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ANNUAL REPORT OF THE INVESTIGATIONS OFFICE FOR 2018

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, and timely administrative fact-finding investigations into allegations of wrongdoing involving PASB personnel and outside entities that have contractual relations with PAHO. Findings and conclusions made 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 PAHO official languages – English, Spanish and Portuguese.
 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. Reports of 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, where an individual may express concerns or report allegations of wrongdoing to the Investigations Office.
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5. The PAHO Helpline is available in the Organization's four official languages (English, French, Portuguese, and Spanish) and allows parties or uninvolved observers to submit reports anonymously, if they wish, without fear of retaliation.

6. 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.

7. 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. In addition, the Chief Investigator chairs the ICMS Coordinating Committee, which is responsible for discussing allegations of wrongdoing and deciding 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 inaugural annual report of the Investigations Office outlines the work, achievements, and lessons learned in 2018. The areas covered include *a)* reports of alleged wrongdoing that were received and investigated; *b)* lessons learned from investigations; and *c)* future actions that will be taken to further enhance the integrity and reputation of the Organization and PASB personnel.

The Investigations Office in 2018

9. In 2018, the Investigations Office 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. Typical steps taken in an investigation include *a)* intake; *b)* investigation; and *c)* the submission of an investigation report. First, the Office conducts a preliminary review of the reported allegation during the intake phase and decides whether a less formal approach might be more appropriate. A less formal approach may entail guidance from the Investigations Office or referral to a more suitable department within PASB. If it is determined that a more formal approach is required, the Investigations Office initiates an investigation, which includes a 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 submits a report of its findings to PASB Administration, which is responsible for deciding whether to impose administrative or disciplinary action.

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

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

11. The Investigations Office acts as the fact-finder, while PASB Administration serves as the decision-maker. This separation of functions between the fact-finder and decision-maker is essential in order to achieve greater scrutiny and transparency.

12. The Investigations Office received 49 reports of alleged wrongdoing in 2018. As shown in Table 1, an average of 45 reports of alleged wrongdoing were received during the last three years. Thus, the figure of 49 reports received in 2018 is slightly above the three-year average and considerably higher than the 38 reports received in 2017.

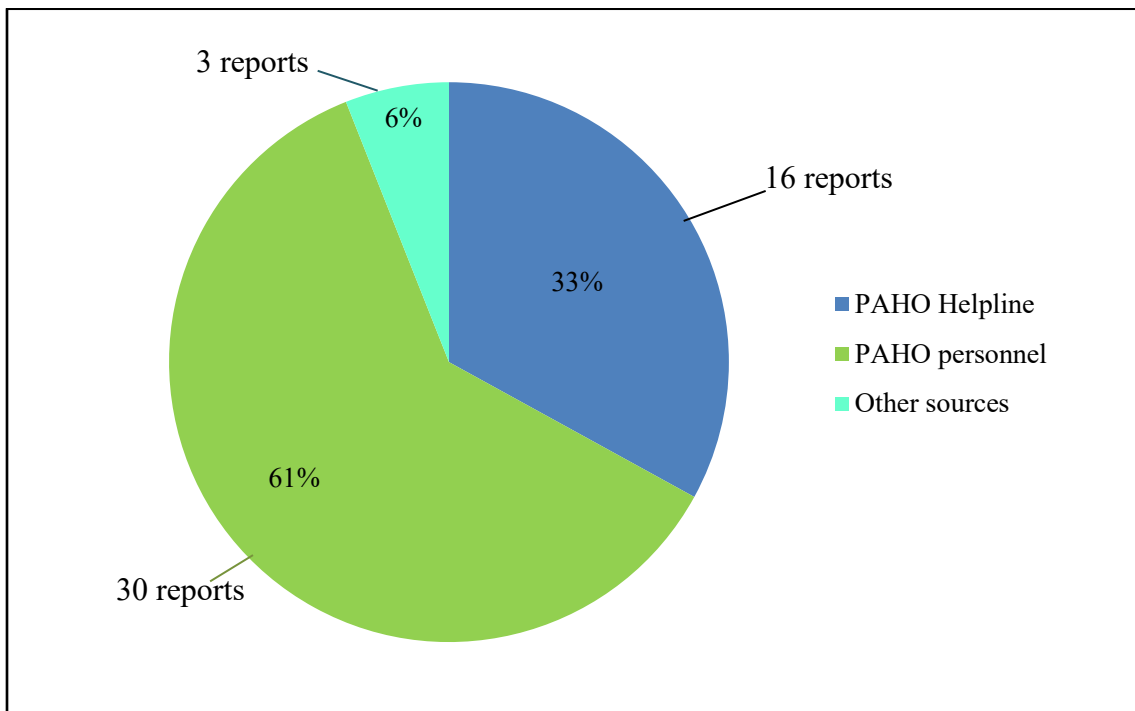
Table 1. Case management statistics, 2016-2018

