

PROVISIONAL SUMMARY RECORD OF THE SECOND MEETING

**Palais des Nations, Geneva
Thursday, 24 May 2018, scheduled at 09:00**

Chairman: Dr S. JESSAMINE (New Zealand)

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COMMITTEE B

SECOND MEETING

Thursday, 24 May 2018, at 09:20

Chairman: Dr S. JESSAMINE (New Zealand)

1. FIRST REPORT OF COMMITTEE B (document A71/53)

The RAPPORTEUR read out the draft first report of Committee B.

The report was adopted.¹

2. PROGRAMME BUDGET AND FINANCIAL MATTERS: Item 15 of the agenda

WHO programmatic and financial reports for 2016–2017, including audited financial statements for 2017: Item 15.1 of the agenda (documents A71/28, A71/29, A71/45 and A71/INF./2)

The CHAIRMAN noted that document A71/45, the report of the Programme, Budget and Administration Committee of the Executive Board on its deliberations of the sub-item the previous week, contained a draft decision recommended for adoption by the Health Assembly.

The representative of the GAMBIA, speaking on behalf of the Member States of the African Region, expressed appreciation for the WHO Results Report: Programme budget 2016–2017 (document A71/28), in particular the country success stories and level of detail provided. He nonetheless urged WHO to clearly link outcomes to the results framework in future reports, and raised concern about the lack of resource alignment across various programmes, in particular noncommunicable diseases, and about the drop in flexible resources, notably the reduction in voluntary contributions. He urged Member States to settle their arrears in a timely manner.

The representative of AUSTRALIA commended WHO efforts to ensure a more sustainable budget and enhance transparency and accountability. The new budget and planning process and the investment case being prepared for the draft thirteenth general programme of work were encouraging, and she welcomed the fresh approach to financial and results reporting. The WHO Results Report would be a valuable tool for attracting donor interest, as it highlighted tangible outcomes from the biennium 2016–2017.

The representative of MEXICO said that accountability and transparency were essential and that it was vital for donors to have clarity on resource allocation. Achievement of the health-related Sustainable Development Goals, in particular targets set by WHO, was predicated on budget planning and predictability. Particular attention should be paid to funding shortfalls in programmes such as

¹ See page [...].

noncommunicable diseases and the WHO Health Emergencies Programme, to resource availability and to fluctuations in voluntary contributions. Dialogue and WHO's planned funding campaign would improve predictability and generate higher levels of revenue for the biennium 2018–2019.

The representative of THAILAND welcomed the new format of the WHO Results Report, but was concerned at the unpredictability of voluntary contributions. Given the risks to the WHO Health Emergencies Programme in terms of adequate funding and operational readiness, WHO should reassure Member States of its ability to obtain sufficient funding to tackle global health threats.

The representative of GERMANY voiced appreciation for the new style and format of the WHO Results Report. He wished to know whether new donors had come forward as key financial contributors during the biennium 2016–2017 and what WHO could learn from that trend for the biennium 2018–2019; why the Core Voluntary Contribution Account had decreased; and how flexible funding and category 6 funding (corporate services/enabling functions) had evolved over the previous 20 years.

The representative of PANAMA welcomed the WHO Results Report and the Organization's efforts at bottom-up identification of priorities for the programme budget. The Region of the Americas nonetheless continued to receive low funding compared to other WHO regions, a situation that she hoped could be remedied over time. It was also hard to understand why categories 2 (noncommunicable diseases) and 5 (preparedness, surveillance and response) had such low implementation rates, and essential to focus on better control and monitoring of budget implementation across all categories. She asked whether the implementation rates indicated for the various categories in document A71/29 were estimated based on the approved budget or available resources, and requested that future reports document the action taken to achieve an implementation rate above 95%.

The representative of JAPAN welcomed the WHO Results Report and said that a strategic approach was needed to address the long-standing funding shortfall for the noncommunicable diseases category. One approach would be to verify whether the relevant budget was used optimally, which would appeal to prospective donors. Another approach would be to drastically change WHO's business model in underfunded areas by forming stronger partnerships. He encouraged the Secretariat to make further efforts to improve financial reporting.

The representative of NORWAY thanked the Secretariat for the reader-friendly WHO Results Report, but regretted the absence of the common reporting format of showing results against goals and progress using indicators. Such information would help spotlight challenges and delays in WHO's work, and identify where additional efforts and risk management were needed. Both progress and challenges should be reflected in the Secretariat's results reporting. He welcomed the plan to improve strategic reporting by reducing the number of indicators.

