



**World Health  
Organization**

**PROGRAMME, BUDGET AND ADMINISTRATION  
COMMITTEE OF THE EXECUTIVE BOARD  
Twenty-ninth meeting  
Provisional agenda item 2.1**

**EBPBAC29/2  
24 December 2018**

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## **Report of the Independent Expert Oversight Advisory Committee**

The Director-General has the honour to transmit herewith to the Programme, Budget and Administration Committee of the Executive Board, for the Committee's consideration at its twenty-ninth meeting, the report submitted by the Chairman of the Independent Expert Oversight Advisory Committee (see Annex).

ANNEX

**REPORT OF THE INDEPENDENT EXPERT OVERSIGHT ADVISORY  
COMMITTEE TO THE PROGRAMME, BUDGET AND  
ADMINISTRATION COMMITTEE, JANUARY 2019**

**BACKGROUND**

1. The Independent Expert Oversight Advisory Committee (IEOAC) was established by the Executive Board in May 2009 under resolution EB125.R1, with terms of reference to advise the Programme, Budget and Administration Committee (PBAC), and through it the Executive Board (EB), on matters within its mandate, which include:

- reviewing WHO’s financial statements, financial reporting and accounting policies;
- providing advice on the adequacy of internal control and risk management;
- reviewing the effectiveness of the Organization’s internal and external audit functions, and monitoring the implementation of audit findings and recommendations.

2. The current members of IEOAC are:

<b>Name</b>	<b>Date of appointment by the Executive Board<sup>1</sup></b>	<b>Decision reference</b>
Dr Jeya Wilson (Chair)	May 2015	EB137(4)
Mr Robert Samels	May 2013	EB133(8)
Mr Leonardo P. Gomes Pereira	May 2015	EB137(4)
Mr Christof Gabriel Maetze	May 2017	EB141(2)
Mr Jayant Karia	May 2017	EB141(2)

In addition to the above, Mr Christopher Mihm was appointed by the EB in May 2017.<sup>2</sup> The EB also approved that the term of the previous Chair of the IEOAC, Mr Robert Samels, be extended by one year to end in January 2019. Consequently, Mr Mihm will start his tenure in January 2019.

3. This report covers the twenty-fifth and twenty-sixth meetings of the IEOAC held 23–25 July 2018 and 16–18 October 2018 respectively with the latter being held in the Western Pacific Regional Office (WPRO) in Manila. This session included a half-day mission to Philippines Country Office. The Committee also held a meeting with the Director of the WHO Global Service Centre, Malaysia, who was present in Manila.

4. The Committee expresses its sincere appreciation to the RD of WPRO and his team for hosting the twenty-sixth meeting of the IEOAC and allocating sufficient time to the meeting.

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<sup>1</sup> The “date of appointment” refers to the date of adoption of the relevant decision by the Executive Board.

<sup>2</sup> EB141(2) (2017).

## **UPDATE ON FINANCIAL STATEMENTS**

5. At its twenty-fifth meeting, the IEOAC received the financial highlights of the 2018–2019 programme budget, including the status of funds available and expenditure as on 30 June 2018. The Committee noted that the availability of funding is consistent with prior years and good progress has been made on the 2018–2019 programmes. The Committee advised senior management to prioritize spending requirements and determine which activities could be reduced or eliminated in case of a funding shortfall.

## **INTERNAL OVERSIGHT SERVICES**

6. At both its meetings, the Committee met with the Director of the Office of Internal Oversight Services (IOS), both privately and with members of management present. During the visit to WPRO, the audits specific to the Region were also reviewed.

7. The Committee is pleased to note that staff positions are no longer frozen and recruitment on some of the fixed-term as well as short-term positions is progressing. The internal audit plan for 2018 was progressing well and the number of “overdue open” recommendations had reduced from 11.2% in July 2018 to 8.2% in October 2018. The Committee encourages management to take necessary steps to reduce these numbers further.

