
External and internal audit recommendations: progress on implementation

Report by the Secretariat

BACKGROUND

1. Resolution WHA58.4 requested the Director-General to propose a tracking programme for external and internal audit recommendations, which included time frames for implementation. The Secretariat responded by presenting to the Executive Board at its 117th session a tracking table already in use for external audit recommendations,¹ and indicated that the system would shortly be extended to cover internal audit recommendations.

2. During the fourth meeting of the Programme, Budget and Administration Committee of the Executive Board in May 2006, it was agreed that progress of implementation of audit recommendations would continue to be monitored closely. The Committee asked the Secretariat to include a report apprising the Committee more specifically of progress made in implementation of the External Auditor's recommendations.²

SCOPE OF THIS REPORT

3. This document is the first of these progress reports on the status and future direction of the Secretariat's efforts to monitor implementation of the recommendations of both the External and Internal Auditor.

RESPONSIBILITIES AND ACTION TAKEN

4. The Office of Internal Oversight Services is responsible for following-up on the implementation of its audit recommendations. Broader managerial responsibility for addressing risks and internal control issues rests with general management. Briefings of senior management on open audit

¹ Document EB117/20.

² Document A59/31.

recommendations, their implementation status, and the remedial action required, will be held at least every six months.

5. The following specific actions to upgrade audit tracking have been or are in the process of being implemented:

(i) All external and internal audit recommendations from the biennium 2004–2005 onwards have been screened and individual tracking tables established. As management responses to individual audit reports are received and action is taken on their recommendations, the tables are updated. The information in the tracking tables will be assessed in order to review the efficiency and effectiveness of the control systems in question and the appropriateness of the remedial action taken.

(ii) A table has been prepared, attached as an Annex, summarizing essential information, including the responsible officer.

(iii) Systemic governance and control issues will be considered at the periodic Organization-wide finance and administrative meetings, and programme management meetings, as appropriate.

RELATED STAFF DEVELOPMENT ASPECTS

6. In addition to promoting timely implementation of audit recommendations, the Secretariat is responsible for implementation of the WHO Accountability Framework. This is particularly important in the context of the Secretariat's new global management system, which will give greater responsibility to middle management in technical programmes. Staff development and training will be necessary in order to ensure a sound internal control environment, following the move to a new global management system.

ANNEX

EXTERNAL AUDIT REPORTS END 2004–2006

Report on	Date	Summary of main recommendations	Management response	Action	Responsible Officer
Regional Office for the Eastern Mediterranean	November 2004	<ol style="list-style-type: none"> 1. Expenditure to be carefully monitored in order to ensure that obligations raised are within the available allotments. 2. Possibility of obtaining appropriate insurance cover in countries to be explored. 3. Agreements for Performance of Work to be signed before commencement of contract. 	Accepted	Implemented or in process of being implemented	Director, Administration and Finance
WHO Country Office, Egypt	November 2004	<ol style="list-style-type: none"> 1. Agreements for Performance of Work to be signed before commencement of contract. 2. Physical stock verification report to be dated and signed immediately after verification. 	Accepted	Implemented	WHO Representative
Regional Office for Africa	November 2004	<ol style="list-style-type: none"> 1. Difficulties highlighted of maintaining budget control and financial accounting in two locations. 2. A review might be conducted with a view to reducing dependence on short-term staff for handling cash. 3. Management of Direct Financial Cooperation (formerly Local Cost Subsidies) to be improved at country level. 4. Compliance with prescribed procedures in respect of Agreements for Performance of Work to be strictly enforced. 5. Provisions of WHO Manual regarding procurement to be followed. 6. Action plan to reconcile and update the non-expendable inventory database. 	Accepted	Gradual move of Budget and Finance back to one location in Brazzaville	Regional Director/Director, Administration and Finance

Report on	Date	Summary of main recommendations	Management response	Action	Responsible Officer
Regional Office for the Western Pacific	December 2004	<ol style="list-style-type: none"> 1. Reduce time required to process monthly imprest return. 2. Review of Direct Financial Cooperation to avoid disbursement beyond stipulated limits. 3. Strict monitoring of incomplete Agreements for Performance of Work. 4. Measures should be taken to ensure that desired outcomes from missions are achieved in a timely manner. 5. Eliminate reporting discrepancy in respect of Performance Management and Development System. 6. Inventory activities to be updated promptly to ensure that correct value is reflected. 7. Transfer of resources to be backed by institutional arrangements. 	Accepted	Implemented or in process of being implemented	Director, Administration and Finance
Contracting and procurement services	November 2005	<ol style="list-style-type: none"> 1. Unit to effect appropriate changes to ensure the orderly maintenance of contract files. 2. Ensure an appropriate balance with the regional offices in the value of purchase authorizations being placed by them on headquarters. 3. Details of potential vendors be documented in a centralized database. 4. Existing procedures to be followed in emergencies. Purchase orders should cite specific information note/order declaring emergency. 5. Practice of finalizing procurement actions based on quotes received in response to price estimate to be reviewed. 	Accepted	Implemented or in process of being implemented	Coordinator, CPS