Item	2016	2017	2018
Reports carried over from previous year(s)	27	22	15
Reports received in the given year	49	38	49
Total number of reports reviewed	76	60	64
Reports dismissed or referred elsewhere	21	12	20
Reports closed by the Investigations Office with an opinion given to parties	23	21	20
Reports resulting in an investigation report to PASB Administration	10	12	10
Reports carried forward to the following year	22	15	14

13. The Investigations Office closed 50 of the 64 matters it reviewed in 2018. 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.

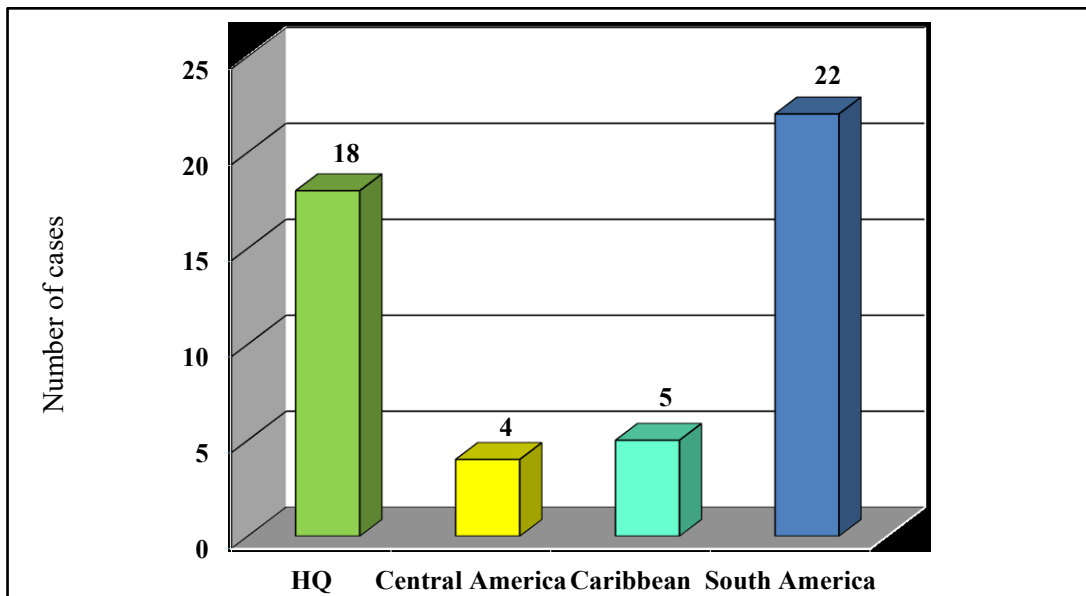
14. Figure 1 shows that about two-thirds of the reports of alleged wrongdoing were received directly from PASB staff. This figure likely reflects the increased confidence of personnel to submit their concerns directly to the Investigations Office. One-third (16) of the reports were received through the PAHO Helpline and three were received from other sources; all 19 reports were submitted anonymously.

Figure 1. Reports of alleged wrongdoing, by source of information, 2018



15. In 2018, the Investigations Office received more reports from Country Offices in South America than it did from Headquarters, as shown in Figure 2.

