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PROGRESS REPORT ON THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE EXTERNAL AUDITOR'S SPECIAL REPORT, SEPTEMBER 2004

Background

1. In 2004 the Director of the Pan American Sanitary Bureau (PASB) requested an independent investigation within the mandate, authority, and responsibilities of the current External Auditor of PAHO, the National Audit Office of the United Kingdom of Great Britain and Northern Ireland, for the purpose of reporting to management and the Directing Council on strengthening good governance and management procedures.
2. The External Auditor presented his report to the 45th Directing Council in September of 2004 (Financial Report of the Director and Report of the External Auditor 2002-2003: Special Report of the External Auditor, Document CD45/29), which contained a number of recommendations as to how to improve governance and management in the Organization, focusing on the following areas:
 - Ethical standards and codes of conduct,
 - Recruitment of employees and consultants,
 - Complaints procedures,
 - Management of external relationships, and
 - Information technology security.
3. After considering the Report, the Directing Council assigned the Executive Committee the task of taking the necessary measures to monitor the implementation of the recommendations of the External Auditor's Report.

4. At its September 2004 Session, the Executive Committee stressed the need to implement all the recommendations in the Report and to develop instruments and mechanisms to guarantee transparency in all the Organization's practices and procedures. It requested that the Director of Administration, together with the Legal Counsel, and the Area Manager for Human Resources Management, develop a plan of action and timetable with specific steps to be taken in the implementation of the recommendations of the Special Report.

5. The Executive Committee further requested that the Secretariat of PAHO report to the Subcommittee on Planning and Programming (SPP) in March 2005, regarding the all the areas highlighted in the Report and two additional ones listed below:

- Internal audit procedures, and
- Selection of an ombudsperson.

6. In order to fulfill the duties entrusted to it, the Members of the Executive Committee assigned the current and immediate past presidents of the Executive Committee (the representatives of the United States of America and Dominica) to work with PAHO staff to monitor and evaluate progress made by the Secretariat in addressing the recommendations contained in the External Auditor's Report 2004 and requested that they report to the Committee Members on a timely basis.

7. The Director of Administration presented a progress report at the 39th Session of the Subcommittee on Planning and Programming in March 2005, which was followed by a more detailed report presented by PAHO's Legal Counsel to the Executive Committee in June 2005. In summary, both the SPP and the Executive Committee expressed satisfaction with the progress made to date, noting the importance of implementing the ethical guidelines in the practice and culture of the Organization—both at Headquarters and in the field offices—as an essential element to strengthen management and leadership and to protect the well-deserved reputation of the Organization.

8. The present document summarizes the process followed by the Secretariat in implementing the External Auditor's recommendations and discusses the overall progress made to date in addressing the concerns raised in each of the areas included in the External Auditor's Report.

Process

9. Beginning in October 2004 to May 2005, the Director of Administration and Legal Counsel met three times with the President of the Executive Committee, Mr. William Steiger, from the United States, together with the Hon. Herbert Sabaroché,

from Dominica, who participated by telephone, to keep them apprised on the progress of PAHO's work. During these discussions the Executive Committee representatives identified a number of areas in which the PAHO Secretariat had already taken steps to begin to implement the recommendations and others in which the Secretariat still must take action to address the concerns raised. Where appropriate, this group agreed upon a general timeline for actions to occur. Mr. Steiger shared the records of these meetings with the Executive Committee Members.

10. Early in the process, the Director of Administration, Legal Counsel, Area Manager for Human Resources Management, and Area Manager for Information Technology met to develop a detailed plan of action and timetable. This team determined that PAHO would benefit from the advice of outside experts in the field of ethics and governance. After considering a number of different proposals, in February 2005, the Organization contracted the Ethics Resource Center (ERC) of Washington, D.C., a nonprofit organization of recognized experience in the field of ethics, training, and communication strategies, and in conducting organizational assessments.

11. The ERC's deliverables were to be made in four phases between February and June 2005. PAHO has drawn extensively from ERC's input in formulating its response to the External Auditor's recommendations, as discussed in Section III below.

12. In March 2005, the Director launched PAHO's Roadmap for Institutional Transformation. This Roadmap highlighted 11 key initiatives, focusing on corporate priorities designed to modernize several organizational processes and improve how the Organization meets the twenty-first century expectations of its Member States. The recommendations of the External Auditor's Report are an integral part of one of the 11 initiatives, entitled "Standards for Accountability and Transparency." The Legal Counsel of PAHO has been designated as Team Leader for this critical initiative, which will be supported by a team of staff members from various functions and locations of the Organization.