The representative of the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND said that the WHO Results Report was a step forward that presented results in an attractive and accessible manner. He welcomed efforts to highlight core voluntary contributions; success stories that donors could pass on to taxpayers would make core voluntary contributions appealing. His Government was redeveloping its indicators to judge performance against core voluntary contributions, and looked to WHO to provide it with clear indicators. He congratulated the Organization on its Programme Budget Portal, an example of best practice in the United Nations system.

The DIRECTOR (Planning, Resource Coordination and Performance Monitoring) said that the WHO Results Report would be further improved in the coming years. The underfunding of noncommunicable disease programmes was a chronic issue that could be remedied by encouraging donors to direct their funds towards those programmes and by using the Organization's limited flexible funds. Increased flexible funding would thus be one solution.

New donors had emerged, resulting in a broader donor base. The decrease in the Core Voluntary Contributions Account could be attributed to external and internal factors. Externally, traditional contributors had been under pressure to fund other programmes. Internally, the Organization had not done enough to recognize those contributors; it was taking a number of initiatives to give core voluntary contributions and their donors the recognition that they deserved.

Funding for category 6 had remained relatively unchanged over the previous two decades, but the Secretariat would be pleased to provide detailed information at the next governing body meeting. With regard to the request for a report format that used indicators to show progress towards goals, he said that a detailed analysis of progress on 162 indicators was available on the Programme Budget Portal.

The COMPTROLLER said that the majority of voluntary contributions came from about 20 major donors, a figure that had remained relatively stable over the last few years. However, new donors had emerged from a number of countries and regions, and would continue to do so during the biennium 2018–2019. Improvements in resource alignment were reflected in the figures contained in the WHO Results Report. With regard to the decrease in flexible funding, some donors had reported competing priorities, such as the migration crisis. He hoped that WHO's enhanced reports showcasing impact would encourage more contributions of flexible funding.

The DIRECTOR-GENERAL thanked Member States for their feedback and said that earmarked funding was causing fragmentation in the Organization's departments. WHO managed more than 3300 grants, which made the system very slow and underscored the need for flexible funding. WHO was working to address its internal problems in that regard, but Member States should support the Organization's efforts to remedy external problems.

The epidemic aspect of the noncommunicable disease crisis must be taken seriously. A meeting of the WHO Independent High-level Commission on NCDs in June 2018, followed by the Third United Nations General Assembly High-level Meeting on NCDs in September, would spur new recommendations and actions. He called on Member States to participate actively in the High-Level meeting by involving their Heads of State. With political commitment, resources would follow.

WHO's investment case document was nearing completion and would help move the Organization from passive to proactive resource mobilization. To build the investment case, WHO had communicated with as many partners as possible; the feedback from donors and Member States had been positive, and fresh funding had been secured from Member States. It was essential to make a proper investment case, with Member State support, and to expand the donor base so that WHO would be prepared to absorb unexpected shocks. Moreover, quality of funding was more important than quantity, and he challenged Member States to focus on funding quality. WHO would examine the way it presented its challenges and successes, and would be honest with Member States on the challenges it faced.

The CHAIRMAN took it that the Committee agreed to approve the draft decision contained in document A71/45.

The draft decision was approved.¹

Financing of the Programme budget 2018–2019: Item 15.2 of the agenda (documents A71/30 and A71/46)

The representative of BARBADOS stressed the importance to developing Member States of the six steps being planned or taken for resource mobilization, as the funds thus obtained sometimes allowed those countries to implement programmes that might otherwise have been postponed or cancelled. He supported the Director-General's efforts in that regard.

The representative of the CONGO, speaking on behalf of the Member States of the African Region, said that the three priorities identified in the draft thirteenth general programme of work – universal health coverage, health emergency response and health promotion – were challenges for the continent. Low levels of health coverage in some countries, coupled with other health determinants (such as the environment, poverty, high-risk behaviour and access to water), were likely to lead to further epidemics. She welcomed the increase in the overall budget for 2018–2019 and for the Health Emergencies Programme and communicable diseases in particular, but was concerned by the funding cuts for noncommunicable diseases and corporate services/enabling functions. She was also concerned that financing of the programme budget was still largely dependent on relatively inflexible voluntary contributions from a small number of donors. She strongly urged Member States both to meet their obligations and to raise additional funds for the implementation of the programme budget. Financing would have to be more flexible to rectify the chronic underfunding of priority programmes.

