

154th SESSION OF THE EXECUTIVE COMMITTEE

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Provisional Agenda Item 3.4

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ANNUAL REPORT OF THE ETHICS OFFICE (2013)

Introduction

1. Established in May 2006, the Ethics Office continues to foster ethical conduct in the Pan American Sanitary Bureau (PASB) by providing guidance and advice to personnel and by ensuring compliance with the principles of ethical behavior set out in the Code of Ethical Principles and Conduct of the Pan American Health Organization (PAHO). Consistent with the current Administration's commitment to transparency, trust, integrity, and ethics, the Ethics Office plays an important role in helping to shape the ethical culture of the Organization and integrating the principles set forth in the Code of Ethical Principles and Conduct into the daily professional practice of the approximately 2,000 people who work for the Organization in the Region of the Americas.
2. This report highlights the activities and achievements of the Ethics Office in 2013, including: *a)* consultations received from PASB personnel; *b)* allegations of misconduct that were received and investigated, including reports made through the Ethics Help Line; *c)* a new initiative that was implemented to combat fraud and corruption; and *d)* future actions that will be taken to further enhance the ethical culture in the Organization.
3. This report also identifies the challenges faced by the Ethics Office and the resources needed to ensure an effective and progressive ethics program with high professional standards. It is the responsibility of the Ethics Office to promote and uphold principles of *a)* loyalty to the Organization's goals; *b)* integrity, honesty, and impartiality; *c)* transparency and fairness; *d)* respect for others; *e)* independence from outside influences; and *f)* tolerance for different cultures and perspectives. To fulfill its responsibilities in these areas, the Ethics Office requires the continued institutional and financial support of the Organization.

Status and Role

4. The PASB Ethics Office reports directly to the PAHO Governing Bodies through the Executive Committee. Except for routine administrative matters, the Ethics Office
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does not have a direct reporting relationship to anyone within the PASB. As an independent entity in the Organization, the Ethics Office has complete authority and autonomy to carry out its mission without any internal constraints or external pressures.

5. Every PAHO staff member is expected to apply the principles of the PAHO Code of Ethical Principles and Conduct in their day-to-day activities, whether inside or outside the workplace. The mission of the Ethics Office is to promote high ethical standards and to encourage an internal work environment characterized by trust, open communication, and mutual respect. This mission is achieved in several different ways:

- a) The Ethics Office helps staff become familiar with the PAHO Code of Ethical Principles and Conduct through training, brochures, and bulletins.
- b) The Ethics Office is available to answer queries from personnel on any issue that may have ethical implications or give rise to ethical concerns.
- c) In order to guide personnel in the right direction and protect the interests of the Organization, the Ethics Office develops new policies and initiatives on the latest trends and emerging areas of interest in the ethics and compliance domain.
- d) By clarifying the boundaries of acceptable behavior through briefing and training activities, the Ethics Office promotes ethical awareness and fosters a proper appreciation of the Organization's rules and policies so that staff are more likely to ensure compliance in the long term.

6. In addition to providing guidance, advice, and training, the Ethics Office is responsible for conducting investigations into allegations of misconduct, including allegations of fraud and corruption, abuse of position for personal benefit, misappropriation of resources, harassment and other suspected ethical violations, and all cases of theft or loss of the Organization's assets and equipment.

7. Essential to any effective ethics program is a secure line of communication for staff to express their concerns anonymously and without fear of retaliation. The PAHO Ethics Help Line, administered by an outside vendor and overseen by the Ethics Office, allows staff members to ask questions on ethical issues or to report allegations of misconduct through a dedicated website or by toll-free telephone from any country in the Region of the Americas. The Ethics Help Line is available in the Organization's four official languages (English, French, Portuguese, and Spanish), and users can remain anonymous if they wish.

8. The Ethics Office also serves as the Coordinator of the PASB Integrity and Conflict Management System and as Secretariat of the Standing Committee on Asset Protection and Loss Prevention.