8. A status update on investigation cases under review was given to the Committee. A total of 106 new cases of allegations of wrong-doing have been received by IOS up to early October 2018 compared to 82 cases in 2017. The Committee notes that this is to some extent a reflection of the increased awareness created in the Organization in an effort to address matters related to fraud and wrong-doing.

9. The Committee noted that the current investigations for 2018 are meeting performance standards and are being addressed on a timely basis; cases of harassment are being dealt with on a priority basis; and that cases of sexual harassment and exploitation are being addressed immediately. The majority of reported cases are related to fraud and corruption. This could be the result of a sound whistle-blower policy and its implementation. However, the Committee encourages IOS to perform forensic audits and requests management to further tighten internal controls as well as implement pro-active fraud diagnostic tools.

10. The Committee took note with satisfaction of the draft IOS plan for 2019.

## **EXTERNAL AUDIT**

11. At the twenty-fifth session, the IEOAC met with the external auditors who provided the Committee with highlights of the 2017 External Audit Report, the 2017 SHI Financial Statements and the 2018 External Audit Plan. The Committee noted that an unmodified opinion had been issued for the SHI 2017 Financial Statements.

12. The Committee reviewed the 2018 External Audit Plan and is satisfied that it is being managed in coordination with the IOS audit plan, and that there is no duplication.

13. A private session was held with the External Auditors.

## **OVERVIEW OF WPRO and WCO Philippines**

14. The RD and DPM provided an overview of the Region and the organizational set-up which supports the effective delivery of technical support to the countries of the region.

15. WPRO is the only region with a health law team and there is a huge demand for it from the fast-growing economies of the region. The IEOAC notes that this would be a good example for the sharing of best practices across regions.

16. There is effective management and coordination between the Regional and Country teams through the role of the Programme Committee. The technical programmes across the three levels of the Organization are working well through robust communication channels such as the Category Area and Programme Area Networks.

17. The Regional Office and Country Offices have good control over the audit recommendations and have consistently provided timely responses on all audit reports. It is commendable that there have been no overdue Direct Financial Cooperation (DFC) reports for the Region since 2015, and regular assurance activities are undertaken to strengthen compliance and accountability for DFCs. The Committee is pleased to note that the Region has a strong compliance and risk management structure.

18. The Region manages human resources in a holistic manner and carries out a rolling forecast of resource requirements and taking a proactive approach in dealing with resource management. The Region would like to see the Organization establish a formal career pathway for the younger generation.

19. The WR to the Philippines provided an impressive overview of the work of Organization at country level. The Committee commends the approach adopted by the WCO for the planning of its work in line with the structure outlined in the GP W13.

20. The Committee noted that the Country Office works effectively with the Ministry of Health to overcome some of the health challenges faced by the country and that its activities are aligned with the regional strategy on health law particularly in its application to universal health coverage.

21. The Committee's attention was drawn to the need to establish a "unified" language for the WHO as various technical terminologies are being used by different offices throughout the Organization.

## **OVERVIEW OF THE GLOBAL SERVICE CENTRE (GSC), KUALA LUMPUR**

22. The Committee was given an update on the operations of the GSC by its Director. The Centre is functioning well with a client-oriented approach. It has successfully achieved certifications from CIMA, ACCA and ISO9001:2015 and has demonstrated operational efficiencies as evidenced by the benchmarking against UN and other public-sector entities. The GSC will shortly be carrying out a client satisfaction survey to assess performance and identify areas that need further strengthening or improvement.

## **COMPLIANCE, RISK AND ETHICS (CRE) UPDATE**

23. The Committee continues to monitor the progress in risk management, including WHO's Principal Risks and the implementation of the Baldwin Report,<sup>1</sup> and notes that the risk management process is maturing with the creation of the Risk Committee, review of the principal risks and its management. In the context of WPRO too, the Committee feels reassured that this increasing maturity should help change the approach to risks that has been experienced by the Region.

24. The Committee is reassured that management is giving its full support to investigating all allegations of sexual harassment and abuse.

## **WHO TRANSFORMATION PROJECT**

25. At its twenty-fifth meeting, the Committee was updated on the WHO Transformation Project which gives due cognizance to WHO's normative function, and focuses on country need and impact at the local level.