The representative of MEXICO said that funding gaps in certain programme areas should prompt consideration of how to improve budget programming and of the importance of areas such as noncommunicable diseases, vaccine preventable diseases, and reproductive, maternal, newborn, child and adolescent health. She called for continued transparency in discussions with donors through mechanisms such as the financing dialogue and periodic meetings to better align voluntary contributions, continue the transformation process with respect to resource mobilization, and achieve greater flexibility in the funding of priority areas currently experiencing shortfalls. She acknowledged the Secretariat's efforts to be transparent about how resources were used by publishing information, including updated quarterly financial information and the biennial results report, on the Programme Budget Portal, and to be more efficient by, for example, outsourcing services, moving some administrative operations to lower-cost locations, and preparing a strategic approach to optimize the use of funds and assure programme cost-effectiveness. The Secretariat should, however, step up its efforts to achieve optimum financing for basic priority programmes and to mobilize resources.

The representative of AUSTRALIA welcomed the efforts to improve fundraising and the new approach to reporting on the programme budget. To further enhance transparency, a clearer distinction should be drawn between actual currently available funds and funding forecasts across programme areas, and tools such as the Programme Budget Portal should continue to be improved, with clear links provided to data sources. She noted that heightened resource mobilization efforts would be imperative in order to fund the ambitious draft thirteenth general programme of work, and welcomed current efforts in this regard. She queried the accuracy of the estimated financing needs for the draft thirteenth general programme of work, given that a significant proportion of forward financing needs was related to the transition of essential polio functions into the base segment, and urged that work on the estimate be given the utmost priority. She was concerned by the reduction in core voluntary contributions and

¹ Transmitted to the Health Assembly in the Committee's second report and adopted as decision WHA71(12).

the funding shortfalls for noncommunicable diseases and the WHO Health Emergencies Programme, of particular concern given the Organization is facing another Ebola outbreak, and urged donors to make untied voluntary contributions.

The representative of SWITZERLAND expressed concern that the programmes currently experiencing financing problems had been affected by similar problems in previous bienniums (for example, noncommunicable diseases and the WHO Health Emergencies Programme). She welcomed the Secretariat's efforts to mobilize resources and, in particular, to encourage core voluntary contributions, and hoped that it would present a more ambitious and innovative value-for-money approach in the future. Greater effectiveness and reduced costs could be achieved by implementing the recommendations of the Quadrennial Comprehensive Policy Review of the United Nations, such as the pooling of administrative services among United Nations entities in a partner country. Given the importance of approving the programme budget in a transparent and inclusive process, she regretted the decision not to present a complete draft programme budget at the forthcoming regional committee meetings.

The representative of the NETHERLANDS, concerned at the continued lack of funding for the noncommunicable diseases category, said that the reasons for the shortfall should be further analysed. Discussions should be initiated with donors wanting to move all their funds into one area, with a view to encouraging them to finance an underfunded area. The Secretariat should facilitate that process.

The representative of GERMANY said that the Director-General's report showed that WHO had not addressed some of its main financial challenges. First, the same programme areas that had experienced funding shortfalls in the previous two bienniums were again underfunded. The largest shortfalls were in management and administration, and in leadership and governance, which were primarily funded through assessed contributions; given the total amount of assessed contributions and flexible funding available, it was hard to understand why they were underfunded. Secondly, his Government had argued for stronger alignment of resource mobilization, to no avail. Indeed, the culture of non-communication within the Secretariat seemed to be a key deterrent to coordinated resource mobilization. He asked how the Secretariat would overcome those challenges. In addition, it was premature to state that earmarked funds did not serve WHO's needs. The key point was not whether earmarked funds were less useful than flexible resources, but rather how the Secretariat raised earmarked funds for specific programme areas. His Government provided earmarked funds when WHO indicated that programmes needed resources; it did not believe that such earmarking was in contradiction with WHO's overall goals.

The representative of the UNITED REPUBLIC OF TANZANIA welcomed the increased funding for vaccine preventable diseases and the WHO Health Emergencies Programme, but noted that the same areas presented funding gaps as in the previous biennium. As those areas depended on assessed contributions, it was important for Member States to ensure timely payment thereof. In addition, the Secretariat should engage in negotiations for voluntary contributions. Given that planned structural shifts would not take place until the next biennium, he asked what changes would be made to enable implementation of the draft thirteenth general programme of work in 2019.

The representative of the UNITED STATES OF AMERICA appreciated the detailed level of information available on the Programme Budget Portal. Resource alignment and quality of funding were both issues, but all Member States knew that resources raised in response to an emergency appeal were immediate quality resources that were tied to WHO's priority work. She encouraged WHO management to work with technical staff to ensure that requests for voluntary contributions to fund specific activities were prioritized, strategic and better coordinated internally.

