

**2017 UNDP Annual Report of the Administrator on Disciplinary Measures and Other
Actions Taken in Response to Fraud, Corruption and Other Wrongdoing**

I. Introduction

1. Article 101, paragraph 3 of the Charter of the United Nations states that the “*paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence and integrity*”. UN Staff Regulation 1.2 (b) provides that “[t]he concept of integrity includes, but is not limited to, probity, impartiality, fairness, honesty and truthfulness in all matters affecting their work and status”.
2. In observance of the above principles, UNDP is committed to preventing, identifying, and addressing all breaches of the required standards of conduct whether committed by UNDP staff members, other personnel¹ or third parties such as vendors or implementing partners.
3. Since 2001, UNDP has been reporting on the results of cases concerning allegations of misconduct involving staff members of UNDP, including staff members of other agencies and entities serving under UNDP Letters of Appointment.
4. Since 2011, UNDP has reported on the results of cases of violations of standards of conduct by other personnel as well as vendors. This report identifies cases involving allegations of wrongdoing against UNDP staff members and other personnel or entities, leading to sanctions and other measures for the year 1 January to 31 December 2017.
5. In addition, this report identifies any amount of recovery of moneys owed to the Organization associated with disciplinary cases involving sanctions and other measures. Cases involving

¹ Personnel include UN Volunteers and contractors such as Service Contract holders and Individual Contractors.

referral to national authorities pursuant to General Assembly Resolution 62/63 are also indicated.

II. Cases involving staff members

A. Overview

6. This section contains a summary of cases considered by the Legal Office, Bureau for Management Services (LO/BMS) involving staff members following investigations by or on behalf of the Office of Audit and Investigations (OAI) into allegations of wrongdoing.
7. The Administrator or the Associate Administrator imposes disciplinary measures following a thorough process as defined in the “UNDP Legal Framework for Addressing Non-Compliance with United Nations Standards of Conduct” (the “Legal Framework”).²
8. Appeals against the decision to impose a disciplinary or an administrative measure following an investigation and/or a disciplinary process are heard by the UN Dispute Tribunal. In accordance with the UN Staff Regulations and Rules, decisions by the UN Dispute Tribunal may be appealed, either by staff members or by the Organization, to the UN Appeals Tribunal. The decisions of both Tribunals are binding on UNDP.
9. Disciplinary proceedings within the UN system are administrative, not criminal, in nature. Proof beyond reasonable doubt is not a requirement. What is required is the identification of clear and convincing evidence that an intentional, grossly negligent or reckless violation of the UN Regulations and Rules, including the standards of conduct applicable to staff members, has occurred. Throughout such proceedings, staff members have the right to due process as detailed in the Legal Framework.

² The Legal Framework may be found on the UNDP intranet website. It was updated and reissued by the Administrator in March 2018.

10. In UNDP, OAI is responsible for investigating all allegations of wrongdoing. Investigation reports relating to staff members completed by OAI are submitted to LO/BMS for review and further action.

B. Statistical breakdown

11. During the period covered by this report, OAI issued 35 new investigation reports. LO/BMS considered 49 reports in total, including the 35 reports accepted by LO/BMS in the period and 14 open cases from previous years, that continued to be dealt with during the period under review.

12. Of these 49 cases considered, 22 were concluded, of which:

- a. 9 cases resulted in the imposition of a disciplinary sanction. Of these 9 cases,
 - i. 7 cases led to the staff member's dismissal or separation from service;
 - ii. 1 case led to a demotion;
 - iii. 1 case led to a loss of steps with deferment of within grade increment;
- b. The 13 remaining cases were concluded through other administrative action, whether through exoneration from the allegations of misconduct, or because the staff member separated. Of these 13 cases,
 - i. 10 cases were concluded with the placement of a note on the staff member's Official Status File pursuant to paragraph 72 (a) of the Legal Framework following completion of the investigation, because the staff member had resigned or otherwise separated from the Organization during the investigation or prior to a decision on the case;
 - ii. 3 cases were concluded as a result of exoneration of the staff member from allegations of misconduct. 1 of these 3 cases resulted in issuance of a written

reprimand, which constitutes a non-disciplinary measure, as the facts established by the investigation report were not found to rise to the level of misconduct but rather to indicate performance failings.

13. 27 cases were still under review at the end of 2017.
14. As of 31 December 2017, 1 case that had given rise to a disciplinary measure in 2017 had been appealed by the staff member to the UN Dispute Tribunal.

