
Compliance, risk management and ethics: annual report

Report by the Secretariat

1. The Secretariat confirms its commitment to improving accountability and transparency through enhanced compliance, risk management and adherence to ethical principles across the Organization. This report provides an update of the actions taken by the Secretariat since January 2016:¹ (1) to develop policies, procedures and tools to enhance organizational accountability for resources and results; (2) to promote the highest organizational standards, codes of conduct and core values; (3) to advance internal control compliance and its integration into all policies and managerial decisions; and (4) to further the systematic identification of and response to Organization-wide risks.

ACCOUNTABILITY AND TRANSPARENCY

2. WHO defines accountability as the obligation of every member of the Organization to be answerable for his or her actions and decisions, and to accept responsibility for them. Accountability is embedded in the structure of WHO and its operational policies and procedures.² Each WHO staff member plays a significant role in the achievement of results and the stewardship of resources in an ethical and transparent manner. The Secretariat continues to promote a culture of accountability and transparency for more efficient, effective and ethical operations, use of resources, and delivery of results, developing and applying new policies and tools.

3. Through the network of compliance focal points, headquarters and regional offices provide support to the three levels of the Organization in fostering accountability for resources and results, as well as in strengthening internal controls. The Office of Compliance, Risk Management and Ethics convened the network several times in 2016–2017 in order to share best practices and to strengthen and harmonize practices across regions.

¹ See document EBPBAC23/4.

² The WHO Accountability Framework (2015) defines the chain of accountability within the organization, from whom authority flows, to whom, for what purpose and how it is carried out. (It is available at http://www.who.int/about/who_reform/managerial/accountability-framework.pdf (accessed 9 March 2017)). It supports WHO's results-based management approach, as well as operating in tandem with WHO's Risk Management Framework and the Internal Control Framework.

4. Actions have been taken in the regional offices to strengthen accountability and transparency. All WHO regional offices have established compliance functions, with mandates that include transaction checking for country offices in some regions, and review, monitoring and oversight in others. In the regional offices, various accountability mechanisms and tools are used to track resources and results. Examples of initiatives include the African Region Accountability and Internal Control Strengthening Project; reporting on issues of accountability and compliance to the Standing Committee of the Regional Committee for Europe; the setting up of compliance dashboards and an accountability cockpit in the Eastern Mediterranean Region; PAHO's establishment of the Enterprise Risk Management Standing Committee; administration and programme management reviews in the South-East Asia Region; and an accountability road map developed by the Regional Office for the Western Pacific Region on the management of direct financial cooperation, agreements for performance of work, donor reporting, performance management and human resources, and fixed assets. At headquarters, the Office of Compliance, Risk Management and Ethics works to harmonize policies, tools and monitoring of systems to improve compliance and implement the internal control and accountability frameworks throughout the Organization.

5. Assistant Directors-General signed accountability compacts in 2016 with the Director-General. These compacts include specific objectives in relation to leadership and management and have been published on the WHO website. They also feature key performance indicators to track progress in accountability, risk management, human and financial resources, and timely delivery of governing bodies' documentation. Data on these indicators are collected and analysed quarterly, and used during performance discussions between the Director-General and Assistant Directors-General.

6. Annual delegations of authority and letters of representation for Regional Directors are now published on the WHO website. Several management indicators have been included in the Director-General's delegation of authority to the Regional Directors for 2017.

7. Efforts are underway to bring together the wide array of assurance activities that are currently undertaken in headquarters, regional offices, and country offices, based on a corporate accountability plan, which is under development. The plan aims to enhance synergies between assurance activities at headquarters, regional and country levels and to lay out key areas of accountability in which progress can be monitored and evaluated.

8. Consistent with its commitment to greater transparency, WHO in November 2016 joined the International Aid Transparency Initiative, a voluntary, multistakeholder initiative that seeks to increase the transparency of development cooperation and increase its effectiveness in tackling poverty.¹ The Secretariat is working on its first submission of information on the International Aid Transparency Initiative platform, which is due at the end of the first quarter of 2017.

9. The Secretariat has reaffirmed this commitment to transparency in a new policy on information disclosure which ensures that information concerning WHO's activities is made publicly available, primarily through WHO's websites. The policy, which defines distinct categories of information items according to their status with regards to public disclosure, will be implemented progressively over a period of two years.

¹ <http://www.aidtransparency.net/about> (accessed 10 March 2017).