The representative of THAILAND said that the problem of chronic underfunding for specific programme areas, such as the WHO Health Emergencies Programme and health and the environment, needed to be resolved, and the reasons therefor explored. He urged the Secretariat to accelerate its resource mobilization efforts in order to support the implementation of strategic priorities under the draft thirteenth general programme of work and ensure that future programme budgets did not face the same challenge. He welcomed the implementation of the value-for-money plan and approach and urged WHO to evaluate the effectiveness thereof at the end of the current biennium.

The representative of PANAMA welcomed the Secretariat's resource mobilization efforts, which had resulted in more transparent and closer ties with donors, regional offices and other stakeholders. She expressed concern over the financing of competing programmes, with the same programmes repeatedly experiencing funding problems. There was a clear lack of balance in the distribution of funds, and it was hard to see how initiatives relating to equity, social determinants, gender equality and human rights, nutrition, food safety, violence and trauma, disability and rehabilitation, and ageing – issues of great importance to public health and achievement of the Sustainable Development Goals – could be developed if they received no funding. She supported the proposed steps for improving financing with a view to bringing about positive outcomes in global, regional and local health.

The representative of the REPUBLIC OF KOREA welcomed improvements in the financing of the Programme budget 2018–2019, in particular the Secretariat's efforts to enhance predictability and transparency in budget financing, which should be continued. He remained concerned, however, about the chronic lack of funding for certain programmes; the Secretariat should prepare contingency measures for such programmes. He looked forward to the Secretariat's efforts to improve value-for-money by transforming resource mobilization.

The representative of SPAIN said that the report revealed that voluntary contributions focused on a specific set of programmes to the detriment of other critical areas such as ageing, disability and rehabilitation, nutrition and food safety. He expressed appreciation for efforts to control and optimize expenditure, such as relocating certain operations, and requested further details in that regard.

The representative of JAPAN asked whether flexible funding and the 3% increase in assessed contributions in the Programme budget 2018–2019 were used for purposes other than to bridge funding gaps, as that information would help to encourage existing and new donors, and whether additional explanations would be provided during the financing campaign to be launched after the Assembly. He also asked for further information on the financial aspects of the WHO Health Emergencies Programme, given the challenges in securing funding for it, and especially in the light of current complex health emergencies. Since the question of funding for the proposed programme budget 2020–2021 had been delinked from the discussion of the draft thirteenth general programme of work, preparations for reviewing the draft programme budget should begin before the 144th session of the Executive Board meeting. The Secretariat should therefore present the review process as soon as possible, along with the transformation plan to enable the general programme of work.

The representative of the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND endorsed that proposal. He went on to say that polio transition was one of the greatest risks to implementation of the Programme budget 2018–2019. According to the draft strategic action plan on polio transition, for example, 700 staff would be made redundant in March 2019; how did WHO plan to mitigate the consequent risk to global health security and what other programmes would be affected by the transfer of core funding to cover any costs incurred as a result? The Organization could not expect unlimited funding for polio programmes; the draft thirteenth general programme of work should therefore provide a clear case for investment in polio transition. WHO should clearly explain

how donor funds were being used to ensure maximum value for money. Tight earmarking and fully flexible funding were not mutually exclusive. Indeed, his Government's contributions to WHO were either fully flexible or allocated to the Organization's priorities. His Government was ready to support the WHO internal reform process and the move from ad hoc funding to more strategic funding scenarios that clearly explain how they fit into the wider WHO context and the global health system.

The representative of BRAZIL said that Member States and the Secretariat should identify how to fund critical areas such as tropical disease research and noncommunicable diseases. They should also engage in an in-depth discussion on the reduction of non-earmarked voluntary contributions, since such funding constituted more than 80% of WHO's resources. Given the opportunities and challenges that would arise from implementation of the draft thirteenth general programme of work, his Government looked forward to the investment case to be launched after the Assembly.

The representative of BHUTAN noted with appreciation that the Programme budget 2018–2019 had allocated increased funding to the WHO Health Emergencies Programme and to health and environment programmes, which were of particularly value in the disaster-prone countries of the South-East Asia Region. He commended WHO for securing a significant base budget increase of 6% in comparison to the previous biennium, but was concerned at the reduction in flexible funding and in resources allocated to the noncommunicable diseases category. The Organization's engagement in hosted partnerships and the Framework of Engagement with Non-State Actors had enhanced the global health agenda. His Government remained committed to WHO's search for more flexible funding sources, and urged Member States to prioritize value for money in all health investments made through WHO. Implementation of the programme budget should therefore be audited, in terms of both programme management and human resource competence, to ensure investments were sound.