9. Highlighted below are the principal activities undertaken and results achieved by the Ethics Office in 2013 in each of the key functions described above.

Advice and Guidance

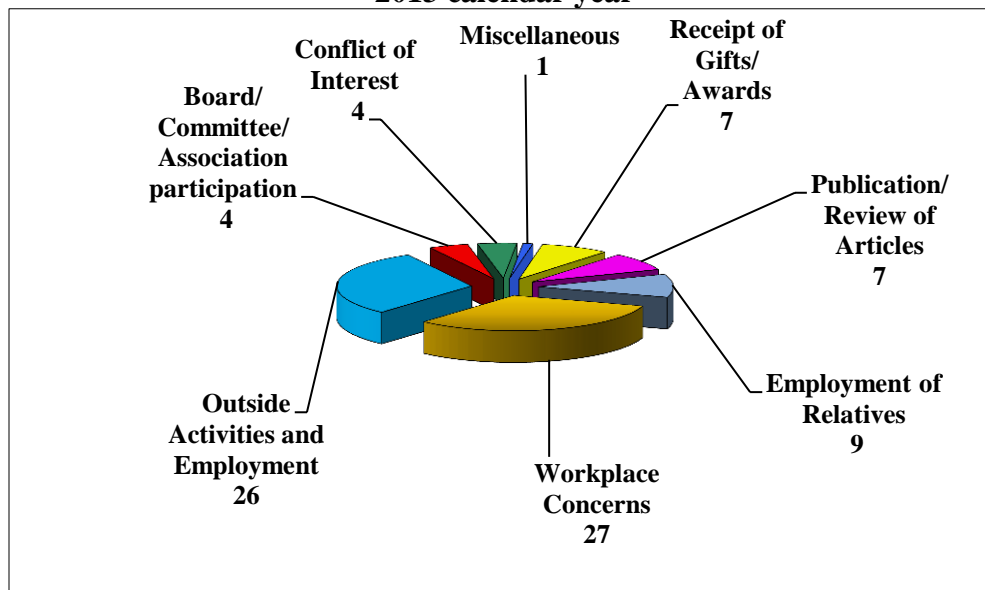
10. Situations sometimes arise in which the private or personal interests of staff interfere, or appear to interfere, with their responsibilities to the Organization. Staff have the underlying responsibility to ensure that their behavior and actions do not create a conflict of interest, or the appearance of a conflict of interest. However, it is not always clear what situations give rise to a conflict of interest. The role of the Ethics Office in situations of this kind is to guide staff in the right direction and provide authoritative advice on the best course of action to take.

11. PASB personnel have three main options to help them resolve ethical dilemmas or concerns:

- a) They may consult the applicable policies, including the PAHO Code of Ethical Principles and Conduct and the International Civil Service Commission Standards of Conduct for the International Civil Service, for insight or guidance regarding the issue under consideration.
- b) They may contact the Ethics Office directly for advice on how to deal with a particular situation.
- c) They may ask a question or submit a consultation through the Ethics Help Line and remain anonymous if they wish.

