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## **Reports of the Joint Inspection Unit**

### **Report by the Secretariat**

1. In 2011, the United Nations Joint Inspection Unit (JIU) issued 11 reports, three of which were not of direct relevance to WHO<sup>1</sup> or did not call for any specific action from WHO at this stage. Detailed comments by the Secretariat on the remaining eight reports from 2011 have been transmitted to JIU and the United Nations Chief Executives Board for Coordination.

2. By October 2012, JIU had issued four more reports, two of which were not of direct relevance to WHO<sup>2</sup> or did not call for any specific action from WHO at this stage. The two others are: The management of sick leave in the United Nations system (JIU/REP/2012/2) and Staff Recruitment in United Nations system organizations: A comparative analysis and benchmarking framework: Overview (JIU/REP/2012/4). Detailed comments on these two reports have been transmitted to JIU and the United Nations Chief Executives Board for Coordination.

3. These comments on the JIU reports of relevance to WHO issued during 2011 and 2012, together with JIU's main findings and recommendations, are summarized in a tracking sheet, which is available upon request. Specifically, the comments concern the following reports:

- (i) Review of the medical service in the United Nations system (JIU/REP/2011/1);
- (ii) South–South and triangular cooperation in the United Nations system (JIU/REP/2011/3);
- (iii) Multilingualism in the United Nations system organizations: Status of implementation (JIU/REP/2011/4);
- (iv) Accountability frameworks in the United Nations system (JIU/REP/2011/5);
- (v) Business continuity in the United Nations system (JIU/REP/2011/6);
- (vi) The Investigation function in the United Nations system (JIU/REP/2011/7);

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<sup>1</sup> Document JIU/REP/2011/2, *Transparency in the selection and appointment of senior managers in the United Nations secretariat*; document JIU/REP/2011/8, *Review of management and administration in the United Nations Educational, Scientific and Cultural Organization (UNESCO)*; and document JIU/REP/2011/10, *Staff-management relations within the United Nations*.

<sup>2</sup> Document JIU/REP/2012/1, *Review of management and administration in the United Nations Conference on Trade and Development (UNCTAD)* and document JIU/REP/2012/3, *Evaluation of UN-Oceans*.

(vii) Information and communication technology (ICT) governance in the United Nations system organizations (JIU/REP/2011/9);

(viii) Evaluation of the scope, organization, effectiveness and approach of the work of the United Nations in mine action (JIU/REP/2011/11);

(ix) The management of sick leave in the United Nations system (JIU/REP/2012/2);

(x) Staff Recruitment in United Nations system organizations: A comparative analysis and benchmarking framework: Overview (JIU/REP/2012/4).

4. In addition, JIU has conducted a special review of WHO management, administration and decentralization, in response to Executive Board decision EBSS2(3) in November 2011, which, inter alia, requested the JIU to update its reports on these issues. The request is part of the ongoing efforts of Member States and the Secretariat to carry out a reform of fundamental aspects of the Organization's operations. The discussion of the related special JIU review and WHO's position on its recommendations is included in the Secretariat's reporting to the Executive Board on progress made in implementing the WHO reform agenda.<sup>1</sup>

## **IMPLEMENTATION OF RECOMMENDATIONS IN PREVIOUS REPORTS**

5. Regarding the implementation of JIU reports considered by the Programme, Budget and Administration Committee at its fifteenth meeting in January 2012, and with respect to the report on Preparedness of United Nations system organizations for the International Public Sector Accounting standards (IPSAS) (JIU/REP/2010/6), there are three recommendations directed variously at the Executive Heads or the legislative bodies of the United Nations system organizations. The JIU recommendations are summarized below.

6. The legislative bodies should request their respective executive heads to issue regular progress reports on the implementation status of IPSAS. The legislative bodies should provide the support, staffing and funding required to ensure a successful and effective transition to IPSAS. The third recommendation is directed at the Executive Heads, who should ensure that the set of 16 best practices identified in that JIU report is applied when implementing the IPSAS project.

7. WHO started its IPSAS implementation in 2008 with the launch of the new Global Management System into which IPSAS system requirements had been incorporated. This was pursuant to the recommendation of the Task Force on United Nations Accounting Standards, established under the sponsorship of the Chief Executives Board for Coordination and the High-level Committee on Management, for a general adoption of IPSAS by the United Nations system, thus replacing the United Nations System Accounting Standards previously used by WHO.