The DIRECTOR (Planning, Resource Coordination and Performance Monitoring) pointed out that the Director-General's report was based on three months of operations, as the accounts had had to be closed at the end of March 2018; as such, it had not been possible to produce a detailed analysis, and more information would be provided at the 144th session of the Executive Board. According to current figures, 86% of funding had been raised in the current biennium; at the same point in the previous biennium, only 79% of funding had been raised, including projections. Member State concerns regarding earmarked contributions and funding shortages in certain areas notwithstanding, the situation was therefore cautiously encouraging overall. Areas mentioned as not having received funding had not done so in the first three months of the biennium; the Secretariat had provided them with corporate flexible funding and would strive to keep them funded and operational. He agreed, however, that more flexible funding and donor contributions were needed in those areas.

The draft programme budget for 2020–2021 would be presented and discussed at regional committee meetings, but in a different manner, at major offices and focusing on the "three billion" goals and a preliminary analysis of the prioritization process at that stage. The final budget would be presented in full at the 144th session of the Executive Board.

Polio transition was an issue, but one that went beyond the biennium 2018–2019, during which it and essential polio functions were well-funded. The Secretariat was already dedicating sufficient resources and efforts to polio eradication, as exemplified by the appointment of an Assistant Director-General for Polio, Emergencies and Country Collaboration.

The COMPTROLLER confirmed that polio transition constituted one of the most significant financial risks for the Organization. The Secretariat was monitoring the situation closely with regard to the staff liabilities it anticipated would arise from the scaling down of the polio programme, and had established a fund of US\$ 50 million for that contingency. The Director-General's report on polio transition and post-certification (document A71/9) provided further information on planned financing to be allocated in the proposed programme budget for 2020–2021.

The DEPUTY DIRECTOR-GENERAL (Corporate Operations) said that the Secretariat was acutely aware of the persistent challenges posed by chronically underfunded areas, in particular priority areas, and the Director-General was leading a proactive and strategic approach to address the situation. The draft thirteenth general programme of work acknowledged that the issues of health emergencies and strengthening health systems were inherently interlinked. Indeed, investment in health system strengthening would help to prevent and minimize health emergencies; capacity-building in the fight against polio had provided decisive evidence to that effect. WHO was actively reaching out to potential new donors and demonstrating its ongoing appreciation to existing donors. The Assistant Director-General for External Relations had called for a coordinated approach to resource mobilization at all levels, in order to build the Organization's capacities for coordination with partners. The entire spectrum of financing needed to be engaged to help WHO move from ad hoc requests towards more strategic funding; this was a priority for the Secretariat, which had entered into a strategic dialogue with some countries to explore opportunities for flexible financing. The programme budget needed to be based on Member State priorities so as to align funding with priorities. WHO needed to demonstrate transparency and accountability in order to build Member State confidence that the Secretariat would base funding on priorities; that trust would also allow it greater flexibility in fund allocation. She thanked Member States for their positive comments on the new reporting method and the WHO Programme Budget Portal, which would help WHO to provide greater insight into its spending decisions.

In response to concerns raised on the underfunding of the WHO Health Emergencies Programme, the DIRECTOR-GENERAL said that, since emergency preparedness and response was one of the three strategic objectives of the draft thirteenth general programme of work, it was crucial to prioritize funding for that area, with resources mobilized from core funding if needed. Almost all of the 3% increase in assessed contributions, which amounted to around US\$ 47 million, had consequently been allocated thereto. Of the total US\$ 58 million in flexible funds allocated to the Programme, much would go to country offices, because it was most important to tackle health emergency preparedness and response at the country level. Given the shortages in funds earmarked for certain WHO priorities, Member States were asked to provide flexible funding that could be mobilized as needed. WHO therefore relied on a combination of earmarked and flexible funding.

Although the Secretariat was building the investment case for centrally coordinated resource mobilization, it would be impossible to make that transition quickly. Departments and teams would therefore continue to implement both decentralized and centralized resource mobilization, to avoid disrupting current operations and to ensure sufficient resources were available to finance programmes. Resources allocated to polio transition would continue to be used for routine immunization and surveillance programmes, since populations treated under polio eradication programmes also needed to be protected from other preventable diseases to achieve the overall goals of prevention and protection.

The Committee noted the report contained in document A71/30.