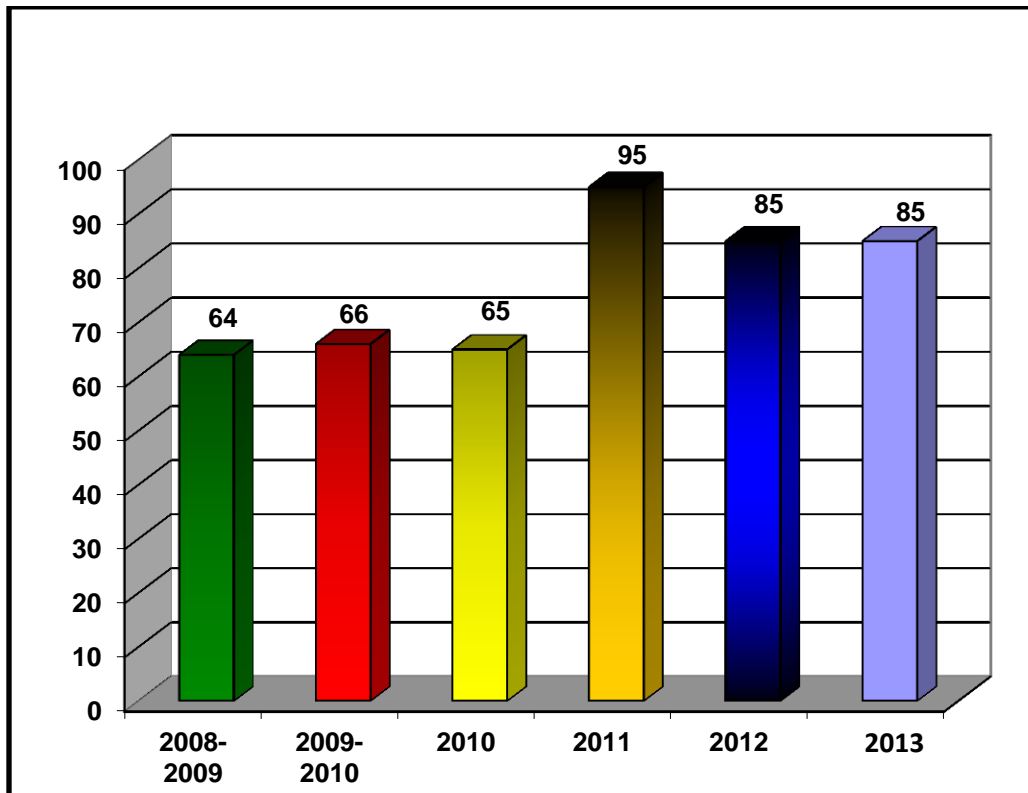
12. In 2013, the Ethics Office responded to 85 consultations from staff on a variety of topics. The consultations received in 2013 are illustrated in Figure 1.

Figure 1: Consultations from PASB staff, by type of consultation, 2013 calendar year



13. The number of consultations received in 2013 was the same as the number received in 2012, as shown in Figure 2 below.

Figure 2: Consultations received, by reporting period, 2008–2013



14. In 2013, the 27 general workplace queries involved diverse subjects, including concerns about the attendance of staff, contract extensions, payment of benefits and allowances, and interpersonal disputes, among other issues.

15. The Ethics Office received 26 queries in 2013 regarding outside activities or external employment of PAHO staff. In comparison, 17 requests of this nature were received in 2012. The Ethics Office believes this upward trend in inquiries relating to outside activities and employment is indicative of a multifaceted staff with increasing interests outside of work and a willingness to become involved in their communities. The Ethics Office views this as a positive trend that can help enhance the visibility and image of the Organization as long as the activity is consistent with its ethical principles. Some of these queries were related, for example, to teaching at a local university, working in retail establishments on weekends, conducting exercise classes at lunchtime, and participating in a national electoral commission (which was not allowed, since PAHO personnel may not engage in political activities).

16. In addition, the Ethics Office received four queries from PASB personnel about serving as a board member of an outside organization or association. When considering

queries of this nature, the Ethics Office ensures that the person's participation would not create a conflict of interest with the mandate or work of the Organization.

17. The Ethics Office received seven consultations related to gifts from suppliers or vendors. In this regard, 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." Based on these criteria, the Ethics Office determined, for example, that two web cameras could not be accepted from a company that was vying to do business with PAHO. In another case, a staff member was allowed to participate in a paid survey since the proceeds were going to be donated by the survey company to a charity of the staff member's choice. In another case, an iPad was given by a national association that had a technical cooperation agreement and a long association with PAHO. In this situation, the office concerned was allowed to keep the iPad for official use, since it would have been uncomfortable to return the gift to such an important partner.