8. WHO became partially IPSAS compliant by 2010 and subsequently proceeded to full compliance once all its regional offices had installed the Global Management System. The Organization was IPSAS-compliant as of 1 January 2012 and WHO financial statements for 2012 will fully comply with IPSAS.

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<sup>1</sup> See document EB132/5.

9. Throughout this complex process, WHO has enjoyed the full support of its governing bodies, which have been regularly informed about progress on the status of IPSAS implementation.<sup>1</sup>

10. The most significant change arising from IPSAS is a shift from cash to accrual accounting, which means that transactions and events are recognized when they occur and in the period to which they relate; revenue is recognized when a binding agreement is signed by a donor confirming the contribution; and expenses are recognized when the goods and services have been delivered regardless of when the payment is made. Assets relating to property, plant and equipment must be recognized and included in the financial statements at their original cost, and subsequently amortized over their remaining useful life. A new category, “inventory”, is also included in the financial statements in 2012 for the first time.

11. All this results in better comparability and more consistency, thus allowing a more comprehensive reporting of assets and liabilities; a better representation of the Organization’s overall financial position; and more accurate “snapshot” comparisons between financial periods, resulting in enhanced strategic planning, increased control and improved decision-making.

12. The External Auditor is conducting an audit of WHO’s interim financial statements prepared as at 31 July 2012. These statements have been prepared in order to carry out a pilot for the first official full year of IPSAS-compliant statements. The External Auditor will give the final sign off on 2012 IPSAS-compliant financial statements in March 2013.

13. With respect to the report on Policies and procedures for the administration of trust funds in the United Nations system organizations (JIU/REP/2010/7), the JIU made 13 recommendations, three of which specifically concern the legislative organs of all participating organizations, namely:

(a) (Recommendation 1) to strengthen the integrated management of the regular budget and extrabudgetary resources so as to ensure that the latter, including the trust funds, are in line with the strategic and programmatic priorities of the organization;

(b) (Recommendation 2) to invite all donors to respond favourably to efforts to increase the portion and volume of thematic trust funds and other types of pooled funds, in order to facilitate more efficient trust fund management; and

(c) (Recommendation 7) the legislative bodies of the United Nations system organizations should review the harmonized cost recovery policies and principles for trust funds and activities financed by other extrabudgetary resources, once they have been agreed within the United Nations Chief Executives Board for Coordination, with a view to updating the cost recovery policies of their organizations accordingly.

14. All WHO extrabudgetary resources are recorded in awards and are categorized under several major accounts: General Fund, Special Purpose Fund, Enterprise Fund and Fiduciary Fund, but there are no separate trust funds. A results-based management framework shapes the planning, financing, implementation and reporting of WHO’s work. All voluntary contributions, recorded under the General Fund, fall within the strategic and programmatic priorities of the Organization.

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<sup>1</sup> See documents A63/34 and EBPBAC11/2.

15. One area of the WHO reform agenda is to increase the predictability and flexibility of financing.<sup>1</sup> WHO has called on donors to increase the alignment of voluntary contributions to the priorities of the Organization. Donors have responded positively, ensuring that these contributions match the workplans approved by the Organization's governing bodies.

16. With respect to cost recovery, a detailed analysis of the costs of administration and management to the Organization is currently under way.<sup>2</sup> This review will confirm the scope of administrative and management costs and make proposals for the financing of those costs. The findings will be presented to the Programme, Budget and Administration Committee at its seventeenth meeting in January 2013.

17. Finally, concerning the report on Inter-agency staff mobility and work/life balance in the organizations of the United Nations system (JIU/REP/2010/8), the JIU has made 10 specific recommendations, six of which were directed at the Chief Executives Board for Coordination; three to the respective executive heads; and one to the legislative bodies of the organizations of the United Nations common system (i.e. to bring to the attention of the host countries' authorities the need to facilitate the access to local labour markets for the spouses of staff members of international organizations, through, inter alia, the granting of work permits or similar arrangements).

18. Copies of the JIU reports (JIU/REP/2010/6, JIU/REP/2010/7 and JIU/REP/2010/8) and the detailed comments contributed by the Secretariat are contained in the recommendations tracking sheet that accompanied the Secretariat's last report to the Committee on JIU reports.<sup>3</sup> The tracking sheet is available on request.

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

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

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<sup>1</sup> Document A65/5.

<sup>2</sup> See EBPBAC16/2, Annex.

<sup>3</sup> Document EBPBAC15/5.