ETHICS

10. Since its previous annual report on compliance, risk management and ethics,¹ the Secretariat has taken action with regards to: (1) implementation of the policy on whistle-blowing and protection against retaliation;² (2) provision of advice to all staff members on ethics and conflicts of interest (including declarations of interest for staff and outside activities), and advice on the declarations of interest completed by external experts; and (3) policy development and awareness raising.

11. As part of the policy on whistle-blowing and protection against retaliation, which entered into force in March 2015, WHO's Integrity Hotline was launched in June 2016 and has been promoted across the Organization.³ The Hotline operates globally, and is available to all staff members and the public. As at 31 December 2016, the Secretariat had responded to 20 of the 21 incident reports received. Seven reports were anonymous. Out of the 21 incident reports received, seven regarded conflicts of interest, four related to breaches of WHO's Staff Regulations, Staff Rules or policies, three concerned breaches of WHO's code of conduct, three were human resources issues, two were reported as harassment, one as discrimination and one as "other". Eleven of the 21 reports have effectively been closed. Out of the 10 reports still open, eight are currently pending resolution, and two have been referred for investigation.

12. The Secretariat requires all staff members in designated employment categories to complete an annual declaration of interests.⁴ The aim of the exercise is to ensure that identified WHO staff members are free from any direct or perceived conflict of interest that may have adverse consequences on their, and therefore WHO's, credibility, competence and independence. Currently, senior staff (at the P5 level and above), procurement staff and other staff in sensitive functions (at the G5 level and above) are requested to complete a declaration of interest form in respect of any interests they may have. Declared interests are vetted and staff members are advised, as appropriate, about mitigating actions. During the 2016 exercise, 569 staff members submitted declarations, with 39 declaring interests that required specific advice. Additionally, 87 individual requests and queries for outside activities were received in 2016, of which 64 were approved as at 31 December 2016.

13. The Secretariat also advises technical departments on conflicts of interest that may arise when external experts or advisers are invited to participate in working groups or provide expert opinions on public health-related topics. In 2016, more than 500 declarations of interests by external experts were reviewed by the Office of Compliance, Risk Management and Ethics. The Office provides regular input and support on related issues to technical departments across Organization, and work is ongoing to establish a central platform to record decisions on declarations of interest in collaboration with technical units.⁵

¹ Document A69/4.

² Available at <http://www.who.int/about/ethics/WHOwhistleblowerpolicy.pdf> (accessed 10 March 2017).

³ Available at: <http://www.who.int/about/ethics/en/> (accessed 15 March 2017).

⁴ In compliance with Staff Rule 110.7.2 and WHO Manual II.5.910.

⁵ The Global Engagement Management Tool features a specific module for external experts.

14. The Secretariat is finalizing several policies that will enter into force during the first half of 2017: a code of ethics and professional conduct; policy and procedures on preventing and responding to sexual exploitation and abuse; and a code of conduct for responsible research and procedure for handling research misconduct. These policies will serve as the basis of a mandatory ethics training package, the development of which is foreseen for the second half of 2017.

COMPLIANCE

15. As part of its Accountability Framework, the Secretariat is strengthening control activities to address cross-organizational and/or systemic weaknesses. Compliance and accountability are integrated and supportive of each other: accountability is a key internal environment control element, and internal controls are crucial supporting elements for organizational accountability.

16. To assess the overall effectiveness of internal control and to identify risks, gaps and weaknesses within existing controls, all budget centres conduct an annual assessment of internal controls using a standardized tool: the Internal Control Framework self-assessment checklist. The checklist provides a structured set of questions to guide managers and help them to better understand the management environment and operations. It complements other assurance mechanisms, such as the accountability compact, risk management assessments, compliance reviews and audits.

17. Internal control assessment exercises were undertaken Organization-wide in the bienniums 2015–2016 and 2016–2017.¹ During the first exercise, all WHO regions and all headquarters clusters completed the checklist - a 100% response rate. A report of aggregated data was distributed in July 2016 across the Organization in order (1) to enhance a consistent Organization-wide approach to improve control measures and (2) to help in the development of further tools, guidance and training. A web-based tool was introduced for the second exercise in late 2016 to enhance user-friendliness and data integrity.

18. Areas of priority for strengthening internal controls identified during the first cycle of the implementation of the Internal Control Framework include: systematic escalation up the chain of management of control errors and weaknesses; the development of quarterly travel plans by budget centres; building capability for risk management and control processes; enhancing effective use and timely completion of performance assessments; and strengthening the quality and timeliness of submission of financial reports.

