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## **Report of the Office of Internal Oversight Services**

1. The general plan of work of the Office of Internal Oversight Services for the year 2010 is set out below.
2. The mission of the Office is to provide 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.

### **ORGANIZATION AND SCOPE**

3. The Office is based at headquarters as a function of the Director-General's Office in order to ensure its independence. The Office is responsible for oversight of all levels and offices of the Organization. It distributes its work between headquarters (30%) and the regions (70%) in approximately the same proportion as the global distribution of resources.
4. The staffing complement of the Office continues at 17 posts, of which 15 are graded at the professional level. The staffing mix comprises of a multidisciplinary team which includes expertise in medicine, public health, accounting and finance, information technology, law, evaluation and business administration. This enables the Office to provide oversight to both programmatic and operational issues. Ad hoc work teams are formed for each project drawing on team members' skills and creating a synergy appropriate to each task.
5. The Office conducts its work in accordance with the International Professional Practices Framework promulgated by the Institute of Internal Auditors. These standards have been adopted for use throughout the United Nations system and provide independent, authoritative guidance designed to ensure an effective oversight function.
6. Reporting directly to the Director-General, the Office conducts internal audits, investigates alleged wrongdoing, and performs programme evaluation. 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.

### **BUDGET**

7. For the biennium 2010–2011, the Office has been allocated 94% of the estimated expenditure for the biennium 2008–2009. This figure, together with an average increase of about 8% in staff costs,

means that funding is insufficient to cover operating costs for the biennium. It is expected that there will be vacancies early in 2010 and part of the consequent savings will need to be diverted to operating costs. Consequently, there will be a reduction in the scope and coverage of the work of the Office in the forthcoming biennium.

## AUDIT AND EVALUATION PLAN OF WORK

8. The principle of results-based management guides the managerial process at WHO. The Eleventh General Programme of Work 2006–2015 and the Medium-term strategic plan 2008–2013 provide the agenda and strategic direction according to which WHO will operate and be held accountable for achieving results. The Office will continue to evaluate and improve processes for risk management, control and governance through conduct of audits and evaluations in the context of a results-based management framework.

9. WHO is decentralized with varied, geographically dispersed, responsibility and accountability centres, and this must be considered in the prioritization and planning of the Office's work. Flexibility is necessary and regularly, scheduled work may be interrupted or deferred in response to unexpected events.

10. The Office will focus on the structure, systems and processes that provide the basis for the delivery of results. This approach can be divided broadly into programme performance and operational support and evaluation.

11. **Programme performance.** The Office uses criteria such as organizational and partners' priorities, resource allocation, internal control environment, geographical balance, performance assessments and specific management requests when selecting programmes for audit. On this basis, the Office plans to conduct performance audits of selected programmes during 2010 at headquarters and in regional offices. In the case of country offices, because they are discrete accountability units, performance audits will be combined with a review of operational support. This integrated approach takes into account the programmatic and operational risks and other issues that may impede delivery of country office-specific expected results.

12. The workplan of the programme or country office under review serves as the starting point for the audit of programme performance. Using a risk-based approach, the Office identifies performance issues that could impede the achievement of results, and assesses what needs to be put in place to manage such risks.

13. **Operational support.** Various administrative, financial, logistical and information systems operate within the Organization to support programme delivery. Such systems need to operate within an internal control structure comprising rules, regulations, policies and procedures. At the same time, the components of the structure need to operate efficiently, effectively and economically in order to facilitate the Organization's primary task of programme delivery. In 2009, based on a previous internal audit report, the cluster for General Management initiated an enterprise risk management exercise which has resulted in the development of a risk management framework that is currently under ongoing review. In 2010, building on the information of this exercise and taking into consideration a range of criteria such as budgetary value, internal control environment, management requests, exposure to loss of assets and geographical balance, the Office will identify a selection of operational support activities for audit. An engagement risk assessment of the specific area chosen determines the

scope of work for each audit, and seeks to provide assurance that risks have been recognized and managed.

14. **Enterprise resource planning.** In July 2008 the Organization introduced the Global Management System at headquarters and the Regional Office for the Western Pacific. The Global Service Centre was established in Kuala Lumpur to process transactions. Recognizing the high risks associated with these events, the Office carried out several projects related to systems, processes and structure. The findings of these projects and the current status of implementation of the System and its implementation in other WHO regional offices in 2010 indicate the existence of significant risks and challenges to the Organization. As a priority, the Office will continue to place high emphasis on seeking assurance that those significant risks have been identified and key controls are in place and functioning effectively as part of the overall control environment.

15. **Evaluation.** The Office will conduct several evaluations in 2010. The topics for these projects will be selected using quantitative and qualitative criteria. The Office will consult as widely as possible before selecting a topic. The selected evaluations will cover programmatic and thematic topics, generally at a global or regional level, and the work will seek to provide an analysis of outcomes and lessons learnt. Standard criteria such as relevance efficiency, effectiveness and sustainability will be used in determining the terms of reference of an evaluation.

## **INVESTIGATION PLAN OF WORK**

16. Resources are available for investigation of suspected wrongdoing by staff and other irregular activity. These investigations are normally carried out reactively; however, investigative work may be conducted proactively where assessment discloses a high-risk situation. If necessary, regularly scheduled audit work will be interrupted or deferred in response to situations that develop unpredictably.

## **IMPLEMENTATION**

17. The Office monitors the implementation of all its recommendations in order to ensure either that action has been taken effectively by management or that senior management has accepted the risk of not taking action. Sufficient resources will be reserved to enable review and analysis of implementation of recommendations in collaboration with General Management.

## **COORDINATION**

18. The Office will maintain close contact with the External Auditor. Periodic meetings are planned to coordinate audit work and to avoid duplication of efforts. The Office also interacts with other United Nations agencies and international organizations through the Meeting of Representatives of Internal Audit Services, the United Nations Evaluation Group and the Conference of International Investigators.

**ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE**

19. The Committee is invited to note this report.

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