

# **Draft Report of the Thirteenth Meeting of the Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization**

**(Geneva, 30 June - 2 July 2014)**

The meeting was the second of three IEOAC meetings planned for 2014. The agenda for the meeting is attached as [Annex 1](#) and the list of participants from WHO as [Annex 2](#).

In attendance throughout: Farid Lahoud (Chair), Bob Samels, Steve Tinton, Mukesh Arya and Mary NCube.

## **Items 1 – Opening and administrative matters**

- 1) The Chair confirmed a quorum with all members present, and all declarations of interest or updates duly submitted (no conflicts of interest recorded). The agenda for the 13<sup>th</sup> meeting was adopted.

## **Items 2 – Introduction and adoption of Rolling Agenda**

- 2) Taking the work done on the pre-agreed Rolling Agenda in the 12<sup>th</sup> IEOAC meeting, the Committee formally adopted the rolling agenda [attached as Annex 3] for three meetings, listing all expected issues to be discussed, plus any related provisional conclusions and actionable recommendations from the IEOAC. The committee would like the Rolling Agenda to be in sync with the key deliverables, time line and mile stones of the governing bodies and of the Reform Agenda.
- 3) The Chair suggested to state the specific reason for including an issue in the agenda, for example whether it's because of mandate, or at the request of secretariat or an area of concern or risk as considered by IEOAC members; so as to ensure the work of the Committee remains within its terms of reference
- 4) The Chair informed the Committee that the IEOAC's annual report was well received by PBAC. During the meeting, he met several representatives of Member States; took note of the keen interest shown by them in the recommendations and suggestions made by IEOAC and had informal discussions on several aspects of Reform.
- 5) The secretariat also placed on record that the report of IEOAC is much appreciated due to its frankness and precision on the relevant issues. Many of the IEOAC recommendations to PBAC were reflected in the PBAC recommendation to EB The secretariat confirmed the importance and value of the IEOAC to the work of WHO.

### Item 3 - Compliance, Risk and Ethics

- 6) The Committee continues to follow the progress being made by CRE with a keen interest. It recognizes the ambitious deadlines set up by the department especially in the roll out of risk register across the three levels of the organization. It will continue to monitor and review the developments in the following three areas in near future – (i) Roll out of Risk Register; (ii) Whistle Blower Policy and (iii) Declaration of Interest for external experts.
- 7) On the question of whether the secretariat would be able to present the first cut of all the risks and the hierarchy of the same to the EB in January 2015; it was informed that the director CRE has made significant progress in his outreach and advocacy efforts in terms of presenting the work of CRE to all the regional directors and senior managers. However no one is under illusion that the first cut may still be quite messy and need a lot of sifting.
- 8) The Committee stressed the importance of “buy-in” from country offices to ensure they understand the concept of the ownership of their risks; lest it’s seen as another administrative exercise initiated by headquarters. It looks forward to receiving a further update on progress towards the completion of the WHO Risk Register at its October 2014 meeting.
- 9) IEOAC recommends that the Risk Register should be presented to next EB. It’s important to operationalize the risk plan from first quarter of 2015. The sooner it gets embedded in the organization, the better it will be and It should not be delayed just because there are issues still to be resolved. The process will automatically get refined over time.
- 10) On Whistle Blower Policy, IEOAC took note of the management’s assurance about its revision and that Draft Zero is expected to be shared with GPG in autumn. Since the current policy dates back to 2006, the update needs to incorporate the changes in best practices since then. The committee however reiterated its position that the policy must go beyond the protection of the whistle-blower. It must consider looking at the whole issue in its entirety – the reporting by whistle blower; the response by WHO as well as the protection of whistle blower. The committee believes there is scope from learning from other global organisations that have established whistleblowing policies and experience of implementing new policies.
- 11) The Committee noted that the policy on Declaration of Interest for external experts is a work in progress at this stage. It looks forward to further updates on this sensitive but an important issue.
- 12) In the context of programmatic and administrative review being piloted in one of the country offices in AFRO, IEOAC supports the initiative and welcomes the standardization it will bring in as a management tool for countries suffering from similar challenges and issues.

