Report of the Twentieth Meeting of the Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization

(SEARO, Delhi, 18 – 20 October 2016)

The meeting was the third and last of three IEOAC meetings planned for 2016. The agenda for this meeting is attached at Annex 1 and the list of participants as Annex 2.

In attendance throughout: Bob Samels (Chair), Mukesh Arya, Steve Tinton, Jeya Wilson and Leonardo Pereira, who had to leave at the end of Day 2.

**Item 1 – Opening and administrative matters**

1) The Chair confirmed a quorum with all five members present and all declarations of interest or updates duly submitted (no conflicts of interest recorded). The agenda for the 20th meeting was adopted. The Chair thanked Regional Director, SEARO for hosting the meeting and providing the opportunity for the Committee to understand the challenges facing the regional office and India country office.

**Item 2 – Introduction and Overview of SEARO**

2) In her opening remarks, the Regional Director, welcomed the Committee and complimented them for their valuable contribution in making WHO’s functioning more effective and transparent. She shared her vision for the South East Asia (SEA) Region and informed them about the extensive consultation with member states which resulted in formulating the seven regional flagship priorities. These priorities provide a framework towards an integrated approach to work, across the Regional office and Country Offices. They include “quick wins” for the region that contribute to the targets outlined in Sustainable Development Goals (SDGs). She further informed the Committee about some of the significant WHO Reform measures that have been implemented in the SEA Region both in the areas of Governance and Managerial reform.

3) To strengthen overall compliance, a regional compliance network has been established and regional trainings sessions are conducted, as required, to ensure the effective application of the internal control framework. Risk registers have been developed and appropriate mitigation plans have been implemented.

4) The Committee noted that to strengthen DFC compliance, SEARO informed all its member states that no disbursements would be made if there were outstanding DFC reports. Also, in addition assurance functions have been introduced at country level. These measures have led to the reduction of outstanding DFC reports from 260 in January 2014 to 1 at the time of the IEOAC meeting.
5) The IEOAC was impressed with the excellent well-structured overview received from the Regional Director. It was pleased to see clear, measurable objectives for the Regional Programmes including direct linkages from General Programme of Work’s leadership priorities to the Region’s flagship priorities.

6) The Committee was pleased to note RD’s personal commitment in streamlining the DFC processes and was satisfied to observe the effective controls in the management of DFCs. The Committee opines that RD’s attention has been the critical factor in the success story of reducing outstanding DFC’s to one. Standard monitoring measures, regular follow up and mechanism to refund the unspent amounts has helped the region to clear all outstanding DFCs.

7) With respect to internal and external audit recommendations, the IEOAC was informed that there are no open recommendations. The Committee considers this to be ‘huge plus’ and reflected that this has been possible because of the tone-setting from top management.

8) The IEOAC also took note of the solid progress made in the area of Governance Reform with 29 resolutions being fully sunset and 19 being partially sunset.

9) There was some discussion regarding the challenges related to the weak health systems in several countries of SEA region, lack of affordable medicines and quality of trained health workers. The potential impact of overall funding shortfall in SEARO was discussed.

**Item 3 &4 – Session with SEARO, Director Administration and Finance**

10) The Committee was apprised by Director, Administration and Finance (DAF), about measures taken to achieve its objectives of enhancing efficiency and effectiveness of services, while strengthening risk management and accountability. The DAF provided an overview of the Internal Control Framework in the Region using key performance indicators such as – outstanding DFC reports, overdue donor reports, compliance with PMDS, PB management etc. The dashboard revealed a favorable trend for most KPIs for SEARO in the global comparison.

11) The Committee noted with satisfaction the excellent tracking of measurable outcomes through the corporate wide BI dashboard. It is very supportive of the standardized approach in monitoring these indicators consistently across the organization and was impressed with the positive trend in several areas of compliance such as DFCs, audit recommendations, and Donor reporting. It was told that the key reasons for better compliance was, the attention from the top leadership, continuous monitoring and strengthened accountability. The Committee urged management to continue this excellent progress.

12) The IEOAC was informed that 6 out of 11 countries in SEA region had completed the programmatic and administrative reviews carried out under the overall guidance of CRE. This has assisted country managers in identifying gaps and other challenges in a co-
operative manner. Recommendations from these Reviews have further assisted them to develop sustainable solutions for the weaknesses in systems.