18. Four queries were classified as potential conflicts of interest. They involved relatives serving on panels or attending meetings organized by PAHO, staff accepting funding from an organization that was having ethical problems, and consultants having overlapping assignments with other organizations.

19. Nine queries were received about the possible employment of family members or relatives of serving PASB personnel. Because of the negative connotations surrounding nepotism, family members and relatives cannot normally be employed in PASB. The exception would be person who undergoes a competitive selection for a specialized position and no other equally qualified candidate is available.

20. Finally, seven queries were submitted concerning the publication of articles outside the Organization.

Briefing and Training Opportunities

21. In 2013, the Ethics Office conducted briefing sessions on the Code of Ethical Principles and Conduct and on the PAHO Integrity and Conflict Management System (ICMS) for the following groups of staff:

- a) all PAHO Country Office personnel in Barbados, on 5 March 2013;
- b) a group of new interns, on 21 June 2013;
- c) all personnel in Financial Resources Management at PAHO Headquarters, on 6 August 2013;
- d) new PAHO Country Office administrators at PAHO Headquarters and in the Bahamas and Bolivia. on 31 October 2013; and
- e) all PAHO Country Office personnel in Bolivia, on 3 December 2013.

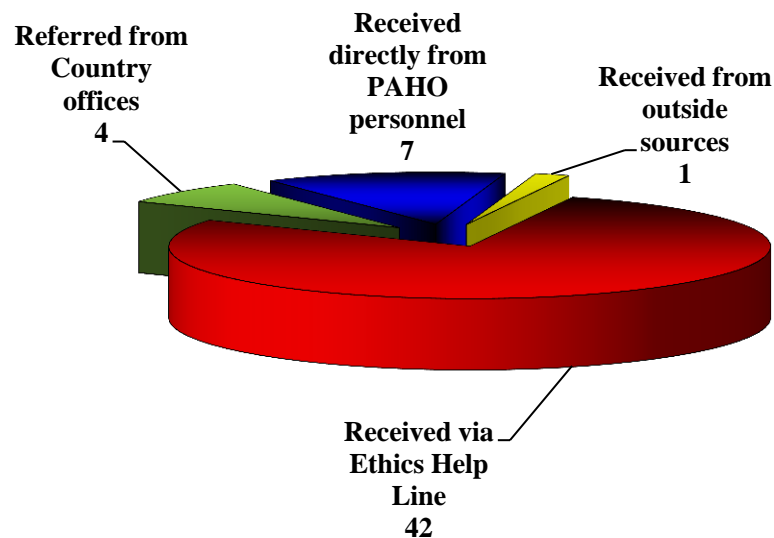
Investigations

22. The other principal role of the Ethics Office is to conduct investigations into specific allegations of misconduct and suspected irregularities or violations of the PAHO Code of Ethical Principles and Conduct.

23. The role of the Ethics Office when carrying out investigations is limited to determining the facts through an impartial and independent inquiry. These investigations are strictly administrative in nature and intended to uncover the facts. Investigation reports are normally submitted to Human Resources Management for review and a decision regarding the merits of the allegation and the possible imposition of administrative or disciplinary action. This procedure ensures a proper separation of functions between the fact-finder and the decision-maker.

24. In 2013, the Ethics Office received 54 reports about behavior that raised possible ethical concerns. As depicted in Figure 3 below, 42 of these reports were submitted through the Ethics Help Line. Of these 42 reports, 38 were submitted anonymously. Thus, as in 2012, the vast majority of reports submitted in 2013 through the Help Line were anonymous.

