

Report of the Internal Auditor

1. The Office of Internal Oversight Services transmits herewith its annual report for the calendar year 2008 for the information of the Health Assembly.
2. Rule XII of the Financial Rules – Internal Audit – establishes the mandate of the Office of Internal Oversight Services. Paragraph 112.3(e) of Rule XII requires the Office to submit a summary annual report to the Director-General on its activities, their orientation and scope, and on the implementation status of recommendations. It also states that this report shall be submitted to the Health Assembly, together with any comments deemed necessary.
3. The Office performs an independent and objective assurance and advisory activity, which is designed to add value to and improve the Organization's operations. Using a systematic and disciplined approach, it helps the Organization to accomplish its objectives by evaluating and improving the effectiveness of processes for risk management, control and governance. It is responsible for investigation of alleged wrongdoing and it implements the Organization's evaluation function. The Office is authorized to have full, free and prompt access to all records, property, personnel, operations and functions within the Organization which, in its opinion, are relevant to the subject matter under review. No limitations were placed on the scope of the work of the Office in the course of conducting its business during 2008.

SCOPE OF WORK

4. The Office views risk as the possibility of an event occurring that will influence the achievement of objectives. It assesses risk in terms of degree of impact and likelihood of occurrence. Methodical consideration of risk guides the Office's prioritization of activities and provides a basis for work planning during engagements.
5. Although the Office limited certain oversight projects to very precise objectives, the general scope of work was to evaluate whether the network of processes for risk management, control and governance, as designed and implemented by the Organization's management, was adequate and functioning in a manner so as to fulfil specific purposes. These were to ensure that: (a) risks were identified, evaluated and managed; (b) financial, managerial and operating information was accurate, reliable and timely; (c) staff actions complied with WHO's regulations, rules, policies, standards and procedures; (d) resources were acquired economically, used efficiently, and protected adequately; (e) programmes, plans and objectives were achieved; and (f) the Organization's control process fostered quality and continuous improvement.
6. At the conclusion of each assignment, the Office issued a detailed report and made recommendations to management that were designed to help to manage risk, maintain controls and ensure effective governance within the Secretariat. Crucial issues from the individual assignments are noted in this report.

MANAGEMENT OF THE OFFICE

7. The Office conducts its work in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors and adopted for use throughout the United Nations system.
8. The Office reports to the Director-General and at year's end had a staffing resource of 17 posts.
9. Available human resources are assigned in accordance with the priorities of the Office. High-risk situations involving investigation of irregular activity, which develop unpredictably, may divert such resources away from identified priorities. Accordingly, the Office prioritizes scheduled work and then adjusts the schedule in order to compensate for any unexpected assignments.
10. In addition to human resources, the Office incurs such costs as travel, consultants and operating supplies in order to fulfil its terms of reference. During 2008, the funding of the Office was sufficient to cover necessary expenses and no work was deferred because of lack of funding.
11. The Office maintains regular contact with the Organization's External Auditor in order to coordinate audit work and to avoid overlap in coverage. The Office provides the External Auditor with a copy of all internal audit and evaluation reports.

AUDITS

Regional and country offices

12. **Office of the WHO Representative, Yaoundé.** The audit assessed whether risks associated with the finance and administration areas were identified and mitigated through the control structure. It found significant weaknesses in the effectiveness of the processes to manage risk and recommended strengthening the internal controls. The work disclosed control weaknesses connected with monitoring of advances for direct financial cooperation activities and noted an excessive number of cash payments. It also identified internal control weaknesses in the segregation of duties and in the bidding and adjudication processes in the area of procurement. There were instances where the delegation of authority was violated. Finally, the country office processed obligations and payments without adequate supporting documentation, and controls over inventory and miscellaneous expenditures were considered ineffective.
13. **Office of the WHO Representative, Dhaka.** The integrated performance-operational audit found that the country office was active and productive. Operational support was adequate for programme implementation, but certain controls in finance, personnel and information technology needed to be strengthened. The country cooperation strategy is aligned with the National Health Plan and the Programme budget 2008–2009, but the office's budget is oriented towards routine activities with insufficient emphasis on strategic technical assistance and support for policy development. The country office adapted the programme budget to accommodate large donor-funded projects without modifying existing indicators or targets. Competencies within the office were found to be adequate, except for staff in the areas of child and adolescent health and HIV/AIDS. Project teams created sub-offices in several locations in Dhaka, each with its own technical and administrative staff, which could be better organized by grouping the programmes under clusters. An increase of 43% in extrabudgetary funding in the biennium 2006–2007, due mainly to mobilization of funds for five programmes, masked funding shortages for priority programmes. Although plans call for voluntary

contributions to double in the biennium 2008–2009, only about 60% of the funding had been identified at the time of the audit. The audit found inaccuracies in the assessment report for the biennium 2006 – 2007, which were attributed to inaccurate estimates, misunderstanding of measurement terminology, poor linking of expected results and achievements, and lack of peer review by technical staff.