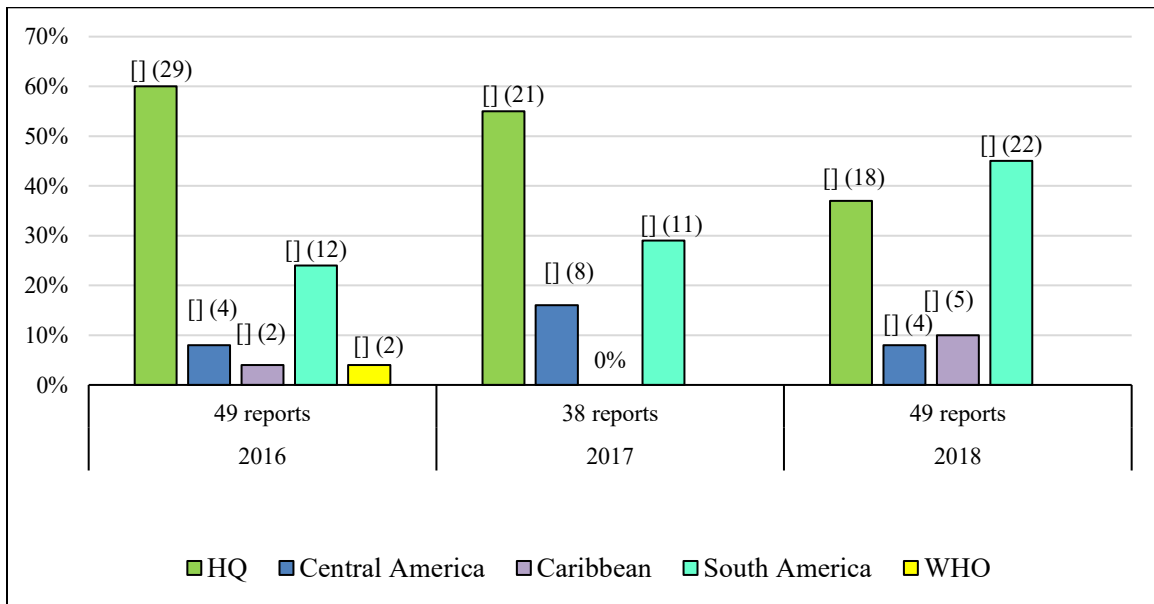
Figure 2. Reports on alleged wrongdoing, by subregion, 2018



16. This is the first time in the last three years that the number of reports received from one of the subregions surpassed the number of reports from Headquarters, and it is a testament to the continued outreach efforts carried out by members of the ICMS.

17. Figure 3 shows a subregional comparison of the reports received during the past three years.

Figure 3. Reports on alleged wrongdoing, by subregion, 2016-2018



18. According to data received from Human Resources Management, PASB had a total of 2,204 staff and contingent workers as of 24 January 2019. Of those 2,204 people, 33% (730) work at Headquarters; 14% (315) in Central America; 17% (379) in the Caribbean; and 35% (780) in South America. Figure 3 shows that there is little direct correlation between the reports received by subregion and the corresponding number of personnel. The number of reports received from Central America and the Caribbean do not correspond to the staffing levels in those two subregions. It is evident that the rate of reporting in Central America and the Caribbean is inconsistent and may be a reflection that there is insufficient awareness about reporting mechanisms in the Country Offices of these regions.

19. Several reports of alleged wrongdoing in 2018 pertained to inappropriate workplace conduct such as discourteous behavior and the selling of personal items in the office (Table 2). While such conduct is inappropriate in the workplace, it does not necessarily warrant disciplinary action and may instead be addressed and resolved through guidance from the Investigations Office or by referral to another member of the ICMS.

20. There was a notable increase in reports of alleged fraud, from six reports in 2017 to 15 reports in 2018. As the Bureau 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 strategy. 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, 2016-2018

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

21. Most investigation reports submitted to PASB Administration by the Investigations Office in 2018 pertained to harassment, as shown in Table 3. One of those cases related to sexual harassment.

