

Report of the External Auditor to the Health Assembly

Fourth report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-first World Health Assembly

1. The eighth meeting of the Programme, Budget and Administration Committee of the Executive Board was held in Geneva on 15 and 16 May 2008 under the chairmanship of Professor J. Pereira Miguel (Portugal).¹
2. The Committee welcomed the comprehensive report,² which covered many important aspects of the Organization's work, and noted its salient points, as follows:
 - The audit of financial statements for the financial period 2006–2007 revealed no weaknesses or errors that could be considered material to the accuracy, completeness and validity of the financial statements as a whole, and the External Auditor therefore expressed an unqualified audit opinion on these statements for the financial period ended 31 December 2007.
 - The Committee was happy to learn that, as in the past, the professional relationship between the External Auditor and the Secretariat continued to be constructive and that there was full cooperation from the latter, as well as regular coordination with the Office of Internal Oversight Services, which contributed to optimizing audit efforts and avoiding duplication.
 - The Committee welcomed the inclusion in the report of a schedule detailing the status of implementation of significant audit recommendations. Since the finalization of the report, further positive developments had occurred regarding follow-up to the audits of procurement and the global management system.
 - The main observations in the External Auditor's report concerned procurement at headquarters and the global management system. External Audit highlighted inter alia the need for confirming the stability of the global management system before going live, more rigorous data conversion, uniformity in training delivery, documented knowledge transfer from the system integrator, and detailed security measures with a disaster recovery plan at the global service centre.

¹ For list of participants, see document A61/21, Annex.

² Document A61/23.

- External Audit furthermore stressed that internal control procedures in respect of insurance and freight management, procurement of vaccines, obtaining bids and quotations and supplier management in the area of procurement should be streamlined. Seven cases of fraud or presumptive fraud, involving a total of US\$ 235 235, were also noted.

3. The Secretariat also welcomed the report, stating that the recommendations were constructive and would help the Organization to be more effective, efficient, secure and transparent, and commented more specifically on measures taken to act on the observations made in the report. The Committee was satisfied with the Secretariat's acceptance of all audit findings and its comprehensive effort to implement the recommendations in the report. The External Auditor reported that the Secretariat's follow-up had already contributed to a settlement of all External Audit recommendations in the Regional Office for Africa, thereby registering a marked improvement in management.

4. The Secretariat acknowledged that the global management system posed the single largest risk to the Organization at this time, and stated that back up plans and other mitigating measures had been put in place. The Secretariat underlined the need for a smooth transition after the system went live from the global management system project to WHO's regular information technology services, including the appropriate integration of the project staff concerned.

5. The Director-General thanked the External Auditor for his detailed and useful report and the Committee members for their comments and advice. She emphasized her continuing commitment to resolve audit issues and her strong belief in leading by example. She was pleased to report that her commitment of the previous year regarding the situation in the Regional Office for Africa had been maintained in close collaboration with the Regional Director for Africa, as evidenced by the noticeable improvements mentioned during the discussion.

6. Regarding the global management system, she had taken the difficult decision of postponing its introduction in the conviction that some flexibility was needed to find a proper balance between speed of implementation and the degree of readiness of the system and the staff operating it. Finally, she emphasized her policy of zero tolerance towards fraud.

RECOMMENDATION TO THE HEALTH ASSEMBLY

7. The Committee, on behalf of the Executive Board, recommends to the Sixty-first World Health Assembly adoption of the following draft resolution:

The Sixty-first World Health Assembly,

Having considered the report of the External Auditor to the Health Assembly;¹

Having noted the fourth report of the Programme, Budget and Administration Committee of the Executive Board;²

ACCEPTS the report of the External Auditor to the Health Assembly.

¹ Document A61/23.

² Document A61/24.