14. **Office of the WHO Representative, Lilongwe.** The audit focused on internal controls that mitigate the risks associated with finance and administration, and recommended strengthening these areas in order to reduce the existing risks. The work disclosed weaknesses connected with the timeliness of the implementation and re-programming of activities. Controls over procurement actions initiated by the Ministry of Health, procurement bidding and adjudication processes were ineffective. Control over processes for inventory and miscellaneous expenditures were not implemented effectively and obligations and payments were processed without adequate supporting documentation. Finally, the audit noted that general compliance with WHO's rules and regulations should be strengthened.

15. **Office of the WHO Representative, Pretoria.** This integrated performance-operational audit was the first oversight review since the former liaison office was elevated to country office status in 2005 and the Representative installed in 2007. At the time of the review, the country cooperation strategy was under development but a lack of strong collaboration with the national Department of Health limited the country office's ability to implement activities. Despite progress since the Representative took office, certain risks to the achievement of expected results remain. These include insufficient technical expertise, in particular the absence of an HIV officer; instability of staff contracts related to the lack of funding; and inadequate capacity to support the demands of the significant number of medical evacuations, conferences, and training sessions in South Africa organized by the Regional Office for Africa and headquarters.

16. **Regional Office for Europe.** The audit's objectives were to assess the risk management processes and the operating procedures in selected areas of the Division of Administration and Finance; to review internal control requirements in preparation for the implementation of the global management system; and to follow up on the implementation of prior audit recommendations. The audit found that implementation of, and consistency in, compliance with control procedures required some improvement. The results of the work indicated that the Regional Office should: ensure timely receipt and recording of field-office financial transactions through the imprest accounts; strengthen system-access controls; and improve compliance with established policies and procedures over invoice approval and monitoring. The follow-up showed that most prior audit recommendations had been implemented. The efficiency and effectiveness of financial reporting should be strengthened and the reporting of results for expenditure and budget should be realigned under the responsibility of the finance unit. Finally, the Information and Communications Technology unit should reinforce monitoring of crucial information technology components and business continuity procedures.

17. **Regional Office for the Eastern Mediterranean.** The audit assessed whether the Regional Office's risk management and control processes effectively identified, analysed and mitigated risks in the areas of budget, finance, human resources, procurement and information technology. The audit found that the control procedures in place to mitigate some of the major risks needed to be strengthened. There was an excessive level of residual risk in the areas of direct financial cooperation and human resources. Other risks identified related to the untimely receipt and recording of country offices' financial transactions and insufficient monitoring of expenditures. The audit further reported that processes relating to the information technology unit and compliance with WHO's policies and procedures on recruitment, procurement and contractual services need strengthening. Finally, the report noted that six recommendations from a previous audit, reportedly implemented, have not in fact been fully implemented.

18. HIV/AIDS, tuberculosis and malaria cluster at the Regional Office for South-East Asia.

The performance audit found that the cluster provided a balanced mix of normative work and support to countries in the South-East Asia Region. The work is aligned with the needs of Member States and the units have established effective regional collaboration. The audit also disclosed that the cluster could increase its efficiency by aligning the supervisory roles of the Coordinator and the regional advisers to the current managerial practices. It recommended extending delegated responsibilities for workplans approved by the Regional Director to the departmental Director and the Coordinator, and transferring the vacant Programme Administrative Officer post in the HIV/AIDS unit to the cluster level. Support to the work of the Global Fund to Fight AIDS, Tuberculosis and Malaria puts WHO in a strategic position to influence the Fund's investments and provide technical support. However, this situation has introduced new risks to WHO that need to be managed. The audit identified capacity and resourcing issues connected with the increasing collaboration between recipients of the Fund's grants and WHO's regional and country offices. It recommended that the cluster review the technical and administrative content of proposed contracts between WHO country offices and the Fund's grant recipients.