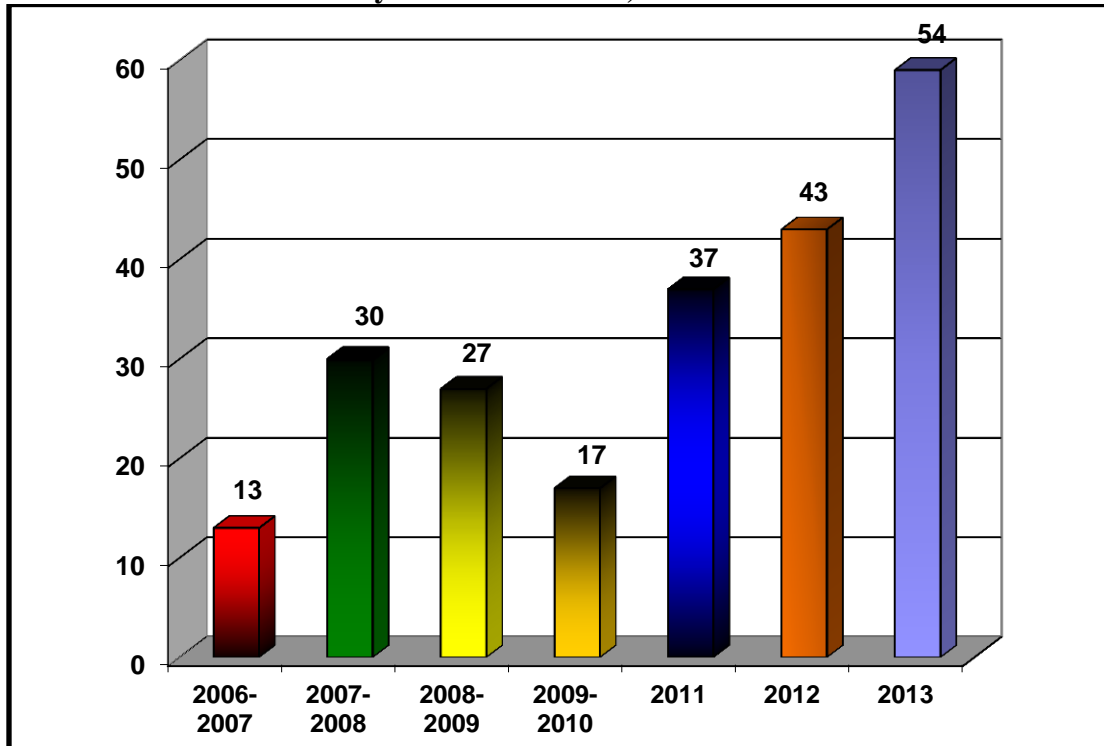
Figure 3: Reports about behavior that raised ethical concerns, shown by how the Ethics Office received the information, 2013



25. Figure 4 shows the number of reports on ethical concerns received from 2006 to 2013. While there was an overall increase in the number of reports received in 2013 in comparison with previous years, many of the reports received in 2013 related to the same subject. These reports were treated individually, however, because they had been submitted anonymously through the Ethics Help Line and it was not possible to know whether they originated from the same person or were presented by different people.

26. Including multiple reports on the same subject, the Ethics Office received information in 2013 on 30 new issues that raised possible ethical concerns. Given that duplicate reports are being submitted on the same issues, the Ethics Office will consider whether it would be preferable in the future to report the number of new cases it receives, rather than the number of reports, as is presently the case.

Figure 4: Number of reports on ethical concerns received by the Ethics Office, 2006 to 2013



27. In 2013, the Ethics Office carried out one investigation into a case of financial fraud involving a PASB staff member. This case related to irregularities in the staff member's home leave travel claim.

28. The other main investigations conducted by the Ethics Office in 2013 involved allegations of harassment submitted by staff members against their supervisors or other PASB personnel. In these formal complaints of harassment, staff alleged that their supervisors created a hostile work environment, exhibited favoritism and preferential treatment toward other staff, improperly removed their job responsibilities, engaged in intimidation, and/or abused their authority.