Status of collection of assessed contributions, including Member States in arrears in the payment of their contributions to an extent that would justify invoking Article 7 of the Constitution: Item 15.3 of the agenda (documents A71/31 Rev.1 and A71/47)

The CHAIRMAN drew attention to the revised draft resolution contained in document A71/47 and noted that it had been agreed to remove Suriname from the list of countries in arrears at the time of opening of the Assembly.

The draft resolution, as amended, was approved.¹

3. AUDIT AND OVERSIGHT MATTERS: Item 16 of the agenda

Report of the External Auditor: Item 16.1 of the agenda (documents A71/32 and A71/48)

The CHAIRMAN noted that document A71/48, the report of the Programme, Budget and Administration Committee of the Executive Board on its deliberations of the sub-item the previous week, contained a draft decision recommended for adoption by the Health Assembly.

The representative of the EXTERNAL AUDITOR introduced the report of the External Auditor (contained in document A71/32). The 2017 audit had covered headquarters, the Global Service Centre, one regional office, six country offices and the five entities hosted by the Organization. It had resulted in the issuance of an unmodified audit opinion indicating that the Organization's financial statements for the financial year ended 2017 were fairly presented in all material respects and had concluded that accounting policies were applied on a consistent basis. It had found that the transactions that had come to its notice complied with the Financial Regulations and legislative authority of WHO in all significant respects. He commended the complete implementation of the Global Inventory Management System, which had helped WHO to improve the effectiveness of its financial reporting and the overall efficient and effective management of global inventories, and the Organization's commitment to improve its corporate governance as evidenced by the issuance of its Statement of Internal Control. The audit had also brought to light opportunities for improvement relating to financial matters in the areas of fixed assets and inventory management; travel management, in particular the fleet management programme; content and delivery enhancements; financial management; and the overall management of controls in regional and country offices. The External Auditor had accordingly made a series of recommendations to the Secretariat.

The representative of GERMANY said that the External Auditor's report showed that major shortcomings remained in terms of WHO accountability and compliance, and his Government, while recognizing past efforts to ameliorate the situation, would continue to push the Secretariat for improvements on both fronts. The transformation in the African Region had shown what could be achieved in terms of accountability and compliance under truly committed leadership, as evidenced by the reduction in the number of overdue direct financial cooperation reports.

The representative of BARBADOS asked for further information on the circumstances that had resulted in three key audit findings: overdue reports on direct implementation projects; the absence of procurement plans; and delayed submission of reports to donors.

The representative of ANGOLA, speaking on behalf of the Member States of the African Region, expressed satisfaction at the External Auditor's unmodified audit opinion, which assured Member States of greater financial transparency and accountability within WHO. The External Auditor's report, for its part, would help the Region's Member States optimize the use of WHO resources allotted to each country for achieving universal health coverage. Noteworthy recommendations included the need to strengthen the Secretariat's award management role in respect of voluntary contributions and ensure timely submission of reports to donors in order to boost credibility; to reduce delays in the submission of direct financial cooperation reports and improve their management; to strengthen operational processes, including procurement, human resources, travel, and

¹ Transmitted to the Health Assembly in the Committee's second report and adopted as resolution WHA71.10.

the management of fixed assets such as end-user IT equipment; and to ensure timely preparation of projects and monitoring reports.

The representative of MEXICO was also pleased to note that the External Auditor had issued an unmodified audit opinion, a guarantee of transparency and accountability in financial matters and thus in WHO governance. She acknowledged the good practices applied by the Secretariat and the improvements made pursuant to previous recommendations relating to internal control, but nonetheless urged the Secretariat to follow up on all pending and current recommendations by the External Auditor.

The representative of THAILAND said that swift and efficient implementation of the External Auditor's recommendations would improve good governance across all three levels of the Organization. Her country commended WHO's ongoing efforts to implement the majority of recommendations pending from 2016, but remained concerned about the number of overdue direct financial cooperation reports and about the Statement of Internal Control. In addition, systematic and efficient action should be taken to improve procurement transparency and travel management efficiency.

The representative of the NETHERLANDS expressed concern at the delays in reporting to donors, asset and inventory management, and the findings concerning regional and country office operations. It was important to fix those issues in order to instil donor trust in WHO local operations.

The ASSISTANT DIRECTOR-GENERAL (General Management) expressed appreciation for the External Auditor's diligence and said that the Secretariat had already begun implementing the recommendations set out in its report. The total number of overdue direct financial cooperation reports had been reduced by 42% since 2016 and would be reduced further. Formal assurance activities were being enhanced at the country level, a measure that required improved analysis of the root causes of the difficulties posed by direct financial cooperation, which appeared to be mostly country-specific. A fleet management pilot programme to be launched shortly would be the first corporate initiative to track vehicles with a view to improving accountability and safety. Travel management had undergone major reform in March, bringing WHO travel policy in line with that of the United Nations Secretariat. The updated e-Manual and Standard Operating Procedures had already yielded savings for the Organization. Lastly, the IT governance process was being re-engineered to reach all three levels of WHO.