#### **Item 4 – Joint meeting with JIU**

- 13) The IEOAC appreciated the frank discussion and exchange of views with the representatives from JIU. It considers JIU to be a natural interlocutor, and noted that the lack of update by WHO on implementation status for many of its recommendation may pose a reputational risk for WHO.
- 14) The Committee was informed that many of the recommendations made by JIU may have already been implemented. It advised WHO to assign someone to systematically review all recommendations made by JIU and report back to them so that the current situation is reflected in its new web reporting tool. The Committee would like to be updated on the status of this review in a short session in its October meeting. It also suggested that WHO should address the “ownership” issue of JIU recommendations in future; currently the coordination of these recommendations is at administrative level rather than at management level.
- 15) The Committee would also consider meeting JIU representatives again in one of its meeting next year with the focus on using JIU reports as reference material on various cross cutting areas.

#### **Item 5 – Financial and Treasury Management**

- 16) The item was included as it falls within the mandate of IEOAC. The Committee received a presentation on the organization’s current investment structure and the risks associated with it. The Committee does not have any reservations or comments and take note of existing controls.

#### **Item 6 – Fixed Assets and Inventory Management**

- 17) This item was included in the agenda as the issue has been highlighted both in Internal Oversight Services’ and External Auditors’ reports.
- 18) The IEOAC was briefed on the current status of WHO inventory and fixed assets management system. The committee expressed its satisfaction on the high level of attention and the necessary visibility, the project was getting from all the stakeholders. WHO is already IPSAS compliant for Inventory reporting but the transition period for Fixed Assets compliance ends in December, 2016. The committee will continue to review and monitor the steps being taken by secretariat in this direction, together with the work underway on the Global Inventory Management System. It has suggested trying to shorten the implementation deadline as much as possible for better controls and compliance. The Committee has also recommended including Progress Indicators and Milestones in the project which in turn could become part of the Management Dashboard.

- 19) Due to lack of time, it was not possible to discuss Fixed Assets – WHO Owned Property and the same will be taken up in October meeting.

#### **Item 7 – Status of External Audit**

- 20) About ten days before the meeting, External Auditors' management letters and the response from management on the same, was shared with the Committee through its Share Point. During the meeting the IEOAC received a presentation from External Auditors on audit recommendations for 2013 and their audit plan for 2014. The following five areas were identified by them as key areas of their focus which IEOAC will continue to monitor as the audit progresses:

- (i) Internal Control Framework
- (ii) IPSAS Transitory Process for recognition and valuation of fixed assets
- (iii) Performance Management System in sync with Programme Management Objectives
- (iv) ERM system – GSM, since it's a significant driver of Reform and a key enabler of change.
- (v) Delegation of Authority and Accountability Framework - at all levels of the organization

- 21) The IEOAC held a private meeting with the External Auditors

#### **Item 9 – Update on Information Technology (ITT)**

- 22) IEOAC considers GSM Transformation Project as a significant enabler of the Internal Control Framework. The project will help in bringing administrative efficiency and improve operational effectiveness. It's one of the most important tool to reduce financial, operational and compliance risks. The Committee received the briefing on the implementation roadmap of the project with keen interest. It supports the initiative taken by the management for control enhancement through GSM and looks forward to the roll out of project beyond Wave 1.
- 23) The IEOAC considers the transformation project to be a continuous process rather than a limited objective project. Since the identification of areas requiring improvement is a dynamic process, it suggested to ensure sustainable funding. The committee also requested to be apprised of key milestones so as to measure the performance and track the progress of the same in coming months.
- 24) The committee noted the three major risk areas to the successful implementation of the project- (i) The ability of the organization to recruit the key personnel like Solution Architect, in a timely manner; (ii) To effectively manage the cross business leadership issue,

since many business owners work in silos, there is a lack of seamless linkages across different streams of functional areas and (iii) The right Implementing Partner.

- 25) On the issue of governance, IEOAC strongly urged the Business Owners to get involved at all levels of the project. Furthermore the IEOAC emphasized the need of proper representation of Business Owners in the Steering Committee so as to ensure ownership of decisions.

