

160th SESSION OF THE EXECUTIVE COMMITTEE

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Provisional Agenda Item 3.5

CE160/8
5 April 2017
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ANNUAL REPORT OF THE ETHICS OFFICE (2016)

Introduction

1. Ethical behavior is integral to the core values of the Pan American Health Organization (PAHO): equity, excellence, solidarity, respect, and integrity. The Ethics Office was established in 2006 for the purpose of assuring ethical conduct and compliance with the rules and policies that have been developed to promote the highest standards of ethical behavior. It has now completed a decade of promoting the Organization's values and commitment to ethical behavior, transparency, and equity.
 2. The Ethics Office is an independent entity with the authority and autonomy to carry out its two core functions: an *advisory* function of providing guidance and advice to personnel on ethical issues, and an *investigative* function of following up on allegations of misconduct. This office carries out administrative fact-finding investigations in instances where the Organization's values may not have been upheld, leading to possible financial or reputational risks.
 3. In order to preserve its independence and operate free of any outside influences, the Ethics Office reports directly to the PAHO Governing Bodies through the Executive Committee. It also has an indirect reporting relationship with the Deputy Director of the Pan American Sanitary Bureau (PASB) on routine administrative matters such as biennial work plans, staffing needs, and the approval of duty travel and leave.
 4. The Ethics Office endeavors to foster an internal working environment in which respect for others, integrity, trust, open communication, and tolerance for different cultures and perspectives are both encouraged and shared by all staff. While every person who works for PASB is expected to apply the principles of the PAHO Code of Ethical Principles and Conduct in their day-to-day activities, both inside and outside the workplace, the Ethics Office is tasked with promoting high ethical standards and responding to any doubts, questions, or uncertainties about these principles when they arise.
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5. With the intention of promoting high ethical standards and providing consistent guidance, the Ethics Office facilitates staff understanding of the PAHO Code of Ethical Principles and Conduct through printed materials, informational bulletins, and outreach programs. Advisory services are provided in response to queries from personnel on issues that may have ethical implications or that give rise to ethical concerns. These queries may be made using a variety of modalities and they may be anonymous, if desired.

6. In addition, the Ethics Office provides face-to-face training to individuals at Headquarters and in the PAHO country offices and centers. The Ethics Office also addresses emerging trends and shifting priorities by developing new policies and initiatives on pertinent ethics and compliance issues, which are then incorporated into training activities.

7. The investigative function of the Ethics Office consists of conducting investigations into allegations of misconduct involving PASB personnel. These allegations may include workplace harassment, fraud and corruption, misappropriation of resources, cases of theft or loss of the Organization's assets and equipment, or other suspected ethical violations.

8. One of the many tools utilized by the Ethics Office to facilitate reporting of potential ethical violations is the Ethics Helpline. The Helpline is administered by an outside vendor and provides a secure line of communication through which a reporter may ask questions or express concerns to the Ethics Office, whether anonymously or as an uninvolved party, without fear of retaliation. This mechanism is essential not only to PAHO, but also to any effective ethics program.

9. Reporters may use the Ethics Helpline to ask questions on ethical issues or to report allegations of misconduct in any of the Organization's four official languages (English, French, Portuguese, or Spanish). The Helpline is accessible through a dedicated website. A more robust version of the Helpline was implemented in 2016 that permits users to attach files or documents to their reports or questions, among other new features.

10. The Ethics Office also serves as the coordinator of the PAHO Integrity and Conflict Management System (ICMS) and as secretariat of the Standing Committee on Asset Protection and Loss Prevention. These roles are in addition to its two main functions. The ICMS¹ brings together all the resources in the Organization that are tasked with addressing matters of organizational integrity and conflict resolution. The group is chaired by the Ethics Office. Given that staff may interact with any of the ICMS resources to address concerns of integrity and conflict resolution, the ICMS members meet regularly to ensure a consistent application and interpretation of PAHO rules and

¹ The ICMS members include the Ethics Office, the Office of the Ombudsman, the Office of the Legal Counsel, the Area of Human Resources Management, the Office of Information Security, The Office of Internal Evaluation and Oversight Services, the Board of Appeal, and the PAHO/WHO Staff Association.

regulations, to discuss matters of mutual interest and to suggest improvements to the Organization's conflict resolution system.

