
Report of the Office of Internal Oversight Services

1. As is customary at the start of each year, the general plan of work of the Office of Internal Oversight Services for the coming year is outlined below for the information of the Programme, Budget and Administration Committee of the Executive Board.
2. The mission of the Office is to provide independent, objective assurance and advisory services designed to add value to and improve the Organization's operations. It helps the Organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of processes for risk management, control, and governance.

ORGANIZATION AND SCOPE

3. The Office is based at headquarters but is responsible for oversight of all levels and offices of the Organization.
4. Work is conducted in accordance with the International Professional Practices Framework promulgated by the Institute of Internal Auditors. The standards provided by the Institute have been adopted for use throughout the United Nations system and provide independent, authoritative guidance designed to ensure an effective oversight function.
5. Reporting directly to the Director-General, the Office conducts internal audits, investigates alleged cases of wrongdoing and harassment, and performs programme evaluation. The Office has full and prompt access to all records and personnel of the Organization, and can review all systems, processes, operations and activities within the Organization.

BUDGET AND STAFFING

6. At the end of 2011, there were 13 posts (11 professional and 2 general service) within the Office. The skills mix of its staff (including in the fields of medicine, public health, accounting, finance, information technology, evaluation, law, and business administration) enables the Office to perform both programmatic and operational reviews. Work is performed by teams that have a profile of skills relevant to each project review. However, as presented previously, staffing levels have not kept up with increasing workload, especially in the area of investigations of alleged harassment and wrongdoing. This has resulted in drawing resources away from normal operational internal audit work to address urgent investigations and decreasing the Office's coverage of country offices, where the major part of the Organization's resources are allocated.

7. In response to these threats, and recognizing the need “to achieve more with less”, the Office has already explored and implemented a number of operational improvements to increase the coverage of internal oversight within existing resources. The initiatives to increase efficiency have included the adoption of a new IOS risk assessment model to improve allocation of resources to the highest risk areas; and the use of questionnaires and desk audits, as well as the adoption of short-form reports for operational compliance audits.

8. In addition, in recognition of the concerns raised by Member States, the External Auditor and the Independent Expert Oversight Advisory Committee regarding, inter alia, the audit coverage of country offices, the Director-General has approved a two-phase plan to strengthen the Office of Internal Oversight Services considerably in the biennium 2012–2013. For 2012, it is planned to recruit two additional professional staff to increase focus significantly on country compliance audits and to establish two new investigator posts in order to increase support to the investigation function. The second phase, planned to be implemented in 2013, calls for a further augmentation of the technical programmatic capacity of the Office, through the addition of a further three professional staff and an additional administrative position to support the increased size of the team.

9. The planned impact of the increased resources is a significant reduction in the average length of the period between individual audits of country offices (a cycle which currently extends to approximately 15 years). It is aimed to reduce the audit cycle to around five years. This will give a more frequent independent assessment of the internal control environment. Heightened attention to audit matters at country level will enhance accountability in terms of the local presence. If the proposed staffing levels can be funded and people recruited in a timely manner, the volume of coverage of WHO’s auditable entities in 2012 should increase by an estimated 40% with a further 20% increase achieved in 2013, compared with the average number of audits conducted by the Office in the period 2009–2011.

10. To implement the proposed plan for the biennium 2012–2013, the estimated required budget is approximately US\$ 11.5 million. This takes into account the new positions planned for 2012 and 2013 and the increases in actual staff and costs. In addition, the Office will recover costs from UNAIDS and other WHO entities for which the Office undertakes audit tasks.

AUDIT AND EVALUATION

11. The principle of results-based management guides the managerial process at WHO. The Programme budget for 2012–2013 and the WHO reform process will provide the agenda and strategic direction according to which WHO will operate and be held accountable for achieving results in the medium term. The Office will continue to evaluate and improve processes for risk management, control and governance through conduct of audits and evaluations in the context of a results-based management framework. While the work planning will remain risk-based, significant initiatives such as the implementation of the internal control framework, the rollout of enterprise risk management and the impact of the WHO managerial reform will remain a guiding focus for 2012.

12. The Secretariat has a decentralized structure. The Office takes the geographical spread of the responsibility and accountability centres into account when planning and prioritizing its work. Flexibility is necessary as unexpected events can interrupt or delay the schedule.

13. The Office will be responsive to the direction provided by the WHO reform process in addition to a continuing focus on the structure, systems and processes that provide the current basis for the

delivery of results. This approach can be divided broadly into programme performance, operational support and, as relevant, evaluation.

14. In order to ensure that its available resources focus on the areas of highest risk, the Office uses a risk assessment model. This model supports professional judgments made in the prioritization of the annual plan of work. The model has three basic components: the audit universe drawn from the Global Management System database; a set of weighted risk parameters which are consistently applied to obtain a relative risk ranking; and a further screening against specific risk factors.¹

15. **Programme performance.** During 2012, while the Office plans to conduct performance audits of selected programmes at headquarters and in regional offices, the priority focus will be on enhancing coverage of the risks at country offices. In the case of larger country offices, audits will combine a review of programmatic performance with a review of managerial and operational support. This integrated approach enables the Office to identify both programmatic and operational risks, as well as any other issues that may impede delivery of country office-specific expected results. The Office uses the workplan of the programme or country office as a starting point for reviewing programme performance. Once performance issues have been identified, the Office assesses what should be put in place to mitigate the related risks.