Progress on the External Auditor's Recommendations¹

Ethical Standards and Codes of Conduct (Annex 1, Recommendations 1-3)

13. The External Auditor's Report recommended that PAHO develop a framework of ethical principles for the conduct of the Organization's business and the guidance of staff. In accordance with this recommendation, and in collaboration with the Staff Association, PAHO has developed a Code of Ethical Principles and Conduct. This document

¹ See Annex 1, Progress Matrix. Please note that additional information documents (shown under the "Evidence" column of the Matrix) will be made available to the Directing Council at the meeting room.

combines a principles-based framework, setting forth the core values and ethical principles of the Organization, and a PAHO-specific set of rules establishing clear boundaries of acceptable behavior at PAHO. The new Code of Ethical Principles and Conduct also envisions the establishment of an Integrity and Conflict Management System within PAHO, which will set forth clear and articulated procedures dealing with complaints allegations, reporting, and investigations. This System will include the establishment of a dedicated hotline and of an Ethics Officer post, which will report to the Executive Committee (see paragraph 19 below).

14. The process of introducing the Code of Ethical Principles and Conduct to PAHO staff will be critical to both its initial and long-term acceptance. An effective communications and training strategy for the roll-out of the Code will be developed, so that messages can be systematically reinforced, refreshed, and coordinated. All staff will be required to confirm that they have received, read, and are complying with the Code of Ethical Principles and Conduct.

15. In addition to this Code, the PAHO Secretariat adopted important modifications to the Staff Rules and Regulations (presented to the Executive Committee in full detail under Document CE136/22) in order to ensure that the corresponding ethical notions and standards of conduct are also fully reflected in the PAHO Staff Rules and Regulations. In particular, the following important modifications were made:

- Standards of Conduct: Staff Rule 110.2 was amended to add a specific reference to the International Civil Service Commission’s *Standards of Conduct for the International Civil Service* (2001)—which is applicable to all international civil servants—and to the Organization’s own ethical principles and policies reflected in the Code of Ethical Principles and Conduct.
- Conflict of Interest: Staff Rule 110.7 was amended to expand the list of immediate family members (spouse, children, parents, and siblings of the staff member and the children, parents, and siblings of the staff member’s spouse) in respect of whom the staff member has a duty to disclose any known interest or association with an entity with which the staff member:
 - may be required to have official dealings,
 - has a commercial interest in the work of PAHO or WHO, or
 - has a common area of activity with PAHO or WHO.
- Misconduct: Staff Rule 110.8 was modified to expand the types of actions that constitute “misconduct.” Additionally, Staff Rule 1075.1 was modified to eliminate the discretionary authority to grant an indemnity to a staff member

- whose appointment is terminated due to misconduct, thus removing the inconsistency between terminating a staff member's contract due to misconduct and granting that same staff member an indemnity.
- Conduct: Staff Rules 530, 550, 555, and 560.4 were amended to reflect that a staff member's conduct, as well as his or her performance, will be taken into consideration by the Organization during its appraisal of the staff member's work; when deciding whether or not to extend or terminate a staff member's appointment; and when deciding whether to grant a within-grade salary increase or a promotion. This amendment clarified that a staff member's conduct is also an essential aspect of his or her work and will be carefully considered by the Organization when making a decision that affects the staff member's employment status.
 - Disciplinary Measures: Staff Rules 1110.1 and N 620, dealing with national employees, were amended to add two new disciplinary measures to those that may currently be imposed when a staff member has been found to have violated the Organization's standards of conduct. This will allow the Organization to impose sanctions that are more consistent with and proportional to the nature and gravity of the particular violations at issue. The new measures are: temporary suspension without pay and withholding of within-grade salary increase(s). Either of these two measures might be used where a violation is, for example, too serious to warrant a written reprimand yet not serious enough to warrant reassignment or dismissal.

16. Additionally, as recommended by the External Auditor's Report and pending the final results of the Standards for Accountability and Transparency Initiative, PAHO has implemented WHO's Declaration of Interest Disclosure Program by requiring all staff in sensitive positions (such as senior management positions, procurement, finance, and human resources) to report annually on any interest in or association with an entity with which such staff is required to have official dealings on behalf of the Organization. It should be noted that PAHO's Program is broader than WHO's, given that the newly amended Staff Rule 110.7 expanded the list of family members about whom staff members must report. These now include spouses, children, parents, and siblings of the staff member as well as the children, parents, and siblings of the staff member's spouse.² The current Declaration of Interests Program will be reviewed and assessed at the end of 2005, at which time PAHO will determine whether it wishes to expand, modify, or establish a PAHO-specific program.

² WHO's Program requires reporting with respect to the staff members themselves, their spouse, and any dependent children.

Recruitment of Employees and Consultants (Annex 1, Recommendations 4-6)

17. The External Auditor's Report recommended that the Organization maintain an up-to-date list of accredited short-term consultants (STCs) and short-term professionals (STPs) based on a clear policy for assessing their expertise, competence, and suitability for employment, and that all STCs and STPs should be recruited on the basis of open competition in all but the most exceptional circumstances. PAHO has carefully considered these recommendations and is in the process of implementing a more open and competitive selection process for the recruitment of temporary staff and consultants.