11. All personnel in the PASB, irrespective of contractual status, have access to the Ethics Office for guidance and advice on how to comply with the principles of ethical behavior set out in the Code of Ethical Principles and Conduct and other policies that are designed to regulate their conduct as international civil servants. The Ethics Office plays a primary role in promoting and shaping a culture of ethics and integrity in PAHO, providing guidance, advice, and training to help staff make the right ethical decisions and integrating the principles set forth in the Code into the daily professional practice of all staff. The presence of the Ethics Office is vital to help PAHO convey transparency, trust, and integrity, both within the Organization and to its external partners, and to help carry out its mission of championing health throughout the Americas.

12. In this report, the Ethics Office outlines its activities and achievements in 2016. Areas covered include: *a)* advice and guidance provided to PASB personnel in response to consultations; *b)* allegations of misconduct that were received and investigated, including reports made through the Ethics Helpline; *c)* new initiatives and other actions that were implemented to improve awareness and reduce the risk of potential conflicts of interest; and *d)* future actions that will be taken to further enhance the ethical culture in the PASB.

13. Highlighted below are the main activities undertaken and the results achieved by the Ethics Office in 2016 in each of its key areas of operation.

Advice and Guidance

14. The Ethics Office's advisory function consists of providing guidance and advice to staff on ethical issues and conducting training and outreach programs so that staff can acquire a better understanding of the Organization's expectations in terms of ethical behavior and regulate their conduct to avoid missteps that might give rise to ethical dilemmas or concerns.

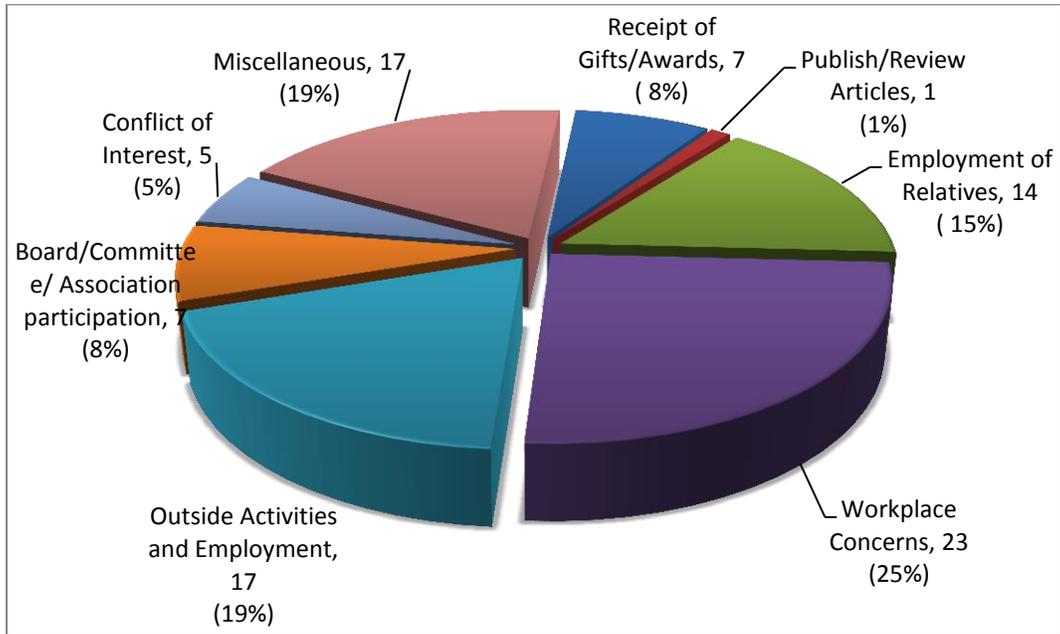
Consultations

15. By providing authoritative guidance to staff, the Ethics Office helps them avoid potential conflicts of interest between their professional and personal interests and responsibilities, thereby safeguarding their reputation as well as that of the Organization.

16. Staff have many different avenues for obtaining advice and guidance on ethical issues. They may choose to: *a)* consult the various policies of the Organization, including the Code of Ethical Principles and Conduct and the International Civil Service Commission's Standards of Conduct for the International Civil Service; *b)* submit a consultation through the Ethics Helpline, remaining anonymous if they wish; and/or *c)* approach the Ethics Office directly in person or by email.