#### **Item 10 – Video Conference with SEARO**

- 26) On the second day of the meeting, the Committee met, through Video Conferencing, with Mr. John Kennedy, Director Administration and Finance (DAF); Mr. Robert Chelminski, Financial Compliance Officer and Mrs. Darejan Vepkhvadze Human Resources Officer from the SEARO regional office in an initiative to better assess the progress of WHO Reform and control challenges in the regional offices.
- 27) The Director Administration and Finance presented to IEOAC, the overview of the South East Asia Region, its countries' profile, programmes, its overall budgets, staffing and other HR issues, the progress of various Reform initiatives and some of the key Reform challenges.
- 28) He also briefed the Committee about the several steps being undertaken by regional office to ensure the rollout of Reform Activities in country offices. All country offices have been briefed about the Risk Register. The same was developed in previous years; however it's being updated as per CRE guidelines now. Furthermore, there was a personal visit by the Director CRE to the regional office to brief the staff on Enterprise Risk Register.
- 29) In respect of Internal Control Framework, the IEOAC was informed that the same has been shared with all the key managers in the regional office and also with heads of country offices and their administrative officers; to make them fully aware of the issues linked with compliance and control. The regional office has also established Local Contract Review Committee (threshold of USD 5000 and above), to consider the procurement practices for goods in terms of due diligence, choice of supplier, adjudication report etc. They are also considering replicating the same for procurement of services.
- 30) Regional office also undertakes Internal Review Missions of two or three country offices every year to undertake an in-depth internal review of process of planning, implementation, record keeping, contractual arrangements, recruitment practices and other control tools so as to identify any weaknesses in the system and bring better efficiency.
- 31) The Committee was assured to find that there is a common view of the most significant challenges; the organization is facing at both HQ and RO level. It indicates that visions at both levels are aligned; however the IEAOC noted that one of key challenges as identified by DAF for the successful delivery of Reform at all levels of the organization is Change

Management. The timeline and deliverables in concrete terms are not fully defined in the Reform implementation roadmap.

32) . Other concerns from a regional perspective discussed were:

- (i) the size range of countries and the desire to tailor global policies to individual country needs;
- (ii) a concern that the level of engagement in reform activities has not percolated enough to result in adequate awareness at country level;
- (iii) the adequacy of training and whether additional support from the Geneva is needed to meet the concerns of the DAF about his resources to provide guidance and training;
- (iv) the impact of the lack of detailed tools and milestones to support reform implementation and change management;
- (v) issues with GSM and the importance of the GSM transformation project as an enabler for reform; and
- (vi) a number of other practical operational issues.

It was clear these issues are being considered and IEOAC encourages solutions to be found to the very practical issues with reform implementation

#### **Item 11 – Update on Internal Oversight Services (IOS)**

33) The Committee received a briefing from Director IOS on the 2014 work plans, PwC QAR recommendations, Evaluation Plans and Dashboard update. The committee noted with pleasure that PwC has concluded that IOS reaches “General Conformance” with IIA standards which is the highest level of conformance.

34) IEOAC noted with satisfaction the progress made in the implementation of audit report recommendations and the closure of several audits since its last meeting. The Committee will continue to monitor the progress in its future meetings.

35) There was a long and a robust discussion on whether scope of internal work (the “Audit Universe”) adopted by WHO is adequate and how it’s benchmarked against the industry norms. The Committee requested the management to provide additional details in its next meeting in October so as to judge the adequacy of internal audit coverage and evaluate whether there exists a gap or assess the nature of the gap. The Committee would also like to be briefed about the criteria selected for defining the audit coverage to judge its comprehensiveness and effectiveness.

36) The IEOAC considers the area of Evaluation as a concern. It notes that that this function would soon be moved out of IOS and looks forward to receiving detailed plan in its next meeting.

37) The committee also held a private session with the Director IOS.

#### **Item 13 – WHO Reform: Update on HR matters**

38) The IEOAC considers the implementation of HR strategy as one of the critical drivers of Reform agenda. For the successful delivery of Reform initiative, an effective HR strategy should be considered as a prerequisite of enabling environment.

39) The Committee received an update on HR Strategy along with the challenges in HR management from director HR. The Committee considers the strategy to be well articulated and presenting a clear vision of the organization, however the area of concern is the “buy-in” from all the stakeholders. There has to be a shared responsibility for the implementation of the same with the provision of adequate resources, tools and guidance.

40) The Committee pointed out the importance of integration of HR deliverables in the Reform Project Management with a well-defined timeline and milestones. It recommended creation of a Critical Path for key initiatives and looks forward to early implementation of the two key drivers of change in HR management i.e. Performance Management and Accountability Framework. The Committee would like to get an update on the status of policy on Mobility encompassing the need for flexibility in one of its future meetings.