18. The selection processes that have been proposed by the Area of Human Resources Management incorporate the necessity of, on the one hand, ensuring a more competitive and transparent selection process, while, on the other hand, affording some flexibility to permit the Organization to carry out its mandate in an effective and timely manner. Combined with improved selection procedures, proposals have also been developed to ensure that the deliverables expected from all temporary contracts are more clearly delineated and that the performance of temporary personnel is better monitored and evaluated. While still subject to further discussion with Management and the Staff Association, the proposed guidelines contemplate a competitive selection process for assignments of three months or longer but a more streamlined approach for assignments of less than three months. Although a formal policy has not yet been adopted, a number of STP assignments have already been advertised and selections for those assignments have been on a competitive basis.

19. The External Auditors also recommended the development of a database or roster for temporary staff. This recommendation has been initiated and discussions have taken place on the establishment of an expertise locator specific to the Organization. Various options are currently being explored, including the possibility of using the Organization's E-recruitment system for this purpose. It is expected that a fully functional and interactive roster will be implemented by the end of 2005.

20. It should be noted that, as part of the before mentioned Roadmap for Institutional Transformation, PAHO has also begun an initiative to develop and implement a Human Resources Strategy for the Organization. Among the many topics of this initiative will be a review of all contract mechanisms, recruitment, and hiring processes, and conditions of service.

Complaints Procedures (Annex 1, Recommendations 7-11)

21. One of the essential elements of PAHO's Code of Ethical Principles and Conduct is the establishment of the Integrity and Conflict Management System, which will lay out clear and articulated procedures related to the reporting of complaints and allegations,

together with well-defined investigative functions and procedures. The System will ensure that alleged violations of the Code will be handled in a comprehensive and integrated manner, lending predictability and consistency, beyond case-by-case efforts. It will also permit the Organization to address issues systematically and to respond in a coordinated fashion regardless of the forum chosen by the complainant. The Integrity and Conflict Management System will also provide staff with multiple-access options depending on the type of issue raised and level of staff comfort. Finally, the System will make more efficient use of resources and have a marked improvement in PAHO's work environment.

22. An essential element of the Integrity and Conflict Management System envisioned under PAHO's Code of Ethical Principles and Conduct is the establishment of a new Ethics Officer position in the Organization. The Ethics Officer in PAHO will act independently of any official, department or area, office or unit, or of any other organizational entity. He/she shall have an administrative reporting relationship with the Director of PASB and report to PAHO's Executive Committee annually. The Ethics Officer will have the following functions: (a) advice, counsel, and guidance on ethical matters; (b) education, communications, and training; and (c) enforcement and investigation. The latter will ensure that investigations within PAHO are conducted in a professional, independent, impartial, and thorough and timely manner, hence enhancing the staff's view of the overall Organization and encouraging compliance with the applicable ethics and rules standards.

23. In addition to the above, it should be noted that PAHO practices regarding the reporting of fraud or presumptive fraud (including losses of cash or property), conform to WHO Manual procedures. Such cases are reported immediately to the Director of Administration, the Area Manager for Human Resources Management, the Area Manager for Financial Management and Reports, and the Chief of Internal Oversight Services. These officials, together with the Legal Counsel, decide on the methods and responsibilities for investigating, handling, and reporting each case. Detailed records of the investigations, including the corrective action to remedy any control weakness, and any disciplinary action taken at the office where the loss occurred, are kept in the Area of Financial Management and Reports. The External Auditor is routinely informed of all such cases.

24. Finally, consistent with the External Auditor's recommendation, a new position within the Legal Department of PAHO will be established to enable it to be involved in all key stages of the process and develop the institutional capacity within that Department to support the Integrity and Conflict Management Systems, as well as the Organization's governance and management procedures on a sustainable basis.

Management of External Relationships (Annex 1, Recommendations 12-14)

25. As recommended by the External Auditor, PAHO has developed Guidelines on Collaboration with Private Enterprises. These Guidelines will help evaluate the suitability of the Organization's potential collaboration with third parties, including private companies and nongovernmental organizations, with particular attention to avoiding potential conflicts of interest.

26. In addition to the above, and in accordance with PAHO/WHO Manual provisions, PAHO has continued ongoing efforts to exert greater control over the use of its name and logo by outside parties, and will strengthen institutional capacity to report and stop unauthorized use of its name and logo.

27. Furthermore, the External Auditor's recommendation that technical cooperation initiatives with third parties be supported by Memoranda of Understanding or Agreements has been fully implemented. Current policy guidelines and directives ensure that extrabudgetary initiatives are coherent with the Organization's priorities and areas of work, that the proposed projects are technically sound and well designed, that project management is consistent with the Organization's rules and procedures, and that projects are financially self-reliant. The Legal Department reviews all Memoranda of Understanding and other Agreements that support such projects prior to their signature by the Director of PASB.