17. In 2016, the Ethics Office responded to 91 consultations from staff on a wide range of issues. The types of consultations received in 2016 are shown in Figure 1 below.

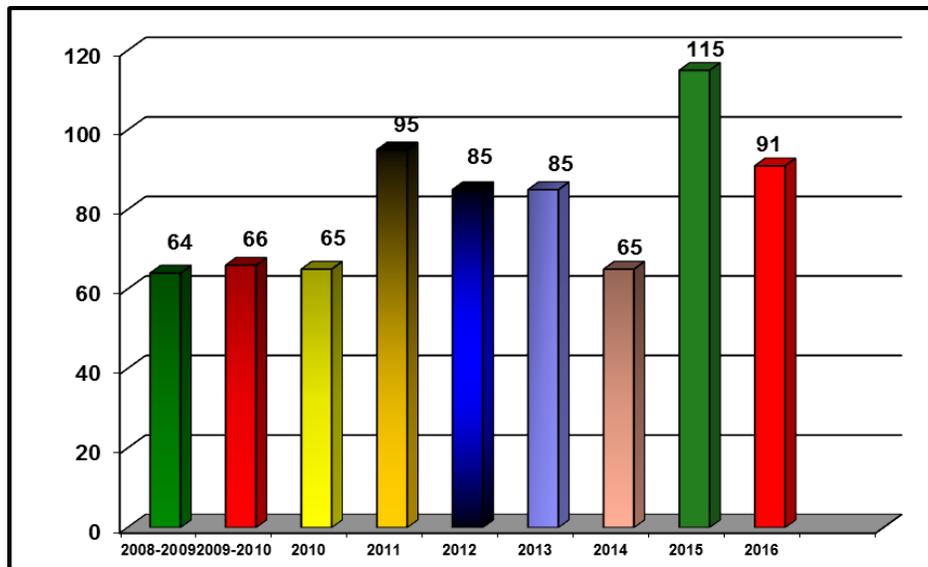
Figure 1: Consultations from PASB staff, by type of consultation, 2016



18. The 91 consultations received in 2016 are fewer than the record 115 consultations received by the Ethics Office in 2015, but the number remains consistent with the overall norm for organizations receiving ethics-oriented queries—about 2% to 4% of its total staffing population in any given year. Given that PASB employs about 2,100 people under all types of contracts, the 91 consultations translate to 4.23% of the staff, which is higher than the typical range, and may reflect the confidence and willingness among PASB staff to seek guidance and advice from the Ethics Office.

19. Figure 2 below shows the number of consultations that were received in the Ethics Office from 2008 to 2016.

Figure 2: Consultations received, by year, 2008–2016



20. In 2016, 23 queries were received addressing general workplace issues, such as respect for cultural and religious differences in the workplace and the advisability of PASB staff sharing hotel rooms with a family member while on duty travel.

21. The Ethics Office received 17 queries in 2016 regarding outside activities or external employment of PASB staff. In one instance, a staff member inquired whether it would be acceptable for her to maintain a website showcasing her photography and website designs. The Ethics Office determined that this activity would not pose a conflict with the staff member's official duties and that the subject matter was not inconsistent with the work and reputation of the Organization.

22. Five queries were classified as potential conflicts of interest in 2016. In one case, the Ethics Office received a query from a staff member as to whether, upon retirement, she could independently submit a proposal to a PAHO donor for activities outside the Region of the Americas. The Ethics Office saw no conflict, but it instructed the staff member not to share confidential/sensitive information from the Organization with parties on the project and to guard against taking funding away from another project that PAHO might potentially implement. The project in question involves funds in Africa and Asia only.

23. The Ethics Office received 14 queries about the possible employment of family members or relatives of serving PASB personnel. Given the negative connotations associated with nepotism, the Organization does not normally allow the employment of family members or relatives in PASB unless the person undergoes a competitive selection process, the position requires specialized skills, and no other equally qualified candidate is available.