29. Some of the harassment complaints investigated by the Ethics Office involved allegations of sexual harassment. These were reported by both male and female staff members and implicated supervisors and other persons working for PASB (the PAHO Policy on the Prevention and Resolution of Harassment in the Workplace extends to all persons working in the Organization, regardless of type or duration of contract). The

reported sexual harassment included sending inappropriate pictures, making unwelcome sexual advances, and engaging in quid pro quo sexual harassment, which occurs when job benefits, including employment, promotion, salary increases, work assignments, performance evaluations, and other conditions of employment are made contingent on the provision of sexual favors. The alleged sexual harassment took place both inside and outside the workplace.

30. The Ethics Office also looked into situations involving an alleged romantic relationship between a supervisor and a staff member under that person's direction. The PAHO Code of Ethical Principles and Conduct requires disclosure of a romantic relationship between staff members in hierarchical positions, since such relationships can negatively affect the work environment, lead to favoritism and preferential treatment, impact the supervisor's ability to remain impartial and transparent, and result in unauthorized disclosure of confidential or sensitive information.

31. In addition, the Ethics Office received information about the possible misuse of PAHO resources, including the Organization's information systems and its official vehicles and drivers. Misuse of PAHO resources incurs a cost to the Organization and can have a detrimental effect on its reputation. The Ethics Office investigates any alleged misuse to ensure that staff members are not using PAHO resources for inappropriate purposes, such as viewing or downloading unsuitable content from the intranet, and to prevent staff from abusing certain privileges such as home leave travel and other work-related benefits and entitlements.

32. In 2013, in the absence of an Ombudsperson from April onwards, the Ethics Office handled a number of issues that would normally fall within the purview of the Office of the Ombudsperson. These issues related to benefits and allowances, working conditions, and relations between supervisors, subordinates, and colleagues that could have been resolved through dialogue or mediation. The Ethics Office provided a confidential setting for PASB staff to report issues they were having in the workplace and facilitated discussion and meetings, as necessary, to help resolve some of these issues. With the appointment of a new Ombudsperson in January 2014, such issues will again be handled by that office.

33. Based on the outcome of the investigations that were completed in 2013, one person was summarily dismissed from the Organization for serious misconduct.

Fraud, Theft, and Loss of PAHO Property

34. The Ethics Office also serves as the focal point for all fraud, theft, and loss of PAHO property, assets, or equipment and staff are required to report any suspected instances directly to the Ethics Office.

35. The Asset Accountability Policy, instituted in July 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. PAHO personnel may be required to reimburse the Organization for the cost of the missing asset if it is determined that reasonable measures were not taken to protect PAHO property and equipment from loss or theft.

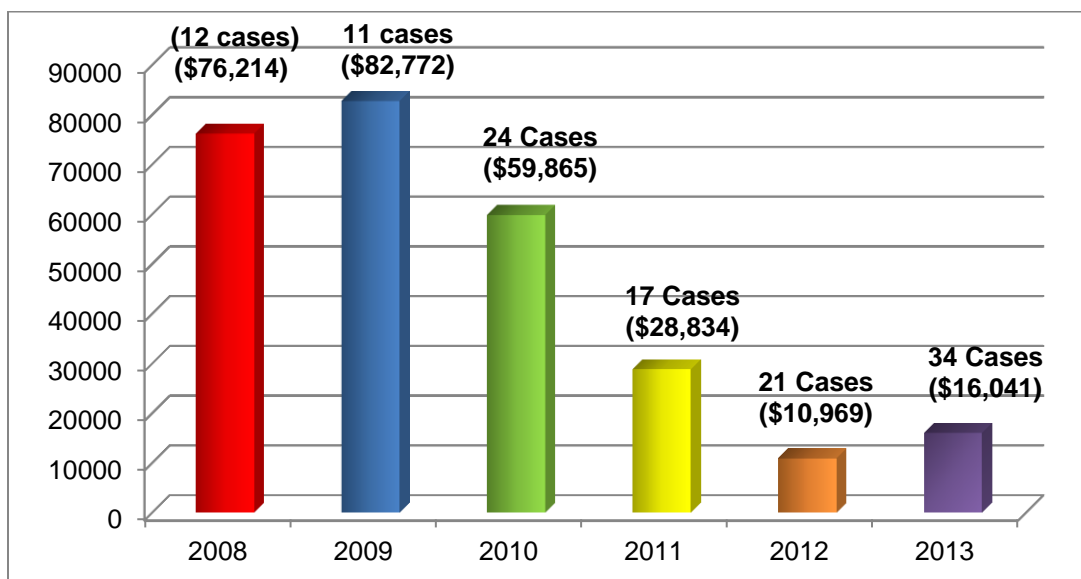
36. Staff also have an individual responsibility to help fight fraud and corruption in the Organization. In February 2013, the Ethics Office issued a brochure entitled “Zero Tolerance for Fraud and Corruption.” This document makes it clear that all suspected cases of fraud and corruption will be actively investigated and that the necessary disciplinary action, including termination of appointment, will be taken as appropriate.