Information Technology Security (Annex 1, Recommendations 15-16)

28. The Organization conducted a comprehensive network security assessment several years ago. The resulting recommendations focused on the need for a comprehensive business continuity plan, an information and security awareness program, and improved policies and procedures. As a result of the External Auditor's work, the Director of PASB approved the establishment of an Information Security Officer post. The position was advertised with a closing date of 10 June 2005. Final interviews are set for August and the selection committee is scheduled for 6 September 2005. This position should, therefore, be filled no later than 1 November 2005. The new Information Security Officer will focus on educating all staff on the responsibility for the security of PAHO's network and information, on developing policies and guidelines for e-mail and security management, and on monitoring the network to prevent intrusion from nonauthorized users.

Internal Audit (Annex 1, Recommendation 17)

29. In 2004 PAHO reached an agreement with WHO's Office of Internal Oversight Services to provide internal audit services for PAHO. Under the agreement, an internal audit team was established at PAHO to provide a consolidated internal audit of PAHO and AMRO. The chief of the office reports to WHO's Coordinator of Internal Audits as first-level supervisor, and jointly to WHO's Director of Internal Oversight Services and the Director of PASB as second-level supervisors. The annual audit plan is decided jointly by the WHO Director of Internal Oversight Services and the Director of PASB. PAHO's new Chief of Internal Oversight Services was recruited and took up his duties in PAHO in September 2004. There is an agreed-upon audit plan for 2005, and the audit process is under way. The Internal Oversight Services office in PAHO is fully staffed.

Ombudsperson (Annex 1, Recommendation 18)

30. In 1999 the function of Ombudsperson at PAHO was established on a trial basis. In 2003, the current Director of PASB established a permanent post for the Ombudsperson and extended its mandate to the country offices. The Organization conducted an extensive search for an Ombudsperson in 2003 and 2004. The Ombudsmen for the Inter-American Development Bank and the World Bank were members of the interview committee for the post, as was a representative of the Staff Association. In the end it was decided that none of the candidates was eminently qualified for the position, and the Director instructed that the post be readvertised. The grade of the post was reclassified to P5 with a five-year term, in an effort to attract the highest quality candidates. Given the length of time that the post was vacant, and the time yet required to recruit and fill the post at its new grade, the Director requested that the Area of Human Resources Management identify an individual with appropriate experience to fill the post on a temporary basis immediately.

31. In order to identify a suitable candidate for the temporary assignment, the Organization contacted a number of individuals who were current or former ombudspersons of international organizations as well as ombudspersons at various United States and international ombudsman associations and universities. As a result, a well-qualified, bilingual individual from Colombia was identified to carry out the functions of the post on a temporary basis. This person has relevant work experience as an ombudsperson and teaching experience in dispute resolution at the university level. He was selected in consultation with the PAHO Staff Association and commenced his temporary assignment on 9 May 2005.

32. The post itself was advertised on 7 March 2005 with a closing date of 30 April 2005. In response to the vacancy announcement, 104 candidates applied for the post. A preliminary screening was carried out and five candidates were invited for an interview.

One short-listed candidate subsequently withdrew her application. Two candidates were interviewed on 29 July 2005 and the other two short-listed candidates will be interviewed on 17 August 2005. On the assumption that a suitable candidate will be identified, it is expected that the selection process will be completed by the end of August 2005.

Conclusion

33. PAHO is committed to implementing the External Auditor's recommendations and has invested a substantial amount of time, effort, and resources in considering how best to implement these recommendations. For internal purposes, this work has been fully incorporated into the process of institutional change in the form of the Roadmap for Institutional Transformation.

Annex

ANNEX I. PROGRESS MATRIX

I. Ethical Standards and Code of Conduct				
	Recommendation	Response	Evidence	Conclusion
1	PAHO should develop a framework of ethical principles for the conduct of the Organization's business and the guidance of staff.	A new Code of Ethical Principles and Conduct is expected to be adopted in time for the 46th Session of the Directing Council.	The Code of Ethical Principles and Conduct will be distributed to the Member States at the 46th Session of the Directing Council, for information.	<p>The new Code first establishes the Organization's core values and the ethical principles with which we work. This is followed by a detailed PAHO- specific, rules-based framework, establishing the boundaries of acceptable conduct. The Code also envisions the establishment of a comprehensive Integrity and Conflict Management System within PAHO which will set forth clear and articulated procedures dealing with complaints and allegations, reporting, and investigations. This System will include the establishment of a dedicated hotline and of an Ethics Officer post which will report to the Executive Committee.</p> <p>The Code of Ethical Principles and Conduct will require the implementation of a training and communications strategy to ensure Organization-wide acceptance and assimilation.</p>

ANNEX I. PROGRESS MATRIX (cont.)

