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 2006 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. It conducts internal audits and investigations of alleged irregular activity, and implements the policy on programme evaluation.

3. Under a special agreement, the Office provides oversight services for the Pan American Health Organization and manages the internal audit activity based in Washington, D.C.

THE OFFICE

4. Reporting directly to the Director-General, the Office exercises broad responsibility for internal audit, investigation and programme evaluation. In order to accomplish its work, 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.

5. The Office implements the Professional Practices Framework promulgated by The Institute of Internal Auditors. These standards have been adopted throughout the United Nations system and provide authoritative guidance to ensure the effective practice of internal audit and investigation. The Office also implements the United Nations Evaluation Group’s Standards for Evaluation in the UN System, which represent best practices consolidated from evaluation associations, the United Nations and multilateral agencies, intergovernmental groups and national governments.

6. As the focus of the Office’s work has broadened in recent years, the number and skills of staff likewise have changed. From mid-2003, the Director-General charged the Office with responsibility for audit and evaluation of programme performance. Three posts (one medical officer and two evaluation officers) were established to fulfil the new responsibilities. This increase in staff and evaluation skills complemented the existing audit capabilities in the areas of financing, operations, administration and fraud investigation.
7. Although the skills currently available in the Office are, in general, consistent with technical needs, the volume and complexity of the work currently required of the Office have increased as a result of the added responsibility connected with programme-performance audits and evaluation; expansion of WHO’s budget and activities; external events such as the south Asian earthquakes and tsunamis and reconstruction of Iraq; management requests for additional audit services; a “zero-tolerance” approach to fraud and staff misconduct; and implementation of the Global Management System. This indicated that capacity requires further strengthening.

8. Accordingly, the Director-General has allocated additional funding for the biennium 2006-2007. The increase in financial resources will permit the Office to fund all currently assigned posts, establish three new posts and have resources available to employ consultants when and as needed. The projected staffing for the Office during the biennium 2006-2007 is fourteen professional posts, three general service posts and one director. Recruitment is under way for four professional posts, with the intention of filling the vacancies as quickly as possible. The organizational chart of the Office is attached at Annex.

FELLOWSHIP EVALUATION: FOLLOW UP

9. At its first meeting, the Committee considered the report on the evaluation of WHO’s fellowship programme and requested that a follow-up report should be submitted to its third meeting. The work to determine progress on implementation of the recommendations from the evaluation should be completed by the end of 2005.¹ The Office will provide an oral report on current status to the Committee at its third meeting.

REGIONAL OFFICE FRAUD AND LOCAL PURCHASING REVIEW

10. The Office investigated a major, alleged fraud, information which is presented herewith for the Committee and the purpose of transparency.

11. At the inception of a regularly scheduled audit of a regional office, the Office reacted to suspicions expressed by the staff and conducted an investigation into local purchasing of consumable items for computers and office equipment.

12. The results of the investigation determined that WHO’s rules and procedures for purchasing had been disregarded resulting in a loss of approximately US$ 275 000 to the Organization compared with prices readily obtainable from established vendors. Contributing to the loss were an absence of competitive bids and segmented orders to avoid purchasing-control limits.

13. The Office has completed its investigation and has referred the matter to the Regional Director to determine appropriate disciplinary action.

14. The Organization is vulnerable to similar risks connected with local purchasing in all regions. Accordingly, the Office has undertaken to review local purchasing in the regions before the end of 2005. The consolidated results of the reviews will be reported to the appropriate regional officials.

¹ See document EB115/45, paragraph 75.
EVALUATION OF CHILD AND ADOLESCENT HEALTH

15. In its General Plan of Work, 2005, the Office reported that a global programmatic evaluation would be performed on a topic to be selected.\(^1\) Based on criteria such as WHO’s global priorities and relevance to the Millennium Development Goals, the area of Child and adolescent health was chosen as the topic for evaluation.

16. The purpose of the evaluation was to assess systematically the achievement of WHO’s objectives in this area and to provide insight into the relevance, efficiency, effectiveness and sustainability of this area of work.

17. The analytical and the field work have been completed and the report of the evaluation is being drafted.

GENERAL PLAN OF WORK, 2006

18. The universe of the work of the Office comprises discrete units and includes the headquarters programmes, services and functions; the regional offices; the WHO Representative offices and liaison offices; the secretariats of UNAIDS, the International Computing Centre, and the Global Fund to Fight AIDS, Tuberculosis and Malaria; the African Programme on Onchocerciasis Control; and IARC.

19. Using this structure as a guide, a risk assessment is conducted annually to ensure that the priorities of the Office are consistent with the Organization’s risks. At the same time, the fraud risk profile is reviewed. The guidelines on evaluation specify the types of evaluations that are performed during the biennium. The results of these assessments, which also include the input of senior management, are then used to develop a specific allocation of available resources. The final detailed plan of work is presented to the Director-General.

20. The plan of work for 2006 is based on assumed increased staffing for the year. It is expected that several posts will be filled early in 2006 and the detailed work plan will be amended accordingly.

21. The risk profile of the Organization has historically indicated that the Office’s work should be split more or less equally between headquarters, regional offices, and country offices. A degree of flexibility is necessary and regularly scheduled work may be interrupted or deferred in response to developing situations. The following summary plan is presented under the major functional or organizational headings of the audit universe.

22. Headquarters programmes, services and functions. Increasing emphasis will be laid on performance audit of technical programmes. In general, the substance of the work focuses on progress towards the achievement of the expected results. Work will also be carried out on financial and administrative functions, which is more narrowly focused and seeks to evaluate risk management and controls. Lastly, risk relating to new or modified information systems will be addressed, in addition to work planned on existing systems.

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\(^1\) Document EBPBAC1/3, paragraph 36.
23. **Regional offices.** In general, the scope of regional office audits is determined by the level of risk existing in the planning, implementation, administrative and accounting functions, and the offices’ role as accountability centres for country offices. The work will seek to provide assurance that risks involved in achieving the stated objectives have been recognized and mitigated. Further, the operations of each regional office will be reviewed in the context of evaluating the internal control structure for the programme of work.

24. **Offices of WHO Representatives.** The Office continues to review country offices in the context of their significance in the collaboration between WHO and its Member States. The scope of the audits will focus on the relevancy, efficiency, effectiveness and adequacy of the WHO country presence. The work in this area entails a review of all aspects of the offices’ activities and includes issues related to managerial process and planning, programme delivery, and review and monitoring. Country offices are also subject to, and selected for, review of their administrative and financial functions, based on their risk profile.

25. **Secretariats of UNAIDS, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the International Computing Centre; the African Programme on Onchocerciasis Control; and IARC.** All of these bodies operate administratively within the WHO control structure and are audited by the Office on a reimbursable basis. Audit work will be coordinated with, and the results reported to, their respective heads.

26. **Investigation.** Resources will be provided for investigation of irregular activity which is largely addressed on an ad hoc basis as specific situations develop. Proactive investigative work may be conducted where assessment discloses high-risk situations. If necessary, regularly scheduled audit work is interrupted or deferred to provide necessary resources for response to investigative needs.

27. **Evaluation.** Following discussions with the Directors of Programme Management from the six regional offices, the Office has accepted to conduct a global evaluation of WHO collaborating centres during 2006. In addition, the programmatic and thematic evaluation of the work of WHO Representatives’ offices will continue during the year.

**EXTERNAL AUDITOR**

28. The Office has established and 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**

29. The Committee is invited to note this report.
ANNEX

OFFICE OF INTERNAL OVERSIGHT SERVICES

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