37. In 2013, the Ethics Office received 34 reports regarding fraud and the theft or loss of PAHO resources and equipment or the fraudulent misuse of PAHO corporate or travel credit cards by non-cardholders. These cases (which are also described in the Director’s 2013 Financial Report) were as follows:

- a) One case involved the falsification of a home leave travel claim (as mentioned in paragraph 27 above). The amount at issue was US\$ 2,861¹, which was recovered from the staff member’s terminal emoluments.
- b) Twelve cases involved the theft or loss of attractive property (laptop computers, tablets, cameras, and smart phones) in the country offices and at PAHO Headquarters. The amount of these losses totaled \$5,900, of which \$2,265 was recovered, leaving a net loss to the Organization of \$3,635.
- c) Fifteen cases involved the theft or loss of textbooks from the Expanded Textbook and Instructional Materials Program (PALTEX). The total amount of the losses was \$78,918, of which \$66,512 was recovered, leaving a net loss to the Organization of \$12,406. The high rate of recovery is due to the fact that the point-of-sale locations are required to indemnify PAHO for any theft or loss of any textbooks from their distribution sites. In cases where 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.
- d) Six cases involved the misuse of PAHO purchase or travel credit cards by people outside the Organization. In all six cases, the fraudulent charges, amounting to \$1,959, were recovered in full from the financial institutions concerned.

38. Figure 5 shows the number of cases and the amount of fraud, theft, and loss of assets from 2008 to 2013.

¹ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

Figure 5: Amount of fraud, theft, and loss by year, 2008 to 2013

39. As illustrated, the amount of losses remained relatively insignificant in 2013, even though the number of cases increased. The increase in cases was attributed to the transfer of responsibility for the PALTEX program from the Pan American Health and Education Foundation (PAHEF) to PAHO in 2012. As a result, PALTEX administrators in the country offices are now required to report the theft or loss of textbooks to the Ethics Office as well.

Other Activities

40. The PAHO Ethics Office continues to be a key participant in the Ethics Network of Multilateral Organizations (ENMO), which was established in 2009 to have a common forum for ethics practitioners to discuss issues of mutual concern. The Ethics Program Manager in PAHO served as Chair of the fifth annual meeting of ENMO in Paris, France, in July 2013 and oversaw an agenda covering a wide range of topics.

41. At the end of 2013, the Ethics Office joined a multilateral community of practice with ethics professionals in the Washington, D.C. area, including representatives from the Inter-American Development Bank, the International Monetary Fund, and the World Bank. The group meets on a quarterly basis to discuss issues and trends in workplace investigations and ethics and to hold practical training courses for ethics professionals as well as administrators.

Future Actions

42. In 2014, the Ethics Office will implement a new conflict-of-interest disclosure program consisting of a declaration-of-interest questionnaire that will be issued to

selected staff through an online survey. The purpose of this program is to identify conflicts of interest that may exist or potentially arise in order to safeguard the best interests of the Organization and its staff.

43. In an effort to stay at the forefront of emerging trends, the Ethics Office will update the PAHO Code of Ethical Principles and Conduct to reflect recent challenges and developments in the ethics field and to address the evolving needs of the Organization.