I. Ethical Standards and Code of Conduct (cont.)

	Recommendation	Response	Evidence	Conclusion
		In addition to the Code of Ethical Principles and Conduct mentioned above, the PAHO Secretariat adopted important modifications to the Staff Rules and Regulations effective 1 July 2005, in order to ensure that the said Staff Rules incorporate the ethical notions and standards of conduct enunciated in the new Code.	Modifications of the Staff Rules were confirmed by the Executive Committee at its 136th Session and will be presented at the 46th Session of the Directing Council for information.	<p>Modifications to the Staff Rules are:</p> <p>1. Standards of Conduct: Staff Rule 110.2 was amended to add a specific reference to the <i>Standards of Conduct for the International Civil Service</i> (applicable to all international civil servants), and to incorporate by reference the ethical principles and standards of conduct reflected in PAHO's new Code.</p> <p>2. Conflict of Interest and Disclosure: Staff Rule 110.7 was modified to expand the list of immediate family members (spouse, children, parents, and siblings of the staff member and the children, parents, and siblings of the staff member's spouse) in respect of whom the staff member has a duty to disclose any known interest or association with an entity with which the staff member:</p> <ul style="list-style-type: none"> - may be required to have official dealings, - has a commercial interest in the work of PAHO or WHO, or - has a common area of activity with PAHO or WHO.

ANNEX I. PROGRESS MATRIX (cont.)

I. Ethical Standards and Code of Conduct (cont.)				
	Recommendation	Response	Evidence	Conclusion
				<p>3. Misconduct: Staff Rule 110.8 was modified to expand and clarify the types of actions that constitute misconduct.</p> <p>Additionally, Staff Rule 1075.1 was modified to remove the discretionary authority to grant an indemnity to a staff member whose appointment is terminated due to misconduct. This eliminated the inconsistency that would otherwise exist between terminating a staff member's contract due to misconduct and granting that same person a termination indemnity.</p> <p>4. Conduct: Staff Rules 530, 550, 555, and 560.4 were amended to reflect that a staff member's conduct, as well as his/her performance, will be taken into consideration during the appraisal of the staff member's work; when deciding whether or not to extend or terminate his/her appointment; and when deciding whether to grant a within-grade salary increase or a promotion. This amendment clarified that a staff member's conduct is also an essential aspect of his/her work and will be carefully considered by the Organization when taking a decision that affects the staff member's employment status.</p>

ANNEX I. PROGRESS MATRIX (cont.)

I. Ethical Standards and Code of Conduct (cont.)				
	Recommendation	Response	Evidence	Conclusion
				<p>5. Disciplinary Measures: Staff Rules 1110.1 and N 620 (dealing with national employees) were amended to expand the range of disciplinary measures applicable to staff that violate the standards of conduct. These measures include temporary suspension without pay and withholding of within-grade salary increase(s).</p>
	<p>All staff should be required to confirm at least annually that they have complied with the Code.</p>	<p>Upon adoption of the Code of Ethical Principles and Conduct all staff will be required to confirm that they have received, read, and are complying with the Code.</p>	<p>A Sample Acknowledgement Statement will be distributed at 46th Directing Council, for information.</p>	<p>All Staff will acknowledge that they have received, read, understood, and will comply with PAHO documents regulating staff conduct, including the <i>International Civil Service Commission Standards of Conduct for the International Civil Service</i>, the PAHO Staff Rules and Regulations, and PAHO's Code of Ethical Principles and Conduct.</p>

ANNEX I. PROGRESS MATRIX (*cont.*)

I. Ethical Standards and Code of Conduct (*cont.*)

	Recommendation	Response	Evidence	Conclusion
2	<p>There should be a requirement for all staff in sensitive posts (such as senior management positions, procurement, and human resources) to complete comprehensive declarations of interests on a regular basis.</p>	<p>PAHO instituted WHO's Declaration of Interest Disclosure Program by requiring all staff in sensitive positions to report annually as to whether they or their immediate family members (as defined in the newly modified Staff Rule 110.7) have any interest in or association with an entity with which such staff is required to have official dealings on behalf of the Organization. The Director has decided that the following categories of staff must file Declaration of Interest Forms:</p> <ul style="list-style-type: none"> • Executive Directors; • Area Managers; • Unit Chiefs; • PAHO/WHO Representatives, Center Directors, and Field Office Representatives, including staff in acting appointments; • All other staff members at grade P6/D1 and above (inclusive) - referring to the grade of the staff member, not the grade of the post that he or she occupies; and • All professional staff in Procurement and Human Resources Management, including staff in acting appointments. 	<p>The Sample Declaration of Interest Disclosure Form and communications to the staff will be distributed to the 46th Directing Council, for information.</p>	<p>The current Declaration of Interests Program will be reviewed and assessed at the end of 2005, at which time PAHO will determine whether it wishes to establish a PAHO-specific program.</p>

ANNEX I. PROGRESS MATRIX (cont.)

