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## **Interim report of the External Auditor**

### **Fourth report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-second World Health Assembly**

1. The tenth meeting of the Programme, Budget and Administration Committee of the Executive Board was held in Geneva on 14 May 2009 under the chairmanship of Dr M. Dahl-Regis (Bahamas).<sup>1</sup>

2. The Committee welcomed the informative and transparent interim report of the External Auditor,<sup>2</sup> which highlighted problematic areas, including the introduction of the Global Management System and the functioning of the Global Service Centre. The report also provided valuable information for managers. The Committee noted the following salient points.

- For the interim report, the audit procedures carried out were not oriented towards expressing an audit opinion on the interim financial statements included in the unaudited interim financial report for the year 2008.<sup>3</sup>
- The review of the Global Management System had drawn attention to the important audit area of data conversion and data validation. The External Auditor identified serious problems linked to both the follow-up of information technology systems operations and business continuity at the Global Service Centre.
- Further external audit observations demonstrated the need for periodic managerial reviews in order to ensure optimal use of funds, strict adherence to prescribed procedures relating to the custody and handling of cash, and regular bank reconciliations. The large number of outstanding personal advances to staff members, especially travel advances, salary advances and health insurance claims, remains a major area of concern.
- Other necessary improvements identified by the External Auditor included ensuring that reviews of staff performance are done within the stipulated time frame, and greater compliance with the prescribed procedures for procurement of supplies and services. The External Auditor recommended correction of incomplete or inaccurately-maintained inventory records by the preparation and regular updating of a comprehensive database of non-expendable equipment.

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<sup>1</sup> For list of participants, see document A62/43, Annex.

<sup>2</sup> See document A62/29.

<sup>3</sup> See documents A62/28 and A62/28 Corr.1.

3. The Committee appreciated the detailed information in the report, and underlined the importance of the Organization's objective of improving efficiency and transparency through the Global Management System.

4. The Committee noted that the Secretariat accepted all the External Auditor's findings and recommendations.

5. Members of the Committee expressed concern about the reporting to WHO's governing bodies on management's response to the Auditor's recommendations. The Secretariat said that it would submit a detailed tracking report to the Committee and the Executive Board at their next sessions. The report would cover implementation of the External Auditor's recommendations and the systematic changes made or remediation steps taken by the management.

6. The External Auditor identified the most risk-prone area as stabilization of the Global Management System, in particular the use of transitory work-arounds and procedures.

**RECOMMENDATION TO THE HEALTH ASSEMBLY**

7. The Committee recommends that the Health Assembly note the External Auditor's interim report.

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