Report on	Date	Summary of main recommendations	Management response	Action	Responsible Officer
Headquarters Interim Audit 2004–2005	February 2005	<ol style="list-style-type: none"> 1. It is recommended that there should be closer monitoring of programme support costs so as to ensure proper accounting of the appropriate costs incurred by the Organization. 2. Devise a schedule that will show the status of implementation of significant recommendations. 3. Consideration to be given to requiring staff members routinely involved in dealing with or contracting with entities outside the Organization to submit an annual declaration of conflict of interests. 4. Completion of the Organization-wide review of delegations of authority should be afforded high priority to ensure implementation within the envisaged time frames. 5. A comprehensive and structured fraud prevention policy should be developed and implemented Organization-wide. 	Accepted	Implemented or in process of being implemented	Comptroller
International Computing Centre	April 2005	<ol style="list-style-type: none"> 1. Imprest accounts to be regularly reviewed to ensure that ceilings are appropriate and balances do not exceed stipulated ceilings. 2. Periodic reviews to be carried out during the biennium to identify cases of duplicate obligations being established through PerTemp, since such obligations do not reflect the position accurately. 	Accepted	Implemented or in process of being implemented	Director
WHO Country Office, Nigeria	September 2005	<ol style="list-style-type: none"> 1. Shortfalls of the local activity management system need to be addressed. 2. Tighter controls and monitoring of sticker numbers. 3. Improvement in inventory management. 	Accepted	In process of being implemented	WHO Representative

Report on	Date	Summary of main recommendations	Management response	Action	Responsible Officer
WHO Country Office, Bangladesh	September 2005	<p>1. Compliance with existing instructions relating to Agreements for Performance of Work to be strictly enforced in order to ensure the transparency and objectivity of the selection process.</p> <p>2. Submissions of Direct Financial Cooperation returns to be closely monitored, as they constitute an integral component of the accountability process.</p>	Accepted	Implemented or in process of being implemented	WHO Representative
Regional Office for South-East Asia	October 2005	<p>1. All contracts to be signed before their commencement.</p> <p>2. Agreements for Performance of Work – technical and financial reports to be obtained from the contracting parties.</p>	Accepted	Implemented or in process of being implemented	Director, Administration and Finance
WHO Office for the Russian Federation	October 2005	<p>1. Voucher numbers should always be reflected in the system and given a sequential number.</p> <p>2. Activity Management System must be updated regularly to reflect correctly the status of each project.</p>	Accepted	Implemented or in process of being implemented	Special Representative of the Director-General
Regional Office for Europe	October 2005	<p>1. Transmission of imprest accounts to regional office and their subsequent processing should be monitored so that stipulated schedules are followed.</p> <p>2. Outstanding advances should be settled in accordance with existing instructions.</p>	Accepted	Implemented or in process of being implemented	Director, Administration and Finance
Technical Services Agreements	November 2005	<p>1. Technical Services Agreements should be used to fund activities that have research components. Tighter management controls should ensure this.</p> <p>2. Previous financial reports be obtained and taken into account before concluding subsequent contracts.</p> <p>3. Cases involving deviations from general conditions underlying the contracts to be examined by the Contract Review Committee.</p>	Accepted	Implemented	Management Support Units

Report on	Date	Summary of main recommendations	Management response	Action	Responsible Officer
UNICEF/UNDP/ World Bank/WHO Special Programme for Research and Training in Tropical Diseases	March 2006	Reconciliation between allotments and programme area, to be undertaken with WHO during the biennium to avoid discrepancies between these two areas.	Accepted	Implemented	Director
Headquarters (final audit 2004-2005)	March 2006	<ol style="list-style-type: none"> 1. Bank reconciliations: Review of system of recording year-end transactions to avoid recording them in the wrong biennium. 2. Comprehensive review of imprest account ceilings to be undertaken. 3. Discrepancies between figures in the general ledger and financial statement have to be addressed. 4. Suitable controls to be incorporated in Administration and Finance Information Support so that any problems encountered in printing processed data are accurately flagged. 	Accepted	Implemented or in the process of being implemented	Comptroller

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