The COMPTROLLER, responding to concerns about direct financial contributions, said that the Secretariat was following up with the regions experiencing delayed direct financial cooperation reports. He commended the African Region's efforts to enhance training and accountability, and to help country offices ensure that procedures relating to direct implementation were properly understood and followed. Moreover, the number of overdue direct financial cooperation reports was not alarming in the light of the total number of such contracts. Direct implementation was also extensively used in the Eastern Mediterranean Region, where the logistics of filing timely reports were constrained in many countries by extreme emergency situations and very difficult working contexts.

With regard to procurement planning, he stated that it was part of the transformation plan to improve overall supply chain management.

In terms of donor reporting, he suggested that there was a link between overdue reports, on the one hand, and the funding structure and resource mobilization, on the other. The Secretariat continued to handle thousands of separate grants, each with a specific timeline. A report would be considered overdue if it was not filed by the date stipulated in the donor agreement, and yet the implementation plans for tightly ear-marked projects in particular were subject to change, leading to delays. In

application of WHO value-for-money principles, the Secretariat was loath to implement incorrectly, even if that meant going beyond the end date.

The CHAIRMAN took it that the Committee approved the draft decision set out in document A71/48.

The draft decision was approved.¹

Report of the Internal Auditor: Item 16.2 of the agenda (documents A71/33, A71/33 Corr.1, A71/34 and A71/49)

The representative of MEXICO said that the Secretariat should take on board the Internal Auditor's recommendations relating to public health emergencies, programmatic and operational processes, and monitoring and performance evaluation, and implement measures to mitigate risks in those areas of support that had come to light during the operational audits. It should pay particular attention to the WHO Health Emergencies Programme; the fact that the Programme's operational support processes and procedures had yet to be properly structured might explain why it had failed to attract sufficient funding. The Secretariat should also implement the recommendations for process improvements at the Global Service Centre and draw on the findings of the audits of country and regional offices. It should ensure that internal controls remained operationally effective, and improve procurement and fixed-asset management. It should attach particular importance to following up on recommendations regarding allegations of fraud, theft, and sexual harassment, exploitation and abuse, given that the number of allegations of corruption had risen and the number of complaints had not changed since 2015.

The representative of NORWAY said that the decline in the operational effectiveness of internal controls in country offices was particularly concerning given that the proportion of resources allocated to country offices was set to increase further under the draft thirteenth general programme of work. His Government needed to see real improvements in the compliance, risks and ethics culture throughout the Organization – but especially in country offices – before it would consider increasing its funding, and called on the Secretariat to continue to improve internal control. He expressed support for the recommendations to improve individual managers' accountability and to strengthen the consequences of failures in internal controls in a harmonized manner. He welcomed the updates to the fraud prevention policy and urged the Secretariat to enhance anti-fraud detection, awareness, investigation and recovery, including in relation to implementing partners. Finally, it was essential that the Office of Internal Oversight Services and the compliance, risk management and ethics functions were provided with the necessary resources.

The representative of the NETHERLANDS said that the audit reviews of country offices were vague and lacked transparency; differences in performance between country offices should be expressed more explicitly in future. The issues raised in the reports needed to be resolved to ensure trust in locally run operations, especially since regional and country funding was set to increase. Sound governance was vital in that regard.

The representative of CABO VERDE, speaking on behalf of the Member States of the African Region, welcomed the report of the Internal Auditor, noting in particular the new online risk management tool and risk management cycle, efforts to limit task duplication, and the secure external

¹ Transmitted to the Health Assembly in the Committee's second report and adopted as decision WHA71(13).

web-based platform that provided remote access to internal audit reports. The focus should now be on the top five areas assessed as posing the highest residual risk to the Organization's operations and achievement of results. She expressed concern that previous recommendations had not yet led to lasting improvements, adding that it was very important to continue investigating complaints and strengthening risk assessment processes.

The representative of THAILAND, noting the importance of audit, investigation and assessment processes, expressed concern about the estimated time needed to handle outstanding complaints and urged the Secretariat to speed up that process. The lack of any systematic updates to global policy documents was also a cause for concern and could lead to delays in planning, implementing and troubleshooting internal controls. Finally, her Government strongly urged WHO to take a zero-tolerance approach to sexual exploitation and abuse in respect of all staff at all levels.