19. As part of the ongoing organizational reform process, the effectiveness, efficiency, responsiveness and accountability of WHO country offices have been identified as top priorities by Member States. The Secretariat has accordingly embarked on a series of administrative and programme management reviews of country offices, focusing on leadership, coordination with other partners and stakeholders, internal management and organization, human and financial resource management, risks and accountability. Four reviews were carried out in 2016, in Kyrgyzstan, the Lao People's Democratic Republic, Maldives and Sri Lanka. In addition, a follow-up visit was made in order to monitor the implementation of the recommendations made as part of a previous review of the country office in Indonesia. Under the leadership of the Regional Office for Africa, compliance

¹ The Internal Control Framework self-assessment checklists were initially developed as a tool for heads of WHO country offices and introduced in the regions in 2015. In early 2016 they were adopted and amended for use in headquarters, and subsequently applied Organization-wide in mid-2016.

reviews have taken place in Cameroon, Mali, Senegal, Sierra Leone and South Sudan. The Regional Office for South-East Asia has conducted compliance reviews in Bhutan, Myanmar, Nepal and Timor-Leste.

RISK MANAGEMENT

20. Two main objectives of the Secretariat's approach to risk management are to ensure that risk management informs and supports effective decision-making, and to embed risk management in operational processes, namely the results-based management cycle (planning, performance assessment and budgeting) and the accountability and internal control frameworks. The Secretariat aims to institutionalize a culture of risk management across the Organization.

21. The corporate risk management policy entered into force in November 2015, and the first full risk management cycle was completed in June 2016. A risk management report in August 2016, describing the overall risks for all major offices and country offices, drew attention to 392 risks classified as severe or risks expressly identified as requiring upwards referral to the Director-General: these risks notably related to "lack of sustainable funding for programmes", "poor response to outbreaks and other emergencies" and "lack of clear roles and responsibilities and/or lack of coherence organization-wide in WHO".

22. Building on lessons learned from the first iteration of the corporate risk register, and with the aim of embedding risk management further into operational processes, the risk register template was reviewed in September 2016 in collaboration with the regional focal points. To allow for better synchronization with and the provision of systematic feedback into the corporate planning process, the risk register allows budget centres to identify risks towards specific programme budget outputs and programme areas, and to identify whether responding to the risks requires workplan changes to activities and/or budget. The risk register also allows for closer monitoring of the status of implementation of responses. As at December 2016, budget centres had identified responses to 96% of the critical risks identified in the biennium 2015–2016, of which 66% had been either partially or fully implemented.

23. The second iteration of the risk management cycle began in September 2016 and was carried out with the active support of the regional focal points. As at 23 December 2016, WHO's budget centres¹ identified a total of 2849 risks pertaining to their daily operations, of which 537 are considered critical (that is, severe or significant). An Organization-wide breakdown of the critical risks² shows that 28% relate to staff, systems and structures, 26% to financial matters, 15% to political/governance aspects, 12% are strategic, 10% concern technical matters/public health, and 8% are reputational. The highest ranking risks are being raised to senior management level in order to define an adequate response. The Director-General will review the detailed results of the risk management exercise.

¹ Excluding hosted partnerships and the budget centres of PAHO, which has its own risk management process.

² As outlined in WHO's risk framework (document EB133/10), risks are structured in six risk categories: financial; political/governance; reputational; staff, systems and structures; strategic; and technical/public health. The Office of Compliance, Risk Management and Ethics has further categorized the risks in 42 subgroups for analytical purposes.

24. Complementing the bottom-up process, the Director-General and Regional Directors carried out a top-down exercise to identify key risks, resulting in the identification of seven high-level principal risks. Several of these most critical risks have a financial component, including (1) insufficient financing of Programme budget 2016–2017; (2) failure to finance adequately the WHO Health Emergency Programme, resulting in inability to staff fully the new programme and inadequate performance in key events; and (3) increased vulnerability of programmes that are highly dependent on staff and funding related to polio eradication (such as immunization and surveillance activities). The full list of WHO’s principal risks (available on the WHO website¹) will be monitored on a regular basis.

25. Risk management being an iterative learning process, training is the key to enhancing risk awareness across the Organization. Training activities have been stepped up to sensitize staff to the risk register, the corporate risk management policy and linkages with accountability, compliance and ethics. Additionally, the Secretariat will develop a web-based tool to support the risk register and further enhance synergies to improve identification, modification, ownership and monitoring of risks by budget centres.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

26. The Committee is invited to note the report.

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¹ Available at http://www.who.int/about/finances-accountability/accountability/WHO_Principal_Risk_2017.pdf?ua=1 (accessed 10 March 2017).