Table 3. Investigation reports issued to PASB Administration, 2016-2018

Investigation reports issued to PASB Administration, by typology	2016	2017	2018
Fraud	1	1	3
Harassment	5	3	4
Sexual harassment	2	2	1
Discrimination	-	1	-
Attendance/failure to work appropriate hours	-	-	-
Conflicts of interest	-	-	1
Inappropriate workplace conduct	1	1	1
Retaliation	-	-	-
Rumors	-	-	-

³ In 2018, the Investigations Office received one report that entailed allegations of both fraud and harassment, and this report is accounted for in both categories.

⁴ Ibid.

Investigation reports issued to PASB Administration, by typology	2016	2017	2018
Hiring practices; selection processes	1	2	-
General workplace concerns	-	-	-
G-5 domestic worker issues	-	2	-
Improper termination	-	-	-
Total:	10	12	10

22. The Investigations Office submitted 10 investigation reports to PASB Administration in 2018. Table 4 details the location of the alleged wrongdoing, the nature of each allegation, and the investigative findings and action taken by PASB Administration. Five persons were separated from the Bureau in 2018 as a result of investigations undertaken by the Investigations Office.

Table 4. Investigation reports submitted to PASB Administration, 2018

Location	Alleged wrongdoing	Substantiated or unsubstantiated by Investigations Office	Disciplinary/administrative action taken by PASB Administration
Country Office	Fraud	Substantiated	The person was returned to the Ministry of Health.
Country Office	Sexual harassment	Substantiated	The person received a reduction in step on the salary scale.
Country Office	Personal lending practices	Substantiated	Decision pending.
Headquarters	Harassment; failure to work appropriate hours	Substantiated	The person was terminated.
Country Office	Fraud	Substantiated	Two people were returned to the employment agency.
Country Office	Conflict of interest – political activity	Substantiated	The person’s contract was not renewed.
Country Office	Harassment	Unsubstantiated	The person received an administrative letter.
Headquarters	Harassment	Unsubstantiated	No action taken.
Headquarters	Harassment; fraud	Substantiated	The person was returned to the contractor.
Headquarters	Fraud	Substantiated	The person received an administrative letter.

Fraud, Theft, Damage, and Loss of PAHO Property

23. All cases of fraud, theft, damage, and loss of 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.

24. 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.

25. In 2018, the Investigations Office received 56 reports regarding fraud; the theft, damage, or loss of PAHO resources or equipment; or the fraudulent misuse of PAHO corporate or travel credit cards by non-staff. The total reported loss amounted to \$143,153.06.⁵ PAHO recovered \$83,819.13, leaving a net loss to the Organization of \$59,333.92. This is the largest number of reports received in the last 10 years, and the net loss to the Organization is the fourth highest recorded by the APLP in the last 10 years. These cases, which are also described in the 2018 Financial Report of the Director, were as follows:

- a) Twelve cases involved the theft or loss of textbooks from the Expanded Textbook and Instructional Materials Program (PALTEX), for a total value of \$59,088.15. In 11 of those cases, the losses were reimbursed to PAHO in full by the point-of-sale distributors.⁶ In one instance, the textbooks were lost in transit and never reached their intended point-of-sale destination. As a result, the Organization bore a net loss of \$3,263.42.
- b) Thirty-four cases involved the theft, damage, or loss of attractive property (laptop computers, tablets, smartphones, projectors, etc.) at PAHO Headquarters and in the Country Offices. The total net loss to PAHO amounted to \$8,889.27.
- c) Three cases involved alleged fraud that resulted in investigations by the Investigations Office. The Organization recovered part of the loss in two of the three cases. There was a net loss totaling \$47,181 from one of the cases, as shown in Table 5.

⁵ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

⁶ Point-of-sale distributors are required to indemnify PAHO for any theft or loss of any textbooks from their distribution sites; therefore, PAHO typically recovers such losses in full. In the event that such reimbursement is not effected, the agreement with the point-of-sale distributor is terminated and the outlet is removed from the list of eligible distributors.

