World Health Organization

PROGRAMME, BUDGET AND ADMINISTRATION
COMMITTEE OF THE EXECUTIVE BOARD
Ninth meeting
Provisional agenda item 4.1

EBPBAC9/5
20 November 2008

Report of the Office of Internal Oversight Services

INTRODUCTION

1.   Information on the Office of Internal Oversight Services and the general plan of work of the Office for the year 2009 are set out below for the information of the Programme, Budget and Administration Committee of the Executive Board.

2.   The Office provides 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. The current initiative in the General Management cluster to strengthen its risk management processes, when complete, will also enable the Office to focus its work more effectively on the areas of greatest risk exposure.

3.   Based at headquarters in order to ensure its independence, the Office is responsible for oversight of all levels and offices of the Organization. It distributes its work between headquarters (30%) and the regions (70%) in approximately the same proportion as the global distribution of resources.

THE OFFICE

4.   The Office conducts its work in accordance with the Professional Practices Framework promulgated by the Institute of Internal Auditors. These standards 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 wrongdoing, and performs programme evaluation. The Office is authorized unfettered access to all records and personnel, and has been empowered to review all systems, processes, operations and activities within the Organization.

6.   The staffing complement of the Office is 17 posts, of which 15 are graded at the professional level. The Office's responsibilities and its oversight focus on WHO's core work have made necessary the current multidisciplinary team, which includes expertise in medicine, public health, accounting and finance, information technology, law, evaluation and business administration. Ad hoc work teams are formed for each project drawing on team members' skills and creating a synergy appropriate to each task.

7.   A sufficient level of human and financial resources is required to realize the oversight work planned for the year 2009. Recruiting is in progress for two vacancies. It is expected that all posts will be filled by mid-2009 and sufficient funding has been provided for staff costs for the biennium 2008–2009. In fulfilling its responsibilities, the Office also incurs operating costs for, among other things, travel, consultants and operating supplies. At present, the Office's budget has not been sufficiently funded to cover planned expenses for the year 2009; however, the Office expects that funding will be provided in due course to enable the intended work to continue.

ENTERPRISE RISK MANAGEMENT

8.   Enterprise risk management is a process that helps an entity to avoid pitfalls in the achievement of its objectives and that, in principle, should guide the plan of work for oversight. The Office has reported previously on the gap in risk management in the General Management cluster and the need for WHO to achieve a higher level of formalization for this area.[1] The cluster has indicated that it will incorporate risk-management processes into existing managerial structures;[2] however, the Office has not yet received an implementation plan. Although it recognizes the difficulties imposed by implementation of the global management system, the Office still considers lack of methodical risk management to be imprudent and notes the limitations this places on formulating the oversight work planning.

AUDIT AND EVALUATION PLAN OF WORK

9.   The principle of results-based management guides the managerial process at WHO. The Eleventh General Programme of Work and the Medium-term strategic plan 2008–2013 provide the agenda and strategic direction according to which WHO will operate and be held accountable for achieving results. The Office must assess the application of the results-based management framework, seeking to evaluate and improve processes for risk management, control and governance through conduct of audits and evaluations.

10.   WHO is decentralized with varied, geographically dispersed, responsibility and accountability centres, and this must be considered in the prioritization and planning of the Office's work. Flexibility is necessary, and regularly scheduled work may be interrupted or deferred in response to unexpected events.

11.   The Office will focus on the structure, systems and processes that provide the basis for the delivery of results. This approach can be divided broadly into programme performance and operational support.

12.   **Programme performance.** The plan of work of the programme under review serves as the starting point for the audit of programme performance. Using a risk-based approach, the Office identifies performance issues that could impede the achievement of results, and assesses what needs to be put in place to manage such risks.

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[1] See documents A59/33, paragraph 3, A60/34, paragraph 28, and A60/47, paragraph 3.

[2] See document A61/25, paragraph 55.

13. The Office uses criteria such as organizational and partner priority, resource allocation, internal control environment, geographical balance, and specific management requests when selecting programmes for audit. On this basis, the Office plans to conduct performance audits of selected programmes during 2009 at headquarters and in regional offices. In the case of country offices, because they are discrete accountability units, performance audits will be combined with a review of operational support. This approach takes into account the programmatic and operational risk and other issues that may impede delivery of country office-specific expected results.

14. **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. In 2009, the Office will indentify a selection of components of operational support for audit in order to assess their risk management procedures and internal controls. Audit resources are allocated for this work using a range of criteria such as budgetary value, internal control environment, management requests, and geographical balance. An engagement risk assessment of the specific area chosen determines the scope of work for each audit, and seeks to provide assurance that risks have been recognized and managed.

15. The ongoing implementation of the global management system, the associated start-up of the Global Service Centre for processing transactions, and the changes in business processes entail significant risks and administrative challenges for the Organization. Given the importance of these activities, in 2009, the Office will intensify its efforts to assess whether significant risks related to them have been identified and key controls are in place and functioning effectively as part of the overall control environment.

16. Audit staff will be trained to use the new system capabilities to enhance audit efficiency and effectiveness. Although the Office has general information technology audit capability, specialized expertise will be procured for review of the technical aspects of the system, as it is not practical to maintain this capability in house.

17. **Evaluation.** The Office will conduct several programmatic evaluations in 2009. The topics for these projects will be selected using quantitative and qualitative criteria. The Office will consult as widely as possible before selecting a topic. The selected evaluations will cover programmatic and thematic topics, generally at a global or regional level, and the work will seek to provide an analysis of outcomes and lessons learnt. Standard criteria such as relevance, efficiency, effectiveness and sustainability will be used in determining the terms of reference of an evaluation.

INVESTIGATION PLAN OF WORK

18. Resources are available for investigation of suspected wrongdoing by staff and other irregular activity. These investigations are normally carried out reactively; however, investigative work may be conducted proactively where assessment discloses a high-risk situation. If necessary, regularly scheduled audit work will be interrupted or deferred in response to situations that develop unpredictably.

IMPLEMENTATION

19.   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. Sufficient resources will be reserved to enable review and analysis of implementation of recommendations in collaboration with general management.

EXTERNAL AUDITOR

20.   The Office will maintain close contact with the External Auditor. Periodic meetings are planned to coordinate audit work and to avoid duplication of efforts.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

21.   The Committee is invited to note this report.

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