#### **Item 14 – WHO Reform: Communication Strategy around Change Management**

41) The Committee received with keen interest the presentation on Change Management and Communication around Reform. It notes and supports the initiative and considers the next three months quite critical in WHO Reform project. There are several deadlines coming up in this quarter and it looks forward to an update on progress in its next meeting in October.

42) The Committee supports sending a strong message on Reform stressing that it’s here to stay and how implementation of numerous initiatives will lead to an efficient administrative system, streamlined policies, enabling environment and will provide better tools and reports. The message should convey the long term impact on the job of someone working even in one of remotest field offices of the organization. The perception currently appears to be that the farther one goes from Geneva, the less awareness and buy-in there is from the stakeholders.

43) The IEOAC suggested that the change management should not just be considered as encompassing training but rather as a vehicle for maintaining the momentum in reform activities, enhancing the engagement at field level, achieving the stated deadlines and integrating all elements of the project in a coordinated and harmonized manner.

44) Furthermore, the IEOAC recommended creating a “Log-Issue” based on questions and issues raised by various parties with FAQs to be shared and published for all to see. This

may lead to bringing consistency in communication and may also boost feedback on the project.

#### **Item 15 – WHO Reform: Briefing on engagement of Non State Actors**

- 45) The IEOAC took note of the report prepared by secretariat on Framework of engagement with non-State actors.
- 46) The management shared a briefing note with IEOAC highlighting the current policy and the measures taken for due diligence, risk assessment and risk management. WHO has always been engaging with non-State actors and the same has always been an area of intense discussion among Member States in terms of balancing “too much versus too little” depending upon their own risk appetite about what the secretariat can do.
- 47) The IEOAC supports the proposed solution of standardising the approval process with inbuilt controls in the system and clearly defined work flow. The establishment of an IT tool, a kind of repository of non-State actors WHO engages with, at all levels of the organization and capturing the critical information of these NSAs along with their current and past engagements in one data base; appears to be reasonable solution. The committee concurs that as long as approving authority commensurate with the level of risk inherent in the decision making, the tool appears to incorporate robust and strong process.

#### **Item 16 – Internal Control Framework**

- 48) The Committee noted the progress in the implementation of Internal Control Framework with satisfaction. However it pointed out that with a wide range of reform related activities going on at all levels of the organization; WHO needs to be cautious about its absorption capacity to change.
- 49) The IEOAC suggested establishing a clear roadmap, with definite timeline, concrete deliverables and prioritization of roll out in the implementation of ICF. The committee looks forward to the outcome of the change in the form of measurable evidence in future.

#### **Item 17 – Challenges in Governance Reform**

- 50) The IEOAC received a briefing from the management on the challenges being faced by the secretariat in the second area of Governance Reform which is linked to the methods of working. The Committee was informed about the growth of motions, resolutions and agenda items over the years which in turn has led to preparation of increased number of documentation.
- 51) The IEOAC is concerned that unless steps are taken to streamline this process this could impair the effectiveness of the Governing Bodies to deliver on its mandate. The IEOAC also

pointed out the risk of slow progress in the Governance area could impede the implementation of overall Reform agenda for WHO.

52) IEOAC suggested that as a general practice of good governance, WHO's PBAC and Executive Board should consider conducting a self-evaluation of their own working; which can help in framing the problem in a focussed manner. It also suggested that WHO's governing bodies should empower the secretariat to propose concrete proposals for the management of Agenda items and number of resolutions to be taken up so as to stream line the Agenda setting in a strategic manner.

53) We also discussed how the WHO central and regional management teams operate to reduce the burden on the DG, to ensure effective coordination and make the accountability framework a joint responsibility of senior management.

#### **Item 19 – Concluding Session with DDG**

54) IEOAC held a concluding session with DDG and other senior members from the secretariat to relay its key findings, concerns and recommendations as set out in this note of meeting and received management acknowledgment and concurrence.

#### **Item 20 – Miscellaneous Matters**

55) IEOAC reviewed its own Terms of Reference so as to ensure its effectiveness in covering all the areas which are in its mandate to monitor.

##### **Donor reports and DFCs**

56) Due to the reputational risk attached, IEOAC considers the area of Donor Reporting to be of critical importance and supports the needs for streamlining and standardization.

57) The issues of Direct Financial Cooperation (DFC) and related reporting was raised in various discussions. IEOAC would like a detailed update on the issues at its next meeting.