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## **External and internal audit recommendations: progress on implementation**

### **Report by the Secretariat**

1. Resolution WHA58.4 requested the Director-General to propose a tracking programme for external and internal audit recommendations which include timeframes for implementation. At its fourth meeting, in May 2006, the Programme, Budget and Administration Committee agreed that progress on tracking audit recommendations would continue to need close monitoring. The Committee subsequently requested the Secretariat to apprise the Committee more specifically of progress made in implementation of the External Auditor's recommendations.<sup>1</sup>

2. The present progress report covers the status and future direction of the Secretariat's work to monitor implementation of the recommendations of External and Internal Auditors. The previous progress report on this topic – submitted to the Programme, Budget and Administration Committee at its seventh meeting<sup>2</sup> – listed the main tools and specific monitoring actions implemented by the Comptroller's office to upgrade audit tracking. However, for the Committee's ninth meeting details of progress on internal audit issues are being transmitted in the Report of the Office of Internal Oversight Services.<sup>3</sup> The present document will therefore focus on providing a summary of specific actions taken in response to important recommendations contained in the most recent report of the External Auditor to the Health Assembly.<sup>4</sup>

#### **ACTION TAKEN**

3. In his report to the Sixty-first World Health Assembly<sup>4</sup>, the External Auditor, *inter alia*, recommended that more effective controls be exercised in preparing and processing country plans, in order to obviate the need for a very large number of programme change requests. In response to this recommendation, some regional offices have increased coordination between their technical staff and counterparts in country offices. These regional offices have also adopted new business rules, with the

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<sup>1</sup> Document A59/31, paragraph 6.

<sup>2</sup> Document EBPBAC7/6.

<sup>3</sup> Document EBPBAC9/5.

<sup>4</sup> Document A61/23.

result that minor changes at the activity level no longer need to be recorded as long as there is no change in product budget.

4. In order to better gauge time taken for processing WHO purchase orders, a recommendation by the External Auditor that timeframes for the different stages in the procurement process should be benchmarked on the basis of the nature and urgency of the requirement was accepted and implemented. This information will henceforth be recorded by WHO's procurement services and will be regularly monitored by its officers as well as by the Global Service Centre. In addition, service-level agreements will be established, detailing timeframes for processing together with the roles and responsibilities of those involved.

5. Regarding WHO's direct financial cooperation, the External Auditor recommended that any such agreement entered into by the WHO Representative should invariably incorporate specific technical and financial terms and conditions. It was further recommended that the subsequent technical and financial reports to be submitted by governments should be monitored and verified for adherence to the requirements of the workplan to achieve the expected results. This recommendation has been accepted.

6. A number of the recommendations in the report of the External Auditor concerned the global management system, and several important actions have been undertaken in response. For example, in May 2008, before it went into operation, the global management system was the object of an independent third-party technical assessment performed by a global company specializing in information technology services, with extensive experience and expertise in the area of Oracle-based enterprise resource planning. Efforts to test the system were also intensified as had been recommended. For example, the process of fixing bugs discovered during user acceptance testing led to code and configuration changes; these were then themselves tested before the final version of the global management system was activated. Work to tackle issues that have arisen since the system went into operation is still continuing.

7. In respect of one outstanding and important area for improvement mentioned by the Office of the Internal Oversight Services, namely enterprise risk management, the following comments apply. In its report to the seventh meeting of the Programme, Budget and Administration Committee,<sup>1</sup> the Office noted WHO's continuing weakness in the area of risk management. Although it recognized the challenges faced by the General Management cluster, whose business processes were changing in preparation for the global management system, the Office still regarded risk management procedures as inadequate. The cluster subsequently indicated that it would incorporate formal risk management processes into existing managerial structures. However, since the global management system was from the outset identified as the critical risk for the General Management cluster, very high priority has been given since then to preparing and implementing the system, an effort that is still continuing. As a result, only limited attention has thus far been focused on responding to the Office's comments on risk management. In order that progress can now be made on this important work, a consultant is to be engaged to assist in the development of risk management procedures. Comprehensive responses to a request for proposals have been received and are currently under review.

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<sup>1</sup> Document EBPBAC7/5.

**ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE**

8. The Committee is invited to take note of this report.

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