24. In addition, the Ethics Office received seven queries from PASB personnel about serving as a board member of an outside organization or association. As part of the review process, the Ethics Office seeks to ensure that the person's participation would not create a conflict of interest with the mandate or work of the Organization. In one instance, a staff member contacted the Ethics Office to see if it would be permissible to serve on an advisory board of a nongovernmental organization when that organization was also a WHO Collaborating Center. In this case, the Ethics Office concluded that there was a conflict of interest between the two roles because the staff member was also the focal point in PAHO for the Collaborating Center and was responsible for extending its designation.

25. The Ethics Office also received seven consultations related to gifts from suppliers or vendors. The PAHO Code of Ethical Principles and Conduct stipulates that a gift from an outside source may only be accepted if it is "infrequent and of minimal value." Accordingly, PASB personnel are required to decline substantial gifts to avoid any perception of preference and any expectation of reciprocity from the vendor in the future.

26. In addition, the Ethics Office received one query concerning the publication of books and 17 consultations on other miscellaneous issues.

Briefing and Training Activities

27. In 2016, the Ethics Office conducted briefing/training sessions on the role of the Ethics Office, the Code of Ethical Principles and Conduct, and on the ICMS in four country offices and one Headquarters department. The offices in which staff received training were as follows:

- Bahamas – February 2016
- Trinidad and Tobago – September 2016
- Suriname – September 2016
- Mexico – September 2016
- Family, Gender, and Life Course Department (PAHO HQ) – December 2016

28. In collaboration with the Office of the Ombudsman, the Ethics Office provided a comprehensive training session to about 70 senior managers and country representatives at the Biennial Managers' Meeting held in Washington, D.C., in November 2016. The session focused on whistleblower protection and prevention of retaliation and on the steps that managers should take to foster an environment in which staff can freely speak up without fear of retaliation. It also addressed ways in which managers can avoid false claims being made against them. This training program will be extended to other categories of managers in 2017.

Allegations and Investigations

29. The Ethics Office's mandate also includes carrying out investigations into allegations of misconduct, the theft or loss of attractive property belonging to the Organization, and suspected violations of the PAHO Code of Ethical Principles and Conduct.

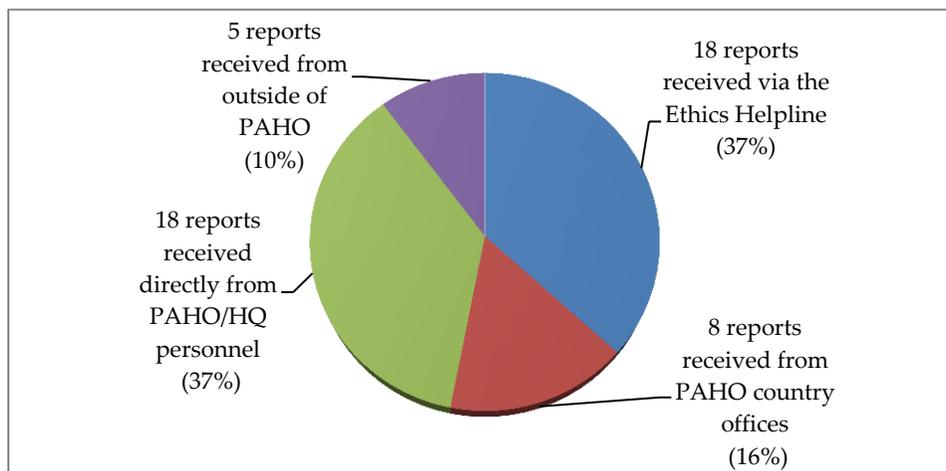
Reports of Misconduct

30. The Ethics Office is limited to determining the facts when carrying out investigations. These investigations are strictly administrative in nature and are intended to uncover the facts in an impartial, objective, and independent manner.

31. In those cases in which the Ethics Office finds prima facie evidence that misconduct has occurred, it submits an investigation report to Human Resources Management, which is responsible for making a final determination regarding the merit of the allegation(s) and taking the next steps, whether it be issuing a letter of charges to the subject of the investigation or imposing administrative or disciplinary action. Thus, the Ethics Office acts as the fact-finder, while Human Resources Management serves as the decision-maker. This separation of functions between fact-finder and decision-maker ensures greater scrutiny and transparency in the process.

