Item 1 – Opening and administrative matters

1. This was the first of three IEOAC meetings planned for 2017, with the dates for the next meeting having been set for 26-28 July at Geneva and 24th to 26th October, 2017 venue being EMRO, Cairo. The agenda for this meeting is attached as Annex 1 and List of Participants as Annex 2.
2. In attendance throughout: Bob Samels (Chair), Mukesh Arya, Steve Tinton, Jeya Wilson, and Leonardo Pereira.
3. 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 21st meeting was adopted.

Item 2 – Update on Financial Statements

5. The Committee suggested the inclusion of a separate note of disclosure for PAHO describing the basis of the accounting: the suggestion was accepted by the Secretariat. The Advisory Committee urged the Secretariat to update the basis of accounting study for all non-consolidated entities, including PAHO, and to assess the impact on the WHO financial statements if a catastrophic loss was incurred by any of these entities. It looks forward to receiving an update on this issue, at its October meeting.
6. The IEOAC further noted that the accounts were deemed compliant with International Public Sector Accounting Standards and that the transitional provision opted for property and equipment came to an end on 1 January 2017. The Advisory Committee was informed that the Secretariat is taking action both in terms of data collection and enhancement of the financial system to ensure that the record-keeping of fixed assets is in full compliance with International Public Sector Accounting Standards.
7. The Committee was pleased to note that an unqualified opinion would be issued by the External Auditors on the financial statements. The Advisory Committee had no reservations with regard to the submission of the financial statements to the Programme, Budget and Administration Committee and the World Health Assembly.
8. The Advisory Committee further noted that, for the first time, a statement on internal control from the Director-General was included with the financial statements. It considered this to be an encouraging step towards further strengthening the principles of accountability and transparency.

Item 3 – Update on Staff Health Insurance Financial Statements

9. The Advisory Committee had taken note of the financial statements of the Staff Health Insurance Fund for 2016. The Committee observed that management is well aware of the risks associated with the long-term unfunded liability; however, it reiterated its concerns regarding the sustainability of the Staff Health Insurance in its current form. It urged management to explore options on cost containment, reduction in coverage, and increasing revenue. The Committee will continue to monitor the actions taken by management to enable the Fund to be fully funded by 2038.

10. The Advisory Committee also took note of the recommendations made by the Office of Internal Oversight Services in respect of its recent audit of Staff Health Insurance functions, including strengthening of governance and enhanced controls over claim settlement.

Item 4 – Planning, Resource Coordination and Performance Monitoring

11. The Director PRP, made a short presentation about WHO’s programmatic and Financial Report for 2016-17 including audited financial statements for the year 2016. He briefed the Committee about the information available on the PB web portal, key reporting messages and financing challenges for the PB 2016-17.

12. The Committee noted that the Unified Report is used as communication tool for the organization to send its key messages to various stakeholders. Management should consider focusing on a few notable achievements during the year in a succinct form to demonstrate how WHO added value to world health.

13. In respect of financing of the programme budget, the Committee noted the disconnect between passing of resolutions by the organization to carry out programmatic work and the willingness of donors to match the funding requirements for the same. The Committee urged the management to undertake scenario planning to reflect the consequences of not achieving the expected results of the programmes due to lack of funding.

Item 5 – Reform of WHO work in outbreaks and emergencies with health and humanitarian consequences

14. The Independent Expert Oversight Advisory Committee reviewed the progress in the area of health emergencies and received an update from Director WHE on programme highlights, internal and external challenges, issues related to HR, budgeting and resource mobilization and risk mitigation measures.
15. The IEOAC noted that progress made in implementing the new structure at all levels of the organization. The Committee was apprised of the new business model for the country offices under protracted emergencies. It noted the initiatives under way to streamline the standard operating procedures and to fast-track human resources, procurement and financial processes. There has also been collaboration with Member States, partners and other organizations of the United Nations system to increase the core capacity and develop standardized services to enhance country preparedness.

16. The need for a Contingency Fund for Emergencies has been identified; however, substantial flexible funding has not been forthcoming. There is a risk that the funding shortfall could have an impact on the goal of responding to emergencies in a consistent manner, as one Organization with surge capacity. To mitigate the risks linked with the funding shortfall, the Secretariat is taking steps by engaging with the Global Policy Group, Member States, both bilaterally and through the financing dialogue.

**Item 6 – Status of External Audit**

17. As per its usual practice, the Independent Expert Oversight Advisory Committee met with the External Auditors in private as well as with management representatives at each of its sessions.

18. The External Auditors provided the Advisory Committee with a summary of its most significant recommendations, audit results of the 2016 financial statements, review of control activities and implementation of previous audit recommendations. The Advisory Committee was satisfied to note that management had implemented a large majority of the recommendations and there were only five open recommendations to date.

19. The Advisory Committee received a briefing on the programmatic audit carried out by External Auditors in the area of information technology and implementation of the procurement strategy. The Advisory Committee will review the recommendations and management action plans at its next session in July 2017.