13) To streamline it further, a web monitoring and evaluation tool has been developed to assist the country managers in monitoring these key performance indicators on a periodic basis. The Committee is very supportive of this initiative and the other measures taken in the region to improve efficiencies.

14) The IEOAC is reassured to see the strong determination and commitment of SEARO RD and her team in using standardized measures, adequate tools and trainings for country managers to improve compliance with internal controls. The positive performance indicators on the dashboard provides a testimony to the commitment in implementing reform.

15) It further observed that senior management is well aware of the areas of concern in such areas as the procurement process and is developing action plans to improve policy and decision making. However, the challenges related with procurement are not region specific and needs support at the corporate level to address the issues in a systematic manner.

16) The Committee was informed about the progress made in planning the new office space for SEARO to address seismic issues. The Committee took note that the project is planning to use the similar governance structure as that of HQ building modernization project. It urged the management to use the same risk control framework as well.

17) The Committee was given a brief demonstration of the new web tool being developed by the region for comprehensive monitoring and evaluation of key activities of country offices. It was pleased to note that most of the reform initiatives, especially in the area of compliance and internal control framework, now appears to be embedded in the system.

**Item 5 – Reform in the area of health emergencies**

18) The committee received an update on the Health Emergencies Programme both from the HQ and Regional perspective. The Committee noted that a robust conceptual framework identifying the basic needs has been developed. It was informed that at any given point WHO is usually responding to more than 20 emergencies with varying levels and competing demands. In addition, the organization is in the process of implementing a new IMS system. Despite the strong support for a Contingency Emergency Fund, large flexible funding has not been received. Despite the funding shortfall the goal is to respond to emergencies as one organization with surge capacity in a consistent manner. It is collaborating with member states, partners, and other UN agencies to increase the core capacity, and develop standardized services to enhance country preparedness. To mitigate the risks linked with funding shortfall, the Secretariat is taking steps by engaging with GPG, member states both bilaterally and through financing dialogue.

19) However, the Committee noted that most of the work has been done at the HQ level and only limited initiatives have provided support to the regions. Long and short term
deliverables have been identified which include: strengthening compliance with International Health Regulations; establish the Contingency Fund for Emergencies, simplify the emergency response structure; and identify and implement quick wins.

20) The Committee considers funding of the programme to be a challenge as there are significant gaps both in the core budget and the contingency fund. It appears donors are waiting until they understand the definitive short and long term deliverables before committing. Also based on its discussions with the SEARO Regional office and the India country office, it appears that there is only a limited understanding of the program deliverables and timeline throughout the organization.

21) The Committee understands the complexity in establishing a new structure while supporting the ongoing emergencies, however appropriate communication to all stakeholders is essential. There is an opportunity to highlight the quick wins that have been implemented at the regional and country level so managers throughout the organization can inform Member States and Donors of the progress.

22) The Committee understands that a financing dialogue is being planned for the end of October and it is imperative that the program deliverables are clearly enunciated and understood by all parties. The WHE programme has an Independent Oversight Advisory Committee that has responsibility to “determine the appropriateness and adequacy of the Programme’s financing and resourcing” and is also responsible for “monitoring and advising the Organization on the implementation of the Programme”. Therefore, their strong support is essential to obtain the required financing.

23) The Committee thanked the secretariat for the informative discussion and looks forward to future updates.

**Item 6 – Session with Director Programme Management**

24) To lay out the context of the planning exercise, the Committee was provided with several background documents before the meeting, such as Programme Budget 2018-19, Programme Budget Performance Assessment 2014-15 and Implementation report for 2016 -17. During the session, the Committee received a briefing from the Planning Officer and discussed a number of issues such as roles and responsibilities at different levels, mid-term review of the programme areas, financing challenges, coordination and challenges with ministries of health.

25) The Committee noted that evaluation function is housed under planning in the regional office and were informed that as part of the established global evaluation network, the evaluations in the RO are conducted in coordination with its HQ counterparts.
Item 7 – Update on Internal Oversight Services (IOS)

26) The Committee received a briefing from Director IOS on the recent developments in Internal Oversight Services including HR update, status of work 2016 Audit plan, status of implementation of recommendations, draft work plan for 2017, findings from SEARO audits, findings from IT audits and update on investigations.