16. **Operational support.** Various administrative, financial, logistical and information systems operate within the Organization to support programme delivery. Such systems need to operate within an internal control structure comprising rules, regulations, policies and procedures. At the same time, the components of the structure need to operate efficiently, effectively and economically in order to facilitate the Organization's primary task of programme delivery. The Office will continue to work with the Secretariat to support the implementation of the internal control framework and the rollout of enterprise risk management, as appropriate.

17. In establishing priorities for 2012, the Office will expand on the use of the innovative ways of working introduced in 2011. Operational desk reviews are conducted from headquarters using Global Management System tools and data, not involving visits to the country offices; risk control models for the Global Management System have been developed by the Office to identify the highest risk areas; use of data mining and analysis will be increased; and more emphasis will be placed on compliance and controls.

18. **Enterprise resource planning.** The Global Management System was introduced in July 2008 at headquarters and the Regional Office for the Western Pacific; then, in January 2010 at the Regional Offices for Europe, for the Eastern Mediterranean and for South-East Asia. The Regional Office for Africa joined the community in January 2011. In 2012, the Office will continue to seek assurance that significant risks have been identified and that they are addressed by proper control procedures, as part of the overall control environment.

19. **Evaluation.** Evaluation guidelines have been revised in order to further clarify roles, responsibilities and use of evaluation products within an Organization-wide evaluation policy framework. The finalization of the draft evaluation policy has been integrated in the overall WHO reform process. The topics for evaluations to be conducted by the Office in 2012 will be selected using quantitative and qualitative criteria, but might need to be re-examined in view of the current focus on

¹ The risk assessment model is described in more detail in document EBPBAC13/4; the annex provides a list of the risk assessment model parameters.

increased audit coverage and the results of the Member States' guidance on this matter as part of the overall WHO reform process.

INVESTIGATIONS

20. The Office carries out investigations of suspected wrongdoings and other irregular activities, as and when they occur. This sometimes requires scheduled audit work to be interrupted or deferred. The introduction of a new policy on the prevention of harassment at WHO in September 2010 has placed additional financial and human resources demands on the Office.

21. In accordance with the new policy, formal complaints for which informal resolution was not feasible or appropriate, or has been unsuccessful, are submitted to the Office. When required, an investigation will be carried out, sometimes with the assistance of external expertise, and the results reported to the Director-General for decision on the course of action to be taken.

IMPLEMENTATION

22. The Office monitors the implementation of all its recommendations in order to ensure either that action has been taken effectively by management or that senior management has accepted the risk of not taking action. The IOS tracking database provides periodic reporting to senior management of all open recommendations, which facilitates a closer monitoring of each individual audit recommendation and its effective implementation. The Office will continue to strive to reduce the time taken to close "high priority" recommendations.

COORDINATION

23. The Office will build a close working relationship with the incoming External Auditor, especially to facilitate the transition in 2012. Periodic meetings will be planned to coordinate audit work and avoid duplication of efforts. The Office will continue to maintain close contact with the Auditor General of the Internal Oversight and Evaluation Services of the Pan American Sanitary Bureau, as relevant, as the Office relies on the work performed by that Bureau for coverage of the risks in the Region of the Americas. The Office also maintains interaction with other United Nations agencies and international organizations through the meetings of Representatives of Internal Audit Services, the United Nations Evaluation Group, and the Conference of International Investigators.

24. The Office will continue offering its full cooperation to the Independent Expert Oversight Advisory Committee, providing details of the Office's annual plan of work and copies of requested audit and evaluation reports. The Committee, which was established in May 2009,¹ advises the Programme, Budget and Administration Committee of the Executive Board and, upon request, the Director-General, on oversight matters. The Independent Expert Oversight Advisory Committee has full access to WHO files and records.

¹ Resolution EB125.R1.

CONTINUOUS OPERATIONAL IMPROVEMENT

25. The Office will continue with its efforts, initiated in 2010, to improve its operational performance through a number of internal projects focusing on staff development, and related policies and guidelines, as well as improved methodologies and procedures. Audit work is coordinated periodically through internal planning meetings, and improvement projects take place on an ongoing basis to optimize efforts and use of resources.

26. The planned strengthening of Internal Oversight Services during the biennium 2012–2013 reflects the objectives of the WHO reform process, and should provide a sound basis for the longer-term objective of providing increased overall assurance on the adequacy of the risk and control environment at the country level.

27. To assess its general compliance with the International Professional Practices promulgated by the Institute of Internal Auditors, the Office also plans to conduct a self-assessment-based quality assurance review in 2012, as the Institute standards require.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

28. The Programme, Budget and Administration Committee is invited to note this report.

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