americas 2018-2030: Not applicable. |
| 5. Link between Agenda item and the Strategic Plan of the Pan American Health Organization 2020-2025: Outcome 27: Leadership and governance. Strengthened PASB leadership, governance, and advocacy for health. Output 27.2: The Pan American Sanitary Bureau operates in an accountable, transparent, compliant, and risk management-driven manner, with organizational learning and a culture of evaluation. OPT Indicator 27.2.c: Time taken to address fraud and corruption as well as staff misconduct issues. |
| 6. List of collaborating centers and national institutions linked to this Agenda item: Not applicable. |
| 7. Best practices in this area and examples from countries within the Region of the Americas: Not applicable. |
| 8. Financial implications of this Agenda item: This Agenda item has no specific financial implications, but the Investigations Office continues to rely on the requisite level of funding to enable it to fulfill its mandate. |