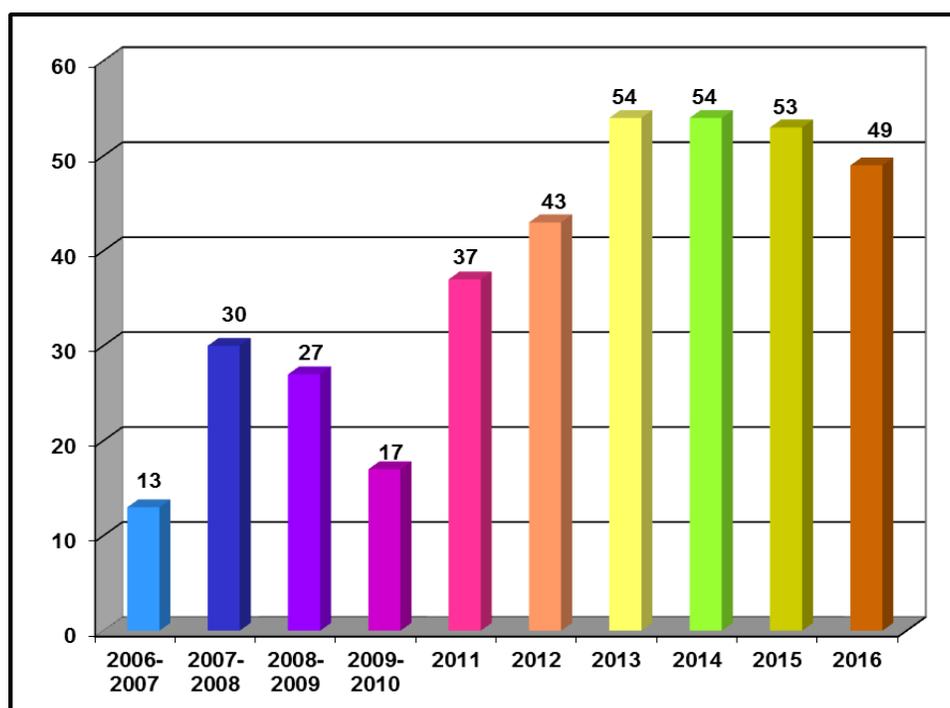
32. In 2016, the Ethics Office received 49 separate reports on behavior that raised possible ethical concerns. As shown in Figure 3, 18 of these reports were submitted through the Ethics Helpline, and all but one of the reports were submitted anonymously. This distribution mirrored the pattern of the previous two years when most of the reports submitted through the Ethics Helpline were also anonymous. These 49 reports resulted in nine full investigations. The investigation reports prepared by the Ethics Office were sent to management for consideration.

Figure 3: Reports on behavior that raised ethical concerns, by source of information, 2016



33. Figure 4 shows the number of reports received on ethical concerns from 2006 to 2016. It is noteworthy that in 2016, for the first time since 2009, more reports regarding ethical concerns were received directly from PASB staff (both at Headquarters and in country offices) than via the Ethics Helpline. This increase reflects the stepped up outreach efforts of the Ethics Office, as well as greater confidence on the part of staff members to express their concerns directly to the Ethics Office.

Figure 4: Number of reports on ethical concerns, by year, 2006–2016



34. In 2016, the Ethics Office received 14 reports of inappropriate workplace conduct, including allegations of alcohol consumption by a third party contractor and prejudicial remarks against a particular ethnic group. The Ethics Office also received seven reports concerning general workplace issues such as the loss of health care benefits following a change in health care provider and unauthorized access to a staff member's email account.

35. In addition, the Ethics Office received seven reports relating to the Organization's hiring practices, selection processes, and post abolition procedures. In one case, the Ethics Office received an allegation that a staff member assisted in hiring the staff member's cousin without reporting the familial tie or asking to be recused from the selection process. The Ethics Office determined that because the staff members were third cousins, they were not considered closely related by blood as defined in the Staff Rules. However, given the seniority and key position of the incumbent staff member, the

Ethics Office concluded that the staff member was in a position to set the ethical tone in the office and should have been sensitive to any issues that might have given rise to an ethical concern, such as the hiring of an extended family member.