26. The Committee recognizes that the Transformation Project requires change across the organization with considerable impact on HQ functions, and notes that, as with any large change initiative, there will be resistance to change. Senior management is aware of this challenge and is developing an implementation strategy.

27. During the visit to WPRO and WCO Philippines, the Committee was briefed in detail about the progress of the Transformation Project at the Regional and Country level. The important aspects of the Project are well understood, and the Regional Office is supporting the countries in moving the agenda forward through engagement and follow-up.

28. There is strong alignment and clear understanding of the objectives between the Country Offices, the Regional Office and HQ in working towards standardization of global public goods, the impact framework, and internal control framework at all three levels of the Organization. The WR Philippines further reiterated that the voice of the Country Office is indeed being heard.

29. In recognizing that there are many fast-growing economies in the Region that will become high-income countries in the coming years, the Committee hopes that as part of the Transformation Project, the Organization will take into consideration this shift in realigning its strategy of support to such countries.

30. Project management principles should be applied to the Transformation Project, including scoping, role of consultants etc. and the Project should be audited.

## **UPDATE ON WHO HEALTH EMERGENCIES PROGRAMME (WHE)**

31. The IEOAC continues to monitor how emergency procedures work in coordination with the normal working processes of WHO. At its twenty-fifth meeting, the Committee was provided an overview of the WHE's conceptual framework, budget, funding, human resources, delegation of authority, procurement, standard operating procedures, and business processes. The WHE recognizes

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<sup>1</sup> An external review of WHO risk management commissioned from the Baldwin consultancy firm.

the importance of cross-functional collaboration with other departments, and emergency support processes are working well.

32. At its twenty-sixth meeting, the Committee was given a comprehensive overview of the WPRO Emergencies programme. The structure and organization of the team and the alignment of roles and responsibilities allows for emergency situations to be managed effectively. The Committee recognizes the efforts of the team in running the programme successfully to support the countries in the Region, many of which are prone to serious emergencies.

## EVALUATION AND ORGANIZATIONAL LEARNING

33. The DG's Representative for Evaluation and Organizational Learning presented a status update on the completed and ongoing evaluations. The Committee is pleased to note that Management is giving due attention to the development of a systematic approach for the implementation of the recommendations identified during audits, evaluations and reviews.

## OTHER MATTERS

34. **Polio Transition** – The Committee reviewed the Strategic Action Plan for Polio Transition and its implementation. The Committee recognizes the tremendous amount of work that is being undertaken to move polio-free countries to a post-eradication stage. The Committee understands that certain countries are already at this stage and it encourages management to implement transition measures in these countries.

35. **Information Technology** – At the twenty-fifth meeting, the Committee received an update on the IT Roadmap, including open recommendations from the report of the External Auditors and their closure plan. An overview of the IT governance and cybersecurity activities was also provided. The Committee was pleased to note that the actions have been taken to address the five open audit recommendations and all these will be closed in the coming months. The Department of Information Management and Technology has identified opportunities for improving cybersecurity for the Organization and steps are being taken to address the identified weaknesses. The Committee noted that considerable recurring investment is needed for the future for effective enforcement of cybersecurity and it encourages management to ensure that sufficient resources, both financial and human, are made available for this area. In this respect, the Committee suggested to management to work with other UN system Organizations under the auspices of the High-Level Committee on Management.

36. **Update on WHO Investment Case.** The Committee received a comprehensive briefing on the WHO Investment Case and is pleased to note it articulates the goals and objectives of the five-year strategic plan and the Triple Billion target. The Committee appreciates that while the normative role of WHO's continues, the plan lays sufficient emphasis on country focus, data, research and innovation. The Committee welcomes the WHO Investment Case.

37. **Update on Global Engagement Management and Engagement with non-State actors.** The Committee was provided with a status update on the GEM and on engagement with non-State actors, and notes that the Organization is aligning the framework and its systems with the Transformation Project.

**Dr Jeya Wilson (Chair), Robert Samels, Christof Maetze, Leonardo Pereira, Jayant Karia**

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