44. Based on a recommendation from the PAHO Audit Committee, the Ethics Office prepared a series of informational brochures on conflicts of interest, outside employment and activities, and gifts and hospitality, which will be issued in 2014.

45. In addition, the Ethics Office will consider whether the Organization's policy on romantic relationships in the workplace needs to be revised based on the prevailing practices in the private and public sectors. Under the current policy, only staff who are in a hierarchical reporting relationship need to disclose a romantic relationship.

46. Further, the Ethics Office will collaborate with the Communication Unit to implement a policy on the proper use of social media. This policy will establish guidelines and provide some limits on the use of social media, both inside and outside the workplace, to ensure that no posts or tweets could cause embarrassment to the Organization and that information relating to PAHO or a person's job in PAHO is factual and accurate.

47. The Ethics Office also plans to collaborate with the Ombudsperson in creating a policy on what constitutes proper conduct in the workplace and how to resolve differences before they escalate to more serious charges of harassment or create a hostile work environment. This policy will encourage dialogue among staff and emphasize that formal complaints of harassment should be reserved for more egregious cases in which dialogue is insufficient to resolve the problem and concrete remedial measures may be necessary.

48. In its role as Coordinator of the PAHO Integrity and Conflict Management System, the Ethics Office is leading a review of the Rules of Procedure of the PAHO Board of Appeal, which will culminate in the issuance of new rules in 2014.

49. Finally, the Ethics Office intends to expand its efforts to prevent fraud and corruption by instituting measures, in close association with the concerned departments and the Asset Protection and Loss Prevention Committee, to detect possible irregularities in health insurance claims and in bids tendered by contractors and suppliers for goods and services.

Challenges

50. One year ago, during the 152th Session of the Executive Committee, the representatives of Paraguay, El Salvador, and Chile stressed the importance of training

staff in the country offices on the principles and values contained in the PAHO Code of Ethical Principles and Conduct and developing awareness strategies that focus on prevention in order to reduce the risk of improper conduct. Pursuant to this recommendation, the Ethics Office is developing a regional strategy to increase awareness of its various programs and initiatives in the country offices through personal visits, online activities, and social media.

51. Many of the investigations undertaken by the Ethics Office are laborious and time-consuming, given the importance of uncovering the facts of a particular case and making a proper determination of whether the allegation has merit or not. Given the limited staffing resources and the time it takes to look into such cases, it is sometimes difficult to devote the necessary attention to the Office's advisory and advocacy role and engage in preventive measures. However, it is clear that this role must also be given due consideration in order to enlighten staff and reduce the possibility of unethical conduct.

52. To be effective in its advisory and investigative roles, the Ethics Office requires sufficient financial and human resources. While the Ethics Office understands the budgetary challenges currently facing the Organization, it wishes to emphasize that an ethical environment is also a cost-effective one. In order to implement its various activities and initiatives, the Ethics Office continues to rely on management to allocate the resources that will enable it to fulfill its mandate in an optimal manner.

Action by the Executive Committee

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



ANALYTICAL FORM TO LINK AGENDA ITEM WITH ORGANIZATIONAL MANDATES

1. Agenda item: 3.4 - Annual Report of the Ethics Office (2013)

2. Responsible unit: Ethics Office (ETH)

3. Preparing officer: Mr. Philip MacMillan

4. List of collaborating centers and national institutions linked to this Agenda item:

Not applicable.

5. Link between Agenda item and Health Agenda for the Americas 2008-2017:

Not applicable.

6. Link between Agenda item and Strategic Plan 2014-2019:

Strategic Objective 16 and RER 16.3, on policies and practices that promote, inter alia, ethical behavior of personnel in the Organization. Indicator 16.3.6 is directly referable to the work of the Ethics Office in gauging the number of queries received from personnel and assessing the overall level of awareness of ethical behavior.

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.