The representative of the UNITED STATES OF AMERICA requested more information on WHO risk management strategies, given that the Organization was working in increasingly unsafe contexts. She expressed support for the increase in human resources for the investigation function in light of the backlog of cases, and for the Internal Auditor's recommendations to enhance the accountability and supervisory role of individual managers.

The representative of the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, endorsing the comments made by the representatives of the Netherlands and Norway, expressed concern about the reduced budget for the Office of Internal Oversight Services and about the backlog of complaints, as a result of which serious cases of misconduct involving, for example, sexual exploitation or abuse might be overlooked or not handled promptly. Given the importance of a well-functioning oversight service, she wished to know whether WHO was committed to ensuring that the Office of Internal Oversight Services was properly resourced.

The representative of GERMANY expressed support for the statement made by the representative of Norway, especially with regard to the decline in the operational effectiveness of internal controls in country offices and the need to strengthen the consequences for failures in internal control in a harmonized manner. He welcomed the decision to implement all recommendations pertaining to sexual exploitation and abuse resulting from the external quality assessment of the WHO investigation function and asked for more information on the progress made in that regard.

The DIRECTOR (Office of Internal Oversight Services) said that the Secretariat was doing its best to address the issues raised in accordance with the resources available and an assessment of the relevant risks. There had been ongoing improvements in overall control effectiveness, which stood at 75% for the 2015–2017 period. While the target was 100%, the Secretariat was working to identify the most significant issues, recognizing that priorities needed to be set. The number of outstanding audit recommendations continued to fall, and 32% of recommendations had been completed before the stated deadline, but a worrisome number of highly significant recommendations remained outstanding and should be the focus of management efforts.

The Office was committed to ensuring that the investigation function remained of the highest quality and followed best practices. All recommendations resulting from the relevant external quality assessment were on track and would be implemented within the reported deadlines. The Office was working to prioritize existing cases and deal with new cases, bearing in mind the increase in reported cases so far in 2018 compared with 2017. Regarding new cases, including sexual harassment, exploitation and abuse, an intake committee had been set up to review all cases; it acknowledged all complaints within five days of receipt and recommended action points within ten days. There had been 17 allegations of harassment and sexual harassment, exploitation and abuse in 2017, all but two of which had subsequently been resolved. Allegations of sexual harassment were given the highest

priority, meaning there was no risk they would not be handled promptly, despite the backlog; as a result, however, delays were experienced in handling lower-priority cases. The Office continued to update its investigation policy framework, and the Office's charter, which strengthened its investigative mandate, was ready to be submitted to the Director-General for final approval.

Fraud and corruption awareness briefings were conducted during all audit and investigation missions to country and regional offices; the briefings highlighted the procedure for reporting allegations and the obligation to do so. Regarding conflicts of interest within the Office or relating to its investigations, the Office had adopted the protocols developed by the United Nations risk and investigation services.

While providing the appropriate amount of detail on country audits in the report was a challenge, the summary of each country, regional or departmental audit provided an overall assessment of the audit results on a four-point scale and highlighted the major areas of concern. Member States could ask to receive a link that would allow them to consult all audit reports. The higher level of risk at country offices involved in health emergencies was taken into consideration when conducting audit missions, and the emergency response framework had been integrated into internal procedures in that regard.

With regard to the resource and budget issues raised, there had indeed been a reduction in funding owing to the realities of the resources available. The Office had reallocated resources internally in order to handle critical investigations, pending a more holistic review of the funding situation.

The ASSISTANT DIRECTOR-GENERAL (General Management) said that the Secretariat welcomed the report of the Internal Auditor, which helped promote a culture of accountability and compliance at WHO. The Secretariat was committed to improving compliance with internal controls, recognizing that investments would have to be made in some areas. He stressed that WHO had a zero-tolerance policy towards sexual harassment, exploitation and abuse. With regard to the procurement and supply chain issues raised, an end-to-end analysis was being conducted and should address most of the shortcomings identified.

The DIRECTOR (Office of Compliance, Risk Management and Ethics) said that WHO played an active role in United Nations working groups on sexual exploitation, abuse and harassment, and that the Organization's prevention and reporting mechanisms and its integrity hotline were recognized as best practices in that regard. Following the external review of the risk management function, the Organization had taken steps to manage risks more actively, most notably through the establishment of a risk management committee. Information on the Organization's main risks was available online and in the report, and WHO had a clear risk management plan and vision.

The Committee noted the report.

The meeting rose at 12:00.

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