C. Summary of cases

Bid-rigging

15. A staff member at the G7-level engaged in conflict of interest by evaluating procurement bids from vendors for whom he performed unauthorized outside activities. The staff member also failed to declare that certain of these vendors had a personal relationship with him. The staff member further colluded in the manipulation of procurement bids submitted by these vendors. There was no finding of direct financial loss to UNDP in this case.

Sanction: Dismissal

16. A staff member at the G6-level misused her office by (1) colluding with UNDP vendors to manipulate procurement processes in order to enable contracts to be awarded to specific vendors; and (2) soliciting and accepting money and services from vendors doing business with UNDP for the staff member's private benefit. As a result of this conduct, UNDP incurred a loss that has been recovered from the staff member.

Sanction: Dismissal

17. A staff member at the G7-level engaged in conflict of interest and misused office resources by providing administrative and technical assistance to vendors participating in UNDP procurements. There was no finding of direct financial loss to UNDP in this case.

Sanction: Separation from service with one-month compensation in lieu of notice and with two months' termination indemnity

Entitlement fraud

18. A staff member at the G3-level committed entitlement fraud by knowingly submitting fraudulent medical claims to an insurance provider, which resulted in a financial loss to the Organization. The loss has been recovered from the staff member.

Sanction: Separation from service with one-month compensation in lieu of termination notice and without termination indemnity.

19. A staff member at the P4-level misrepresented his date of divorce; forged documents in support of this misrepresentation to retain dependency benefits to which the staff member was not entitled. As a result of this conduct, UNDP incurred a loss that has been recovered from the staff member.

Sanction: Dismissal

20. A staff member at the G7-level submitted fraudulent medical claims to an insurance provider, which resulted in a financial loss to the Organization. The staff member recognized that she had committed misconduct, cooperated fully with the investigation, and returned the funds lost.

Sanction: Demotion of one grade without deferment of your eligibility for consideration for promotion and a fine of three months' net base salary.

Forgery

21. A staff member at the G4-level falsified official documents and created fraudulent requests for payments in order to misappropriate the Organization's funds. The staff member also forged a signature of senior UN official on official documentation to obtain funds to which the staff member was not entitled. As a result of this conduct, the Organization incurred a loss. The loss will be recovered from the staff member.

Sanction: Dismissal

Fraud

22. A staff member at the G3-level misused his functions and office resources to fabricate a false travel receipt to misrepresent the cost of an airline ticket in order to defraud another staff member of money. There was no finding of direct financial loss to UNDP in this case.

Sanction: Dismissal

Misuse of resources

23. A driver at the G2-level misused UNDP's assets by entrusting an official vehicle to an unauthorized driver, and lying to the OAI investigators in the course of the investigation. There was no finding of direct financial loss to UNDP in this case.

Sanction: loss of four steps in grade, a deferment for one year of eligibility for salary increment.

D. Action taken where the subject of an investigation separated from UNDP while under investigation

1) Actions taken pursuant to paragraph 72 (a) of the Legal Framework:

24. Pursuant to paragraph 72 of the Legal Framework, if an investigation subject resigns or otherwise separates prior to the completion by OAI of an investigation report, the investigation report may be finalized at OAI's discretion despite the investigation subject's resignation or separation.

25. Notwithstanding a staff member's separation, when the investigation report is finalized, OAI sends the draft investigation report to the former staff member providing him or her with the opportunity to submit his or her comments on the factual findings and conclusions in the draft report. If the investigation report does not need amendment, the investigation report and comments are sent to LO/BMS for review. Following review, the Director of LO/BMS issues a letter to the former staff member indicating whether, if he or she had remained employed: (i) a recommendation would have been made for charges of misconduct to be initiated against him or her, or (ii) he or she would have been exonerated from the allegations of misconduct, or (iii) the matter would have been dealt with from a work performance standpoint, and if so how (e.g. by a letter of reprimand). The letter also indicates whether the former staff member resigned while under investigation, or whether his or her contract expired while under investigation. The former staff member is invited to comment on the letter, and the letter, and the former staff member's comments thereon, are placed in his or her Official Status File. In the period under review, 10 such cases were closed under paragraph 72 (a).