I. Ethical Standards and Code of Conduct (cont.)

	Recommendation	Response	Evidence	Conclusion
3	<p>There should be clear and transparent procedures for investigating alleged breaches of the Code or failure to declare conflicts of interest.</p>	<p>Appropriate investigative procedures and well-defined functions related to reported complaints and allegations are an important aspect of PAHO's Code of Ethical Principles and Conduct. Investigations that are conducted in a professional, independent, impartial, thorough and timely manner enhance the staff's view of the overall Organization and encourage compliance with the applicable ethics and rules standards. After much consideration, and given the financial constraints confronting the Organization, the Director has decided to reprogram existing organizational resources to establish a new position of Ethics Officer with the following functions:</p> <ul style="list-style-type: none"> • advise, counsel and guidance on ethical matters • education, communications, and training • enforcement and investigation 	<p>PAHO's Code of Ethical Principles and Conduct includes a section outlining the internal Integrity and Conflict Management system, with an independent Ethics Officer who will receive and investigate alleged breaches of the Code, among other duties.</p>	<p>The Ethics Officer will act independently of any official department or area, office or unit, or any other organizational entity. He/she shall have an administrative reporting relationship with the Director of PAHO and report to PAHO's Executive Committee annually. (See 8 and 9 below.)</p>

ANNEX I. PROGRESS MATRIX (*cont.*)

II. Recruitment of Employees and Consultants				
	Recommendation	Response	Evidence	Conclusion
4	<p>PAHO should maintain an up-to-date list of accredited STCs/STPs.</p> <p>This list should be based on a clear policy for assessing their expertise, competence, and suitability for employment.</p>	<p>In order to serve any useful purpose, the list of STPs and STCs must be fully automated, and candidates need to be able to submit their names to a computerized roster/database. The Area of Human Resources Management has investigated different options, including the possibility of using its current automated e-recruitment system, and is in the process of finalizing its review of the various contracting mechanisms for the engagement of temporary personnel.</p>	<p>An automated roster will be in place and accessible to candidates interested in temporary assignments by 1 January 2006.</p>	<p>The process for identifying STPs and STCs for temporary assignments will be based on the roster, and units interested in personnel for temporary assignments will generally need to obtain the names of eligible candidates from the roster.</p>
5	<p>All STCs/STPs should be recruited on the basis of open competition in all but the most exceptional circumstances.</p>	<p>The Human Resources Department is finalizing guidelines for the recruitment of temporary personnel. These guidelines balance the need to introduce more competition in the hiring process of STPs and STCs with the need to respond quickly to emergency situations and to hire staff in a timely manner, particularly for very short assignments. While still subject to further discussion with the Staff Association, the proposed guidelines contemplate a competitive selection process for assignments of three months or longer and a more streamlined approach for assignments of less than three months.</p> <p>Although a formal policy has not yet been adopted, a number of STP assignments have already been advertised and selections for those assignments have been on a competitive basis.</p>	<p>A new policy should be in place for implementation by 1 January 2006, consistent with the introduction of the roster.</p>	<p>Except for short assignments and emergency situations, STPs and STCs will be hired on a competitive basis.</p>

ANNEX I. PROGRESS MATRIX (*cont.*)

II. Recruitment of Employees and Consultants (*cont.*)

	Recommendation	Response	Evidence	Conclusion
	Candidates for short-term positions should be expected to abide by the Organization's ethical standards.	The Organization's new Code of Ethical Principles and Conduct applies equally to all personnel engaged by PAHO, including temporary personnel.	The Code of Ethical Principles and Conduct expressly applies to any person working for PAHO, regardless of the type of contractual modality or duration of appointment.	All personnel engaged in PAHO are subject to the Organization's rules on ethical behavior and must abide by the Code of Ethical Principles and Conduct.
6	PAHO should apply the same standards and considerations to internal appointments as apply in external recruitment and placement.	PAHO applies the same standards to internal appointments as are applied to external recruitment and placement. PAHO must publicly advertise any vacant post that would represent a promotional opportunity for a serving staff member. Hence, applicants from both within and outside the Organization may apply, and all must compete for vacant posts. While preference is given to qualified serving staff, there is otherwise no distinction between internal and external candidates, and there is no restriction for not hiring an external candidate.	PAHO Staff Regulation 4.4 establishes that without prejudice to the inflow of fresh talent at various levels, vacancies shall be filled by promotion of internal staff. Nonetheless, Rule 410.4 requires that posts below the P-6 level that become vacant be advertised if they represent a promotional opportunity for any staff and selection of such posts must be on a competitive basis.	No changes need to be made since the same standards apply to both internal and external candidates. Any future change to the current selection and recruitment procedures for the engagement of fixed-term staff will apply equally to internal and external candidates.

ANNEX I. PROGRESS MATRIX (cont.)