36. In 2016, the Ethics Office also received four formal harassment complaints from staff in different departments and assisted the World Health Organization (WHO) in its handling of two harassment cases. One complaint in PASB pertained to alleged harassing behaviors by a senior official. The Ethics Office initiated an investigation into the work environment in the department by arranging for all current and some former personnel to be interviewed.

37. Four reports were submitted regarding fraud, including an alleged misrepresentation of employment status and falsification of documents. The Ethics Office also received information on a purported kickback scheme, but no further evidence was obtained to substantiate the claim.

38. Three reports concerning various other forms of misconduct were submitted to the Ethics Office. In one case, a domestic employee, working in the United States under a PAHO-sponsored visa for a PASB staff member, filed a complaint against the PASB staff member for alleged misappropriation of salary and abuse of authority. The Ethics Office conducted a formal investigation and submitted its findings to Human Resources Management, as the case posed a potential reputational risk to PAHO.

39. One report received by the Ethics Office involved allegations of racism and exclusionary acts by a senior manager. The staff member claimed the manager only hired members of one ethnic group, which gave the perception that candidates from other groups were not being considered. The Ethics Office investigated the allegations and submitted its findings to Human Resources Management.

40. The Ethics Office received a report alleging that a staff member who was granted certified sick leave for an extended period of time had not produced supporting medical documentation. Moreover, the staff member was reportedly seen in public when thought to have been placed on strict bed rest. The Ethics Office looked into this matter and submitted a report to Human Resources Management for consideration.

41. In addition, the Ethics Office received reports relating to a range of allegations, including the dismissal of a contractor for reporting misconduct, excessive use of office telephones for personal calls, improper termination of a consultancy contract, spreading of rumors, and two purported undisclosed romantic relationships between supervisors and subordinates.

42. Finally, it was reported at the 158th Session of the Executive Committee in June 2016 that the Ethics Office had also received a number of anonymous reports through the Ethics Helpline that involved senior PASB officials. The Ethics Office investigated these reports and determined that they were unfounded. However, someone using a pseudonym

subsequently sent a series of anonymous e-mail communications to senior officials in PASB, WHO, and the United Nations Ethics Office, as well as to the members of the PAHO Audit Committee. Given the nature of these communications and the need to protect the interests and reputation of the Organization and its staff, the Director of PASB decided to engage the services of an external investigator to undertake another independent assessment of the allegations to determine whether or not they had merit. It was noted that the outcome of this external review would be included in the 2016 Annual Report of the Ethics Office.

43. The external review was conducted by Debevoise & Plimpton LLP, a prominent law firm in Washington, D.C. In its 21 December 2016 report to the Director of PASB, Debevoise concluded as follows: “After conducting its preliminary inquiry, Debevoise concludes that the allegations raised in the anonymous reports are unsupported by the facts and without merit, and thus, they do not warrant a full investigation. In fact, the sheer lack of evidence across the board to support the allegations suggests a lack of good faith on the part of the reporter in making them. Debevoise recommends, accordingly, that the preliminary inquiry be closed.”

44. The findings made by Debevoise mirror those made earlier by the Ethics Office. In view of these findings, the case was closed and no further action was taken by the Organization.

Fraud, Theft, and Loss of PAHO Property

45. All cases of fraud, theft, and loss of property must be reported to the Ethics Office, which serves as the focal point for these matters in PASB.

46. PASB does not tolerate fraud and corruption. All suspected cases of fraud and corruption are vigorously investigated. Appropriate and proportionate disciplinary action, including in some cases termination of appointment, is taken by the Organization.