Bid-rigging

26. A former staff member at the G5-level was informed that a recommendation would have been made to charge the former staff member with misconduct for having engaged in the manipulation of procurement bids, and for failing to reject bids from vendors that were directly connected with one other. There was no finding of direct financial loss to UNDP in this case.
27. A former staff member at the G5-level was informed that a recommendation would have been made to charge the former staff member with misconduct for engaging in (1) unauthorized outside activity by co-owning and co-operating a company with another UNDP staff member while in the employ of UNDP; (2) conflict of interest and misuse of functions by dealing in an official capacity with his own company; and (3) fraud through the manipulation of UNDP procurement processes in favour of his own company. As a result of this conduct, UNDP incurred a loss that will be recovered from the former staff member.
28. A former staff member at the G7-level was informed that a recommendation would have been made to charge the former staff member with misconduct for engaging in (1) unauthorized

outside activity by co-owning and co-operating a company with another UNDP staff member while in the employ of UNDP; (2) conflict of interest and misuse of functions by dealing in an official capacity with his own company; and (3) fraud through the manipulation of UNDP procurement processes in favour of his own company. As a result of this conduct, UNDP incurred a loss that will be recovered from the former staff member.

Cheating

29. A former staff member at the G6-level was informed that a recommendation would have been made that the former staff member be charged with misconduct for assisting and concealing dishonest conduct in a recruitment process, as well as for engaging in unauthorized outside activities.

Entitlement fraud

30. A former staff member at the G2-level was informed that a recommendation would have been made to charge the former staff member with misconduct for fraud and misrepresentation in relation to the submission of false medical claims and false medical certificates. There was no finding of direct financial loss to UNDP in this case.
31. A former staff member at the G2-level was informed that a recommendation would have been made to charge the former staff member with misconduct for fraud, forgery, misrepresentation and false certification, in relation to the submission of false medical claims to an insurance provider. As a result of this conduct, UNDP incurred a financial loss that will be recovered from the former staff member.

Failure to Adhere the UN Standards of Conduct

32. A former staff member at the P5-level was informed that a recommendation would have been made to charge the former staff member with misconduct for having made discriminatory remarks on the basis of sexual orientation, ethnicity, race and religion; and breaching UN's ICT and Transport Policies.

Forgery

33. A former staff member at the G3-level was informed that a recommendation would have been made to charge the former staff member with misconduct for (1) having knowingly misrepresented and falsified the endorsement of an Organization on an official document; and (2) forging the signature of a senior UN Official, in order to obtain tax exemption for a personal vehicle to which the staff member was not entitled to. There was no finding of direct financial loss to UNDP in this case.

Fraud

34. A former staff member at the G4-level was informed that a recommendation would have been made that the former staff member be charged with misconduct for having misrepresented his official functions on falsified purchase orders in order to fraudulently solicit goods from local businesses. The evidence indicated that the former staff member had misused the assets, property and ICT resources of the Organization in doing so. There was no finding of direct financial loss to UNDP in this case.

Workplace harassment

35. A former staff member at the G6-level was informed that a recommendation would have been made that the former staff member be charged with misconduct for workplace harassment and misusing UNDP resources for sending an email to a colleague, copying other staff members, which included derogatory remarks about the colleague's religion and used language that could be seen threatening.

2) Actions taken pursuant to paragraph 72 (b) of the Legal Framework

36. When OAI decides that the investigation report cannot be finalized, the Director of LO/BMS places a letter in the former staff member's Official Status File, indicating that he or she: (i) resigned or, (ii) his or her contract expired while under investigation. In both instances, the former staff member is given an opportunity to present comments, and the letter and his or her comments are placed in his or her Official Status File. In the period under review, no cases were closed under paragraph 72 (b).

E. Description of the case that resulted in the imposition of administrative measures

37. A staff member at the G5-level knowingly shared her ICT resources passwords with her supervisor at his request and with other UNDP colleagues, and requested others to share their passwords with her to carry out work related tasks. This conduct was found to be well-intentioned, and the staff member fully cooperated with the investigators. However, the staff member nevertheless circumvented UNDP's internal controls rendering ineffective the separation of duties between financial functions, which contributed to the Organization suffering a financial loss through the fraud of another staff member, as described in the corresponding report for calendar year 2016. That loss has been partially recovered from the defrauding staff member and action to recover the balance is in progress.

Measure: Written reprimand

III. Cases involving United Nations Volunteers

38. UN Volunteers are not staff members and are not subject to the disciplinary process provided in the UN Staff Regulations and Rules or in the Legal Framework. They are subject to disciplinary procedures under the respective UNV Conditions of Service for International and National UN Volunteers.

39. During the period under review, 27 disciplinary cases were concluded involving UN Volunteers. Of these 27 disciplinary cases, 8 resulted in dismissal, 4 resulted in early separation, 1 resulted in non-extension of current contract, 5 resulted in a letter of censure and 9 resulted in exoneration and their cases closed.