27) The Committee observed that recruitments in the department remain a challenge, though as yet it is not adversely impacting the audit programme. It noted that even though some of the planned audits are being deferred, this is acceptable in the short term. All high risk areas are audited on a frequent basis and at minimum once in every GPW cycle of 6 years. The Committee reviewed the scope of 2017 Audit work plan and was satisfied to note that it has been prepared on a logical risk assessment-based process.

28) The Committee noted that outstanding audit recommendations are continuing to decrease. There is an overall greater attention being paid to open audit recommendation from the auditees and a much better response on implementing recommendations is being noticed. To better monitor the progress of improvements in the internal controls, the Committee requested the Director IOS, to consider reporting special audits like Ebola Response in a separate section of the overall dashboard in future. This will ensure that special audits will be tracked appropriately but their results will not distort the overall picture of improvements in the system of internal controls.

29) Six out of eleven country offices in SEARO were audited in the recent past. The IEOAC noted that in respect of overall control effectiveness, SEARO has more or less same performance as the global average. However, this comparison is based on the data of country audits of the last few years before significant steps were introduced to improve non-compliance areas such as DFCs etc.

30) The Committee is concerned about the increase in the investigation backlog within IOS and encourages the senior management to review the same and determine the level of investigations that IOS should undertake.

31) The Committee noticed that there are various type of reviews, audits and evaluation such as (a) Internal audits; (b) Programme and Administrative reviews; (c) External Audits; and (d) Joint Evaluations that can affect operating units. These activities should be coordinated to optimize the use of time and resources. It further reiterated that in all such reviews and audits, it is critical to have clear linkages with the work being performed by CRE and IOS.

32) As per the usual practice, the Committee also held a private session with the Director IOS.
Item 8 – Update on Compliance, Risk Management and Ethics (CRE)

33) As a standing item on the agenda, the Director CRE provided an update on risk management, compliance network, accountability, internal control and ethics.

34) The Committee noted that, “in line with one of its earlier recommendations, the compliance units in all regions should be established in harmonious and comparable manner and should be managed in a consistent consolidated approach under the framework established by CRE”. Work on the establishment of the Compliance Network, with CRE as the secretariat, is progressing in a positive and constructive manner within SEARO and also across the whole organization with an aim of harmonizing practices among regional offices. This is a very positive development and it encouraged management to continue with further efforts to have harmonized and consistent practices in the area of compliance.

35) The IEOAC was pleased with the utilization of the Internal Control framework throughout the organization. It is an evolving collaborative process with many stakeholders and now appears to have been accepted and embedded into the organizational functions.

36) The Risk Register process has been rolled out and is well understood at three levels of the organization. A robust and sound foundation has been set. The initiative now has to move from the development stage, which was driven by CRE, into operational ownership by individual business units at the HQ, regional and country level. There is a need to move from quantitative to qualitative management of risks that would present a comprehensive picture in a manner that can be shared and understood by member states and donors.

37) To assist this transition, (i) the corporate wide risks that have been identified should be embedded in an enterprise risk management framework; (ii) ownership of the risk management framework at the regional level be ensured; (iii) the risk framework becomes an integral part of the management and accountability process in the three levels of the organization; (iv) a web based tool developed to assist in consistent modification of risks, ownership of risks, mitigation plans and progress.

38) The Committee urges management to ensure that the Enterprise risk management framework and the identification of risks are being used in planning, budgeting and implementation of programmes on a continual basis.

39) Reiterating its earlier observation that the organization is at a critical juncture where it needs to take stock of future steps to ensure that risk management becomes effective and integral part of the management process, the Committee encouraged management to consider a high level external review or evaluation of the status, direction and implementation of the risk management process.
Item 9 – Overview of WR India Office

40) The afternoon sessions on day two of the meeting were hosted at India Country Office. The IEOAC was impressed with the excellent presentation and a well-structured overview received from WR along with his senior staff. It appreciated the honest and open discussions about some of the key challenges in the area of budget space allocation, funding shortfall, the sheer enormity of the volume of transactions within the field offices managed by the WCO. A direct interaction with senior staff from all the three levels present in the same room provided a refreshing insight into the functioning of the organization and the Committee was quite appreciative of this learning opportunity.