Table 5. Cases of reported fraud resulting in an investigation report to PASB Administration, 2018⁷

Location	Alleged fraud	Amount of the alleged fraud	Substantiated/ unsubstantiated by the Investigations Office	Disciplinary/administrative action taken by PASB Administration
Country Office	Staff health insurance fraud.	\$47,181	Substantiated	Decision pending.
Headquarters	Theft of proceeds.	\$882	Substantiated (\$882 recovered)	The person was returned to the employer.
Headquarters	Entitlements fraud.	\$2,929	Substantiated (\$2,929 recovered)	The person received an administrative letter.

- d) An investigation is currently ongoing into an alleged case of fraud. The amount involved in this case is estimated to be \$20,637.
- e) Six 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 \$1,496.41, were reimbursed in full by the financial institutions that issued the purchase or travel cards.

Lessons Learned

26. It is important that the Investigations Office addresses matters in a thorough and timely manner. In 2018, 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 6 shows a summary of the average time it took the Investigations Office to close matters in 2018.

⁷ These three investigation reports were submitted to PASB Administration in the first quarter of 2019. A summary of those reports will appear in the 2019 Annual Report of the Investigations Office.

Table 6. Average time required to close matters, 2018

Reports received	Average time
Fraud	6 months
Harassment	4 months
Attendance/ failure to work appropriate hours	2 months
Conflict of interest	3 months
Inappropriate workplace conduct	2 months
Retaliation	1 day
Rumors	1 day
Hiring practices/ selection processes	3 weeks

27. The Investigations Office notes the relatively small number of sexual harassment cases investigated during the last three years (Table 2). This might be a sign of under-reporting, and it may be worthwhile to consider additional awareness raising activities on reporting mechanisms, especially in the Country Offices.

28. The Investigations Office also notes an inconsistent rate of reports received from Central America and the Caribbean. The Office will ensure more comprehensive coverage in these regions when conducting awareness raising activities. Staff need to be aware of the resources available to them with respect to the internal system of justice.

29. 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 timeframe 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 PASB Administration with as complete an understanding of the facts as possible. Nonetheless, with the creation of a dedicated and strengthened Investigations Office, it is expected that the time to consider all types of cases will improve.

30. In addition to allegations of staff misconduct, the Investigations Office will also investigate corruption and fraud with respect to projects financed by PAHO. It is important that all persons, within and outside of the Organization, involved in PAHO projects are aware of its rules and norms so that they can report concerns to the Investigations Office or to another ICMS resource. The Investigations Office will raise awareness of fraud and corruption within and outside of the Organization and encourage all PAHO personnel and external parties to report alleged misconduct and/or suspected corruption and fraud.

Future Actions

31. The Investigations Office will collaborate with other offices in a collective effort to prevent and detect possible fraud and corruption and in safeguarding the resources and assets of the Organization.

32. The Investigations Office will contribute to the development of an Anti-Fraud Policy to be issued in 2019 and continue to support Organization-wide risk management strategies and policies with other departments.

33. The Office will put in place digital forensics tools to facilitate more efficient investigations. Having this capability in-house will go a long way in making investigations more credible and professional and, in the longer term, can increase efficiency and provide cost savings to the Organization.

34. The Investigations Office will undertake a review of the PAHO Investigation Protocol to ensure that it is in line with latest industry best practices. It will also establish criteria for the handling and prioritization of the reports it receives.

35. The Investigations Office's main product is the investigation report. Going forward, the Office intends to provide another report that will highlight findings on control weakness issues and other relevant observations in the course of its investigations work to relevant parts of PASB Administration.

Action by the Executive Committee

36. 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 2018, and provide additional guidance to PASB as it sees fit.

Annex

Analytical Form to Link Agenda Item with Organizational Mandates

1. Agenda item: 3.6 - Annual Report of the Investigations Office for 2018
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 2014-2019 (Amended): Category 6: Corporate Services/Enabling Functions Program Area 6.2: Transparency, Accountability, and Risk Management Outcome 6.2: PAHO operates in an accountable and transparent manner and has well-functioning risk management and evaluation frameworks. Output 6.2.3: Improved ethical behavior, respect within the workplace, and due process across the Organization [Output 6.2.3 is cited in PAHO Program and Budget 2014–2015].
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.