III. Complaints Procedures, Investigation and Reporting

	Recommendation	Response	Evidence	Conclusion
7	<p>PAHO should develop clear procedures for dealing with complaints and allegations and should communicate this to all staff. This should include:</p> <ul style="list-style-type: none"> • a clear timetable for investigating the complaint, and • an agreed-upon procedure for communicating the outcome of the investigation. 	<p>The system outlined in the Code of Ethical Principles and Conduct envisions the establishment of clear and articulated procedures dealing with complaints, allegations, and investigation, which will be part of the Integrity and Conflict Management System, so that:</p> <ul style="list-style-type: none"> • Comprehensive and integrated conflict management is handled beyond case-by-case efforts. • Systematic issues are recognized and addressed. • Multiple options for staff are available depending on the issue and level of comfort. • Coordinated response is provided regardless of the forum chosen. • Resources are used more efficiently. • The work environment is improved. 	<p>The Integrity and Conflict Management System is currently under construction and should be in place once the Ethics Officer position is established and filled.</p>	<p>Once in place, the Integrity and Conflict Management System will include a clear map and description of the multiple options available to staff, including the responsibilities, timetables, specific procedures to be followed, investigative guidelines, and outcome reporting. The system will include formal as well as informal resources, including access to:</p> <ul style="list-style-type: none"> • Managers and supervisors • Ethics Officer • Hotline • Ombudsperson • Human Resources Area • Legal Department • Internal Audit • Staff Association • Grievance Panel • Board of Appeals • Administrative Tribunal of the International Labor Organization.

ANNEX I. PROGRESS MATRIX (*cont.*)

III. Complaints Procedures, Investigation and Reporting (*cont.*)

	Recommendation	Response	Evidence	Conclusion
8	<p>In the event that staff concerns cannot be resolved through their managers or supervisor, they should have access to a confidential hotline to raise their concerns.</p> <p>The investigation of matters raised via the hotline should be subject to supervision by an independent third party able to report to the Directing Council.</p>	<p>The Code of Ethical Principles and Conduct also envisions the establishment of a PAHO confidential hotline. In addition, the Integrity and Conflict Management System will provide multiple entry points and options for staff depending on the type of issue presented and the staff's level of comfort. (See also 7 above.)</p> <p>Impartial and independent investigation of matters raised via hotline will be conducted by the Ethics Officer who will report annually to PAHO's Executive Committee. (See 3 and above.)</p>	<p>A confidential hotline will be established, which will be subject to supervision by the Ethics Officer. (See also 3 and 7 above.)</p>	<p>The Code of Ethical Principles and Conduct guarantees confidential treatment of staff information. Furthermore, the confidential hotline as well as the independence of the Ethics Officer will further guard confidentiality and protect against retaliation.</p>
9	<p>PAHO should have a clear policy for determining the circumstances in which complaints should be investigated and who should be involved.</p>	<p>Clear procedures for dealing and investigating complaints and allegations, and communicating these to all staff, is one of the most important elements of any conflict management system. The investigative functions attributed to the Ethics Officer will include three stages, involving differing degrees of factual inquiry and analysis:</p> <ul style="list-style-type: none"> • intake and evaluation, • preliminary inquiry, and • detailed investigation. 	<p>Investigative protocols and procedures will be concluded as part of the Integrity and Conflict Management System.</p>	<p>Specific investigative protocols and procedures should be developed by the end of 2005.</p>

ANNEX I. PROGRESS MATRIX (*cont.*)

III. Complaints Procedures, Investigation and Reporting (<i>cont.</i>)				
	Recommendation	Response	Evidence	Conclusion
		In order to ensure independence and impartiality in the investigative process and to avoid any conflict of interest within the internal organizational structure, the Ethics Officer will conduct investigations and report case findings to PAHO's Administration for decision relating to disciplinary action in accordance with PAHO's Rules and Regulations and in consultation with the Legal Department.		
10	There should be clear protocols covering the methodology used for the investigation and for reporting the outcome.	See 9 above.		
11	The Legal Department should be involved at all key stages.	An essential condition for an effective and comprehensive conflict management system is the involvement of the Legal Department in all stages of the process, including the consultative phase, complaints procedures, investigative and reporting actions, as well as in the defense of the Organization.	The Legal Department will be an integral component of the Integrity and Conflict Management System.	The Director of PAHO has authorized the reprogramming of existing organizational resources to establish a new position in the Legal Department to establish the institutional capacity therein to become an integral part of the Integrity and Conflict Management System and to support the Organization's governance and management procedures on a sustainable basis.

ANNEX I. PROGRESS MATRIX (*cont.*)

IV. Management of External Relationships and Conflicts of Interests				
	Recommendation	Response	Evidence	Conclusion
12	PAHO should expect its partners to conform to the ethical standards it sets for itself.	PAHO has developed guidelines to help evaluate the suitability of potential collaboration with partners. This document contains general principles that inform PAHO's decisions in its collaborations, presents specific guidelines that should be followed in making such decisions, and outlines specific procedures by which individual decisions should be made.	Guidelines on Collaboration with Private Enterprises will be distributed to the Member States at the 46th Directing Council, for information.	Guidelines will help evaluate the suitability of the Organization's potential collaboration with third parties, including private companies and nongovernmental organizations, with particular attention to avoiding potential conflicts of interest.
13	PAHO should exert greater control over the use of its name and logo.	In accordance with the PAHO/WHO Manual, permission for outside bodies to use PAHO's logo in ways other than on publications must be requested with full justification to PAHO's Legal Department.	Pertinent Manual provisions are available to all staff members on the PAHO Intranet.	Directives regarding the use and control of PAHO's name and logo will be issued to all staff and will be included in the orientation seminars for new staff members. Additionally, the use of PAHO's name and logo as well as the corporate identity system will be reviewed as part of the initiatives in PAHO's Road Map for Institutional Transformation.