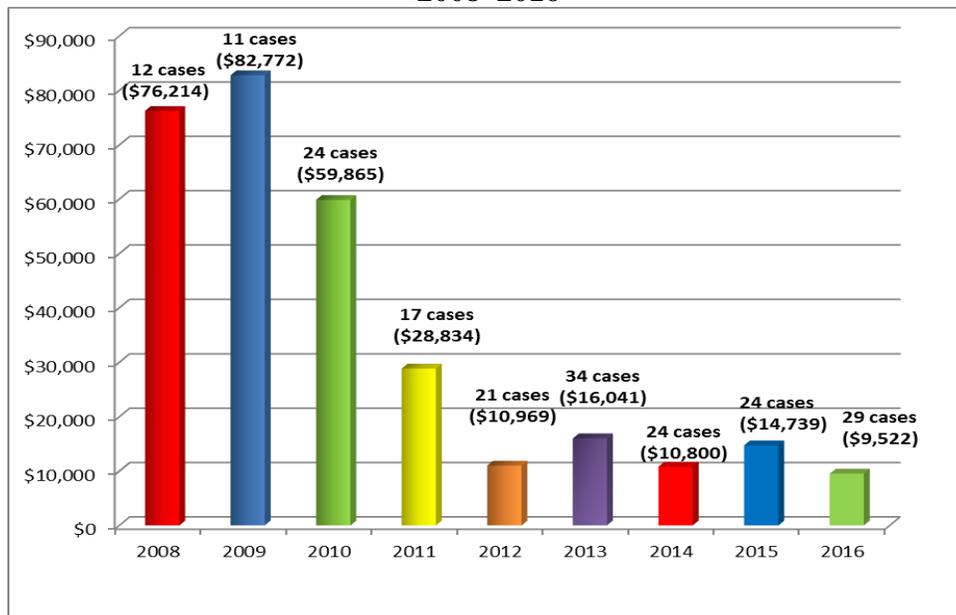
47. The PAHO Asset Accountability Policy, instituted in 2012, holds staff accountable for replacing or repairing any equipment that is lost, stolen, damaged, or destroyed as a result of negligence or willful misconduct. Thus, PASB staff must care for the Organization’s property as if it were their own. If it is determined that reasonable precautions were not taken to protect PAHO property or equipment from loss or theft, staff members may be required to reimburse the Organization for the cost of the missing asset.

48. In 2016, the Ethics Office received 29 reports regarding suspected fraud, the theft or loss of PAHO resources and equipment, and the fraudulent misuse of PAHO corporate or travel credit cards by non-staff. These cases (which are also described in the 2016 Financial Report of the Director) were as follows:

- a) Eight cases involved the theft or loss of textbooks from the Expanded Textbook and Instructional Materials Program (PALTEX), with a total value of US\$ 23,114.55.² With the exception of \$216.24 in missing cash, all of these losses were reimbursed to PAHO by the point-of-sale-locations.³
- b) Seventeen cases involved the theft or loss of attractive property (laptop computers, tablets, smartphones, projectors, etc.) in the country offices and at PAHO Headquarters. The amount of these losses totaled \$9,305.48.
- c) There were four instances of misuse of PAHO purchasing or travel credit cards committed by non-PASB staff. The fraudulent charges, totaling \$8,453.56, were reimbursed in full by the financial institutions that issued the purchase or travel cards.

49. Figure 5 shows the number of cases and the dollar amount of fraud, theft, and loss of assets from 2008 to 2016.

Figure 5: Amount of fraud, theft, and loss, by year, 2008–2016



50. As shown, net losses remained very low in 2016, as only the equivalent of \$9,522 in assets was lost or stolen. This amount is more or less consistent with the net losses experienced over the last four years.

² Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

³ Point-of-sale locations are required to indemnify PAHO for any theft or loss of any textbooks from their distribution sites, and therefore PAHO typically recovers such losses in full. In the event that such reimbursement is not effected, the agreement with the point-of-sale location is terminated and the outlet is removed from the list of eligible distributors.

New Initiatives and Other Actions

51. In 2016, the Ethics Office assisted the Office of the Ombudsman in developing an online course to help promote a healthy workplace in which all staff are treated with dignity and respect. The aim of this course is to raise awareness among PAHO's personnel about some of the behaviors that contribute to an unhealthy work environment and provide constructive suggestions on how to create a more healthy workplace.

52. New Rules of Procedure for the Board of Appeal were approved and published in 2016. These rules clarify who can file an appeal before the Board of Appeal, impose more specific deadlines for filing different pleadings, provide greater emphasis on the objectivity of the Board members, and specify that the Board's scope of review is limited to an examination of the written record, but that oral hearings may be held at the discretion of the Board.

53. When it is necessary to communicate with the entire PASB community, the Ethics Office distributes information through a General Information Bulletin (GIB) that is sent electronically to staff. In 2016, the Ethics Office disseminated two GIBs.