IV. Cases involving other personnel

A. Overview

40. UNDP has zero tolerance for fraud, corruption and other wrongdoing by any personnel. During the period covered by this report, OAI submitted investigation reports directly to the concerned Country Office (CO) in a number of cases where the investigation revealed evidence of wrongdoing by personnel other than staff members and UN Volunteers. As these individuals are not UNDP staff members, their contract with UNDP constitutes the legal framework governing their employment with UNDP, and subscribers are only subject to the explicit terms and conditions provided therein. The violation of the standards of expected conduct may lead to the termination or non-renewal of their contracts. Such decisions are within the competence and authority of the CO for which the non-staff personnel is working, further to the CO's accountability for such non-staff personnel.
41. LO/BMS is aware that OAI sent 8 investigation reports involving 8 Service Contract (SC) holders directly to COs which resulted in action taken in the current reporting period. Among those 8, 2 SC holders were on a UNDP contract issued for services for another UN Agency. In addition to the OAI investigation reports, LO/BMS was contacted directly by COs regarding issues involving 8 SC holders and 1 Individual Contractor (IC). In preparing this report, LO/BMS followed up on the outcome of all 17 cases and was advised that 10 cases resulted in termination, 6 cases resulted in non-renewal of contracts and 1 SC resigned. The results are described below.

B. Summary of cases

Fraud

42. 5 SC holders were found to have engaged in medical insurance fraud, including the 2 SC holders on a UNDP contract on behalf of another UN Agency. 2 contracts were terminated, including 1 SC holder on behalf of another UN Agency. 3 contracts were not renewed, including 1 SC holder on behalf of another UN Agency.

43. A SC holder was found to have engaged in procurement fraud. The contract was terminated.

Forgery

44. A CO reported directly to LO/BMS allegations of forgery of documentation by an IC to obtain a visa. The contract was terminated.

Misconduct

45. A CO reported directly to LO/BMS a physical altercation between 2 SC holders. Both contracts were terminated.

Unauthorized outside activity

46. A CO reported directly to LO/BMS unauthorized outside activity by 3 SC holders. 2 contracts were terminated, 1 contract was not renewed.

Misappropriation of UNDP funds/Abuse of authority

47. A SC holder was found to have engaged in misappropriation of UNDP funds. As indicated in the OAI investigation report, the SC holder reimbursed the full amount to UNDP. The same SC holder was also found to have engaged in abuse of authority. The SC holder resigned.

Bribery/Extortion

48. A CO reported directly to LO/BMS allegations of a SC holder requesting and receiving a bribe from a vendor. The contract was terminated.

49. A CO reported directly to LO/BMS allegations of extortion by a SC holder. The contract was terminated.

Other failure to comply with obligations

50. A SC holder was found to have been in breach of contract (confidentiality). The contract was not renewed.

51. A CO reported directly to LO/BMS that a SC holder parked a UNDP vehicle in a parking space reserved for disabled persons which resulted in a photo of the UNDP vehicle being circulated on social media. The contract was not renewed.

V. Possible criminal behavior

52. In its resolution 59/287, the General Assembly requested the Secretary-General to take action expeditiously in cases of “proven [...] criminal behaviour” and ensure that Member States are informed of the actions taken. Further, in its resolution 62/63, the General Assembly requested the Secretary-General “to bring credible allegations that reveal that a crime may have been committed by United Nations officials and experts on mission to the attention of the States against whose nationals such allegations are made, and to request from those States an indication of the status of their efforts to investigate and, as appropriate, prosecute crimes of a serious nature [...]”. The UN Under-Secretary-General for Management reports on such cases in the yearly “Information Circular” entitled “Practice of the Secretary-General in disciplinary matters and possible criminal behaviour”.
53. When an OAI investigation reveals credible evidence that a violation of law has occurred to warrant referral to the law enforcement authorities of a Member State, UNDP recommends referral of such matters to the UN Office of Legal Affairs (OLA) for its review and appropriate action.
54. During the reporting period covered by this report, UNDP referred 2 cases to OLA. Both cases related to staff members. At the conclusion of the reporting period, OLA had referred 1 of the 2 cases to the competent national authorities.³

VI. Vendor sanctions

55. Throughout 2017, the VRC has focused on addressing and closing cases from 2014-2016.
- 17 new investigation reports were received, all of which are currently open and under review;

³ This figure does not include referrals made by OLA in prior years.

- 26 cases were closed (14 from 2014, 6 from 2015 and 6 from 2016). Out of these 26 cases, 17 resulted in debarments of vendors and individuals, 8 cases were closed with an Interoffice Memorandum and 1 case was closed with a Letter of Reprimand. In summary, 23 vendors and 23 individuals were debarred;
- 8 other cases had ongoing settlement negotiations at the end of 2017;
- Interim suspensions were requested in 2 cases and approved against 2 Non-Governmental Organizations.