
Report of the Office of Internal Oversight Services

INTRODUCTION

1. Information on the Office of Internal Oversight Services and the general plan of work of the Office for the year 2008 are set out below for the information of the Programme, Budget and Administration Committee of the Executive Board.
2. The Office provides independent, objective assurance and advisory services designed to add value to and improve the Organization's operations. It helps the Organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of processes for risk management, control and governance.
3. Based at headquarters to ensure its independence, the Office is responsible for oversight of all levels and offices of the Organization. It distributes its work between headquarters (30%) and the regions (70%) in approximately the same proportion as the global distribution of resources, and reflects the risk profile of the Organization.

THE OFFICE

4. The Office conducts its work in accordance with the Professional Practices Framework promulgated by the Institute of Internal Auditors. These standards have been adopted for use throughout the United Nations system and provide independent, authoritative guidance designed to ensure an effective oversight function.
5. Reporting directly to the Director-General, the Office conducts internal audits, investigates alleged wrongdoing, and carries out programme evaluation. The Office is authorized unfettered access to all records and personnel, and has been empowered to review all systems, processes, operations and activities within the Organization.
6. The staffing complement of the Office is 16 posts, of which 14 are graded at the professional level. The Office's responsibilities and its oversight focus on WHO's core work have made necessary the current multi-disciplinary team, which includes physicians, accountants, investigators, lawyers, evaluators and administrators. Ad hoc work teams are formed for each project, drawing on team members' skills and creating a synergy appropriate to each task.
7. The plan of work for projects, both at headquarters and in the regions for the 2008–2009 biennium, requires a level of human and financial resources sufficient to ensure an effective oversight

function. It is expected that all posts will be filled near the start of 2008; funding has been provided for staff costs for the 2008–2009 biennium. In fulfilling its responsibilities, the Office also incurs operating costs for, among other things, travel, consultants and operating supplies.

GLOBAL MANAGEMENT SYSTEM

8. The Global Management System brings integrated software to the whole Organization, replacing many existing systems and adding a much wider range of functions. Preparations for the launch, now scheduled for March 2008 at headquarters and subsequently all regions, have required a long period of significant organizational change in procedures and business processes. Such change is expected to continue.

9. The Global Management System has enabled the Organization to pursue the consolidation of administrative services in a Global Service Centre. The Centre is planned to have about 200 staff when fully operational, in processing payment, payroll, human resource and procurement transactions, as well as providing technical and helpdesk support for the Global Management System.

10. Both the System and the Centre present opportunities and risks, particularly as many converging and time-bound activities must be completed for successful launch and subsequent implementation. Many internal control mechanisms will also be revamped.

11. In late 2006, the Office reorganized itself in order to strengthen its information technology audit component. It has also strengthened its capacity by recently hiring staff with a stronger background in informatics systems. Nevertheless, outside specialized expertise will still be required for reviewing technical aspects, as it is not cost effective to maintain such expertise in-house.

12. During 2007, the Office conducted preliminary reviews of the Global Management System to identify risks and appraise readiness for launch. As implementation progresses, the Office will continue to assess whether key controls are in place and functioning effectively as part of the overall control environment. In addition, the Office will work in project-related areas such as data conversion, testing, infrastructure, training and measures for transition. Once the Global Management System has been launched in one location, the focus will shift to reviewing specific manual and system controls in place. Internally, audit staff will be trained to audit the new environment and to use the new system's capabilities to upgrade audit efficiency and effectiveness.

ENTERPRISE RISK MANAGEMENT

13. The Office notes WHO's continuing weakness in risk management. While it recognizes the challenging situation emanating from the changes in business processes in the General Management cluster, it still regards risk management procedures as inadequate. Of primary concern are insufficient identification and analysis of the Organization's vulnerability to risks and the lack of linkage to planned oversight coverage.

AUDIT AND EVALUATION PLAN OF WORK

14. The principle of results-based management guides the managerial process at WHO. The Eleventh General Programme of Work and the Medium-term strategic plan 2008–2013 provide the

agenda and strategic direction according to which WHO will operate and be held accountable for achieving results. Oversight, as a part of the accountability process, must be aligned with the results-based framework. The work of the Office will therefore be based on the structure of the elements within WHO's managerial process that provide input to the results chain.

15. In accordance with the managerial framework, the Office will focus on the structure, systems and processes that provide the basis for delivery of results. This approach can be divided broadly into programmatic performance and operational support.

16. WHO is decentralized – with different, geographically dispersed, responsibility and accountability centres – and this must be considered in the planning of audit and evaluation work. (Historically, the Office's work has been split more or less equally between headquarters, regional offices and country offices.) Flexibility is still necessary, though, and regularly scheduled work may be interrupted or deferred in response to unexpected events.

17. **Programme performance.** The plan of work serves as the starting point for audit work in the area of programme performance. The Office assesses the plan's feasibility and reviews the achievement of results presented in it. The Office views performance as a process that comprises planning, organizing, implementing, monitoring and reporting. Using a risk-based approach, it identifies performance issues that could impede the achievement of results, and assesses what needs to be put in place to manage such risks.

18. The Office uses criteria such as organizational priority, resource allocation, internal control environment and management requests, as well as geographical balance, when selecting programmes for audit. On this basis, the Office plans to conduct performance audits of selected programmes during 2008 at headquarters, regional offices and country offices. In the case of country offices, because they are discrete accountability units, performance audits will be combined with a review of operational support. This approach takes into account the programmatic and operational issues that may impede delivery of country-specific expected results.

19. **Evaluation.** The Office will formulate a list of topics for programme evaluation that will be carried out in 2008. These topics will be selected using specific quantitative criteria and value judgements, as with performance audits. The Office will consult as widely as possible before selecting the topic. The process will include programmatic and thematic evaluations, generally at a global or regional level. These evaluations will seek to provide an analysis of outcomes and lessons learnt. Standard criteria such as relevance, efficiency, effectiveness and sustainability will be used in determining the terms of reference of an evaluation.

20. **Operational support.** The administrative, financial, logistical and information systems that operate within the Organization support programme delivery. Such systems need to operate within an internal control structure comprising rules, regulations and policies. At the same time, the structure needs to be efficient, effective and economical to facilitate programme delivery. A risk assessment of the different areas within operational support determines the scope of work. The Office seeks to provide assurance that risks – such as non-compliance with controls and regulation, or lack of efficiency or cost-effectiveness within operational support – are reduced. In 2008, the Office will conduct audits in administration, finance, logistics and information systems. The Office uses a range of criteria such as budgetary analysis, internal control environment and management requests, as well as geographical balance, as the basis for allocating resources for audits.

INVESTIGATION PLAN OF WORK

21. Resources will be provided for investigation of suspected wrongdoing by staff and other irregular activity. Given the nature of the work, this type of investigation is inevitably carried out ad hoc. Investigative work may be conducted where assessment discloses a high-risk situation. If necessary, regularly scheduled audit work may be interrupted or deferred.

22. The Organization is currently reviewing its handling of staff grievances and alleged harassment. Professional investigation is an essential improvement, and accordingly it is expected that the Office will assume responsibility for investigation in this area, which was previously conducted by the Headquarters Grievance Panel. However, the necessary capacity is lacking at present and resources for additional professional staff will be required if this proposal is to be put into operation.

EXTERNAL AUDITOR

23. The Office will maintain close contact with the External Auditor. Periodic meetings are planned to coordinate audit work and to avoid duplication of effort.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

24. The Committee is invited to note this report.

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