**Item 8 – Update on Internal Oversight Services (IOS)**

20. The Director IOS provided an update of the work accomplished since the previous IEOAC meeting, including HR update, key issues highlighted in the annual report of the Office of Internal Oversight Services that will be submitted to the World Health Assembly, the findings from WHO country office audits, the status of the implementation of recommendations and a report on investigations. The Advisory Committee also reviewed the work plan of the Office of Internal Oversight Services for 2017.

21. The Committee was satisfied to note that the positive trend of improvements in accountability and compliance continues across the Organization, as evidenced by a decrease in the number of outstanding audit recommendations and the time taken to
implement the recommendations. The Committee noted that the Office of Internal Oversight Services had not issued any “unsatisfactory”-rated audit reports in 2016.

22. The IEOAC enquired about the challenges being faced by PAHO in the implementation of its enterprise resource planning system, and whether that could have an impact on the future reliability of WHO’s financial statements regarding the consolidation of expenditures in the Regional Office for the Americas. The Committee requested the Director of the Office of Internal Oversight Services to obtain quarterly updates on the challenges in the implementation of the system from the Auditor General of PAHO, to ensure that any potentially problematic issues are brought to the attention of the Committee.

23. The Committee raised concerns about the volume of pending investigations within the Office of Internal Oversight Services and encourages senior management to assess the volume of pending investigations and determine the level of investigation that the Office of Internal Oversight Services should undertake, taking into account materiality and the impact on the Organization.

24. The Committee also held a private session with the Director IOS.

**Item 10 – Update on Compliance, Risk Management and Ethics (CRE)**

25. The IEOAC continues to monitor at all its sessions the progress being made in the area of risk management. It received briefings on the process of risk management, and a status update on internal control Framework from Director CRE.

26. The Committee remarked that under the WHO reform, several initiatives aimed at strengthening the internal control environment have been put in place, such as updated policies and processes for direct financial cooperation and direct implementation, programme and administrative reviews, self-assessment checklists, corporate risk register, dashboards for tracking recommendations, letters of representations, with the latest addition being a statement on internal control by the Director-General. These indicate a strong commitment from top management and show that a substantial investment has been made by the Organization in providing tools and trainings to managers. The Advisory Committee recognizes the efforts made by management in eliminating a culture of tolerance for non-compliance with rules and procedures within the Organization. It will be crucial for the new Director-General to continue placing a strong emphasis on improving the compliance and internal control framework.

**Item 11 and 15 – Update on Evaluation and Organization Learning**

27. The DG Representative for Evaluation and Organizational briefed the IEOAC, on the annual report on Evaluation to be presented to governing bodies in May. The Committee is encouraged by the progress made in last couples of years in this important area of management and is supportive of the work being done under this function.
28. The Committee also met with the representatives of the external independent evaluation team (PricewaterhouseCoopers) along with senior management and received a briefing on stage 3 of the evaluation of WHO reform 2011–2017. The Committee was apprised of the draft findings of the evaluation and looks forward to receiving the final report.

**Item 12 – Briefing on FENSA as per resolution WHA69.10:**

29. As mandated by the Sixty-ninth World Health Assembly, the Independent Expert Oversight Advisory Committee continued to monitor the progress of implementation of the Framework by providing oversight of the application of rules and procedures to assess if they are being applied in a uniform and effective manner across the three levels of the Organization.

30. The Committee received a briefing on global engagement management, an information technology tool to enable implementation of the Framework in the coordination of resource mobilization and the management of declaration of interest of experts. As previously reported, the Advisory Committee understands that the idea is similar to the WHO programme budget web portal, which has created an important sense of trust among all stakeholders in terms of transparency and levels of confidence and assurance.

31. The Committee considers there is an immediate need for the Global Policy Group to approve the detailed implementation plan of the Framework, which identifies specific deliverables and implementation dates. This is necessary in order for management and the Committee to monitor the progress of implementation of the Framework.

**Item 14 – Other matters**

32. The IEOAC met with DG and other senior members from the Secretariat to discuss the significant issues, concerns and recommendations as set out in this meeting report.

33. With the forthcoming change in WHO leadership, the Independent Expert Oversight Advisory Committee identified the following key areas of focus for senior management and urged the Organization to continue its efforts to improve them: the decision-making role of the Global Policy Group; expansion of the accountability framework; strengthening of WHO’s internal control framework at all levels of the Organization; operationalization of the risk management framework; sustainable financing for the Organization; and making the WHO Health Emergencies Programme effective by combining an operational unit within a normative Organization. The Committee looks forward to meeting the new Director-General and the Director-General’s team in the forthcoming session of the Advisory Committee in July or October 2017 to discuss these matters.
34. The next two meetings of IEOAC in 2017 are tentatively scheduled as below:

- 26th to 28th July – Geneva
- 24th to 26th October - Cairo