41) It was informed that India Country Office is one of the largest country offices with operations in 296 field offices within the National Polio Surveillance Programme (NPSP). The Committee further noted that as part of strengthening control framework, NPSP stand-alone Administration and Finance operations have been brought under WHO accountability framework of rules, regulations and policies. The Country office does not have any open recommendations both for internal and external audit. And the absence of any outstanding DFC reports further provided evidence to the enhanced compliance with financial rules and regulations.

42) The Committee was encouraged to observe strong alignment between regional and country office in priorities, objectives, reporting and governance.

Item 10 – Update on impact and implication on WHO’s operation with respect to Polio End Game Strategy

43) The Committee continues to monitor the progress being made by the organization with respect to Polio transition planning and in this session received an update from both the country office and HQ polio team, who joined through video conference. The Committee was informed about the establishment of an agency wide Steering Committee co-chaired by EXD/DGO and ADG/GMG, with participation from AFRO, EMRO, SEARO and departments from HQ, to provide guidance on risk management and programme integration.

44) The Committee is of the opinion that the HQ and country office teams are well-aligned and there is a detailed and well-defined transition plan in place for the India programme to address the staffing, financial resources and operational challenges. The Committee looks forward to seeing similar plans for other countries implementing these transition plans.

45) The Committee was briefed on the progress in transition management including the new independent study carried out to assess WHO Polio’s HR liabilities. As per the "more
likely scenario”; there is a 35-million-dollar unfunded terminal indemnity. The unfunded liability would increase with any change in the retirement age policy.

46) The committee took note of this unfunded liability and according to the Secretariat, immediate adoption of the revised policy relating to the retirement age will increase the polio transition cost by an estimated 4 million dollars. The IEOAC recommends management should fully assess the estimated total financial costs to the organization and also determine the potential impacts of one HR initiatives such as gender balance. It encouraged the Secretariat to share the full impacts of the potential revision with member states to ensure adoption of the change in retirement age is done at the most appropriate time.

Item 14 – Briefing on FENSA as per resolution WHA69.10:

47) As mandated by sixty-ninth WHA, the IEOAC continues to review the implementation of FENSA. The secretariat shared a document on promoting and structuring WHO’s engagement with non-state actors which included a strategy on engagement with NSA and on FENSA implementation. During the session the Director PNA provided an update on the progress made in the implementation of FENSA including the resolution adopted by RC for AMRO and Governing council of PAHO enabling them to implement the framework.

48) The IEOAC further received a briefing on the web tool Global Engagement Management (GEM) which is an online solution for integrating the engagement of NSAs into a global register to help in providing a consolidated view on WHO related activities of experts and would also help in facilitating the processing and monitoring of resource mobilization efforts across WHO.

49) The Committee took note of the progress being on track and that the organization is putting in place measures for change management and communication regarding the roll out of the web tool. It reiterated its earlier observation about the importance of coherent and consistent implementation at all levels of the organization.

Other matters:

50) The Committee noted that Global IT fund has not been yet approved by GPG which might impact the planning and roll out of necessary operational platforms. It urges senior management to address this situation.

51) The Committee was provided with a Financial Management Update for the period January 2016 to September 2016. Additionally, the secretariat also shared the following three draft documents related to financing dialogue with the IEOAC – WHO’s funding situation for biennium 2016-17; WHO’s need to increase Assessed contribution and Annotated Draft Agenda for the Financing Dialogue.
52) The Assistant Director-General, GMG informed the Committee on the latest developments regarding the status of DG’s election process, the election of new regional director in EMRO and also briefed them on the progress and preparation in respect of upcoming Financing Dialogue in the last week of October. A discussion followed about the risks related to financing shortfall both in this and the next biennium, including the 8% increase in budget and the additional costs due to the new health emergency structure. The Committee noted that CVCA projected for 2016-17 is approximately US$180 million, which is about US$60 million less than what the organization received in the last biennium. The Committee has earlier raised concerns about the organization’s dependence on voluntary contribution with a small donor base and reiterated that these pose significant risks to the organization, more so with the creation on the new health emergency programme and decline in Polio funding. The Committee urged the management to undertake “what if” or “scenario planning” to understand the full impact on programmes based on the projected funding shortfall and share the results with member states.

53) The IEOAC met with SEARO Regional Director along with her senior management team along with HQ senior staff to discuss the significant issues, concerns and recommendations as set out in this meeting report.