ANNEX I. PROGRESS MATRIX (*cont.*)

IV. Management of External Relationships and Conflicts of Interests (*cont.*)

Recommendation	Response	Evidence	Conclusion
<p>14 PAHO should establish appropriate policies and guidelines to cover the management of relationships with third party organizations.</p> <p>These should be supported by Memoranda of Understanding in individual cases to define the relationship, roles, and responsibilities of the parties.</p>	<p>See 12 above. Additionally, in 2004 PAHO developed policies and procedures for reviewing all technical cooperation initiatives with third party organizations and donor countries. These procedures ensure that extrabudgetary initiatives are coherent with the Organization's priorities and areas of work, that the proposed projects are technically sound and well designed, that project management is consistent with the Organization's rules and procedures, and that projects are financially self-reliant.</p> <p>In accordance with the above-referenced procedures, extrabudgetary initiatives must be supported by Memoranda of Understanding or Agreements defining the relationships and responsibilities of all parties.</p>	<p>Directives are distributed to the Directing Council.</p>	<p>As part of the reorganization and realignment undertaken in 2003, the Project Support Unit was established in the Office of the Director of Program Management.</p> <p>The Legal Department reviews all Memoranda of Understanding and other Agreements prior to signature by the Director.</p>

ANNEX I. PROGRESS MATRIX (cont.)

V. IT security				
	Recommendation	Response	Evidence	Conclusion
15	PAHO should carry out a review of the current IT security arrangements, including those relating to e-mail facilities.	The first assignment for the Information Security Officer, currently under recruitment, will be to conduct an assessment of IT security risks and develop a plan of action to address those risks. The Information Security Officer post was advertised with a closing date of June 2005. The initial screening process was completed and interviews were conducted in August for the final candidates. A selection committee is scheduled for early September 2005.	Interviews were conducted in for August and a selection committee is scheduled for early September.	The Information Security Program at PAHO will begin in 2005, allowing IT security issues to be addressed in 2006.
16	PAHO should: <ul style="list-style-type: none"> • adopt a detailed policy on IT security, and • take steps to ensure that it is enforced. 	The new Information Security Officer will focus on educating all staff on their responsibility for security and ensure enforcement.	See 15 above.	See 15 above.

ANNEX I. PROGRESS MATRIX (cont.)

VI. Internal Audit				
	Recommendation	Response	Evidence	Conclusion
Recommendations 17 and 18 are not part of the NAO external report on governance. They are part of PAHO's own agenda to improve governance and management systems.				
17	<p>The Executive Committee called for a report to be made on internal audit to the SSP.</p> <p>(A standard appraisal of the work of internal audit will be carried out as part of NAO's regular audit work)</p>	<p>In 2004 PAHO and WHO agreed that WHO's Office of Internal Oversight Services would provide consolidated internal audit services for PAHO/AMRO. The chief of PAHO's Internal Oversight Services office now reports to WHO's Coordinator of Internal Audits as first-level supervisor, and jointly to WHO's Director of Internal Oversight Services and the Director of PAHO as second-level supervisors. The annual audit plan is decided jointly by the WHO Director of Internal Oversight Services and the Director of PAHO.</p>	<p>PAHO's new Chief of Internal Oversight Services was recruited and took up his duties in PAHO in September 2004. There is an agreed-upon audit plan for 2005, and the audit process is well under way. WHO's Director of Internal Oversight reported at the 136th Session of the Executive Committee.</p>	<p>The Internal Oversight Services office in PAHO is fully staffed.</p>

ANNEX I. PROGRESS MATRIX (cont.)

VII. Independence of Ombudsman				
	Recommendation	Response	Evidence	Conclusion
18	As with recommendation 17, the Executive Committee called for a “report” to be made on the selection of an Ombudsman.	<p>An extensive search for an Ombudsperson was conducted in 2003 and 2004, but none of the candidates was eminently qualified for the position. In order to attract the highest quality candidates, the post was re-advertised at a higher grade with a five-year term. Given the length of time that the post had been vacant, and the time yet required to recruit and fill the post, an individual with appropriate experience was hired, in consultation with the PAHO Staff Association.</p> <p>The post itself was advertised on 7 March 2005 and had a closing date of 30 April 2005. A preliminary screening of applications was carried out and five qualified candidates were interviewed.</p>	<p>A bilingual individual from Colombia with relevant work experience as an ombudsperson and teaching experience in dispute resolution at the university level commenced his temporary assignment on 9 May 2005.</p> <p>It is expected that the selection process for the post will be completed by the end of August 2005.</p>	The Ombudsperson is an essential component of the Integrity and Conflict Management System. The post of Ombudsperson should be filled on a permanent basis by the end of 2005.