54. The first bulletin, issued on 28 October 2016 (GIB No. HQ-FO-16-665), pertained to Integrity in Reporting Ethical Concerns. This bulletin reminded PASB staff that it is important to report any ethical concerns they may have and that they have the right to remain anonymous if they wish. It also noted that the only legitimate channel for anonymous reports is the Ethics Helpline and that anonymous reports received outside this channel will not be considered.

55. The second bulletin, published on 27 December 2016 (GIB No. HQ-16-720), dealt with PASB Staff Conduct and Political Activities. This bulletin reminded staff to refrain from any actions or activities that could be viewed as being critical of a government and to exercise the utmost discretion at all times in their personal political activities.

56. Finally, the Ethics Office strengthened its unit in 2016 and created two separate functions, one dealing with its advisory role and the other with its investigative role. The advisory function focuses exclusively on providing advisory services, addressing policy matters, and engaging in training and outreach efforts. As a result, the Ethics Office is able to strengthen its focus on prevention and reduce the risk of improper conduct. With the investigative and advisory functions of the Ethics Office handled by separate individuals, the Ethics Office now enjoys greater agility and is able to better respond to the questions and reports it receives.

Future Actions

57. In 2017, the Ethics Office will dedicate a large part of its work to fraud prevention, detection, and response, pursuant to a comprehensive report that was issued

by the Joint Inspection Unit of the United Nations in 2016. As part of these efforts, the Ethics Office will spearhead the development of a fraud awareness strategy, dedicated training, and other efforts to help detect and combat fraud and corruption in the Organization, both from internal and external sources.

58. The Ethics Office will also implement an Organization-wide online training program for staff in 2017. This program will help to reinforce ethical concepts and proper workplace conduct while also strengthening staff engagement on ethical matters. Continuing its efforts to encourage a climate in which staff can speak up freely without fear of retaliation, the Office will also launch a campaign and dedicated training program during the course of the year. The campaign will include posters and brochures emphasizing that staff have the right to speak up—and should not be afraid to do so. This campaign will be supplemented by a mandatory online training course on whistleblower protection and the prevention of retaliation.

59. Also in 2017, the Ethics Office will expand its outreach program and conduct face-to-face briefing and training sessions with additional departments at Headquarters and in country offices and centers.

60. In addition, the Office will implement once again its declaration of interest program for senior staff and expand it to include other categories of personnel. The purpose of this program is to help identify potential conflicts of interest and take the necessary corrective action to mitigate any possible risks to the Organization.

61. The Office also intends to embark on a broader campaign to minimize the risk of conflicts of interest that could damage the Organization's reputation. As part of this strategy, the Office will focus on the recruitment processes for the Pan American Sanitary Bureau and non-staff personnel, including consultants and individuals contracted to work for the Organization through third parties.

62. In addition, the Office intends to launch a survey throughout the Organization on the ethical climate and work environment in the different units, country offices, and centers.

63. Finally, the PAHO Code of Ethical Principles and Conduct, which was issued 11 years ago, will undergo a wholesale revision. While this Code has served the Organization well over the years, ethics and principles evolve over time and need to be adapted to changing realities. In addition, updating the Code will allow the necessary adjustments to reflect the latest practices and trends and to focus on areas that have generated the most attention and queries from staff members.

Action by the Executive Committee

64. The Executive Committee is invited to take note of this report, solicit additional information or clarification on the work and activities of the Ethics Office in 2016, and provide additional guidance to the Organization as it sees fit.

Annex

ANALYTICAL FORM TO LINK AGENDA ITEM WITH ORGANIZATIONAL MANDATES

- 1. Agenda item:** 3.5 - Annual Report of the Ethics Office (2016)
- 2. Responsible unit:** Ethics Office (ETH)
- 3. Preparing officer:** Mr. Philip MacMillan
- 4. Link between Agenda item and [Health Agenda for the Americas 2008–2017](#):**
Not applicable.
- 5. Link between Agenda item and the [PAHO Strategic Plan 2014–2019](#):**
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 Ethics Office continues to rely on the requisite level of funding to enable it to fulfill its mandate.