19. Office of the Special Representative of the Director-General in the Russian Federation.

The audit's objective was to evaluate risk management processes and controls in the finance and administration areas. The audit concluded that there is a reasonable level of assurance that the risks are recognized and the overall control environment mitigates material risks. However, compliance with established control procedures requires some improvement. Despite evidence of progress during 2008, the country office should strengthen controls to ensure the completeness of documentation supporting imprest account payments. The audit highlighted opportunities for operational and process improvements, in particular: ensuring the completeness of documentation in staff selection files and in adjudication reports for agreements for performance of work; initiating travel requests more promptly; reducing the number of cash payments; strengthening the segregation of duties within the administration and finance areas; establishing a full inventory; and implementing secure information technology backup procedures.

20. WHO Centre for Health Development, Kobe (Japan). The objective of the audit was to assess the risk management and control processes in selected areas of administration and information technology support. The results of the work disclosed that the processes needed to be strengthened. Risks require mitigation in the areas of imprest account processing, procurement and human resources. The audit identified a lack of proper segregation of duties within the Centre's administration and weaknesses in the information technology unit's operational procedures. Finally, compliance with WHO's policies and procedures on staff selection and recruitment, agreements for performance of work, and procurement should be strengthened, as should the Centre's compliance with the requirements of its memorandum of understanding with the local funding partners (the Kobe Group).

21. Staff security in the regions. Staff security is crucial. The audit assessed that overall the procedures in place to manage major security risks for staff posted outside headquarters were inadequate. The results of the work disclosed deficient compliance of WHO's offices and vehicles with the minimum operating security standards. The number of security personnel in the regions is not proportionate to the actual security risks but based on the availability of funding. The audit further found an absence of training programmes to ensure that all groups with different training needs were identified and trained accordingly. Finally, there is no mechanism to secure sufficient and sustainable financial resources to meet increasing security needs and there is limited transparency of security costs, the accounting for which is spread among several budget centres.

22. **Office of the WHO Representative, Islamabad.** The audit focused on internal controls that mitigate the risks associated with the finance and administration areas of the country office and assessed their overall effectiveness as inadequate. The results of the review found that the organization of work caused inefficiencies in administrative processes, inadequate segregation of duties, and improper alignment of staff skills with job requirements. Recruitment procedures need improvement in order to ensure transparency in the selection process. Controls over local cost subsidy advances were inadequate. In particular, the audit disclosed subsidy advances of at least US\$ 1.8 million that had been paid in cash to the programme coordinators of the Ministry of Health rather than transferred to government-controlled bank accounts. In a number of instances, the use of the subsidies had not been justified through financial statements, as is required by WHO's rules. The audit also identified control weaknesses in relation to the bidding and adjudication processes in the area of procurement, and instances where the delegation of authority had been violated. Finally, controls over inventory and other fixed assets were ineffective. Effectiveness of controls is crucial to the success of the country office.

23. **Office of the WHO Representative, Phnom Penh.** The integrated performance-operational audit found the country office to be actively engaged in health sector development, thereby contributing to its positive reputation. Overall, operational support processes, staffing and infrastructure were adequate to support programme implementation. However, the audit noted that the 2008–2009 budget ceiling and the related workplans did not correspond to the likely funding realities and WHO's support to the national priorities of maternal health and noncommunicable diseases remain underfunded. Areas of potential programmatic improvement include: the finalization of the country cooperation strategy; establishment of a process to review and approve workplans with the Ministry of Health; development of integrated approaches for new policy areas; and clarification of the office's role in global health initiatives. In the context of the Global Management System and the Global Service Centre, there were several post-implementation matters of concern relating to operational systems and processing that fall outside the control of the country office. Unless these issues are addressed, the processes stabilized, and the second-level support provided to the country by the Regional Office and the Global Service Centre strengthened, programme implementation will suffer.

24. **Malaria Unit at the Regional Office for Africa.** The performance audit found significant risks to achieving the programme's objectives that arise from competition with other entities involved in malaria control, a lack of resources and weak managerial processes. Further realization of these risks could affect WHO's capacity to provide support to countries for achieving regional malaria goals and could call into question the Organization's continued leadership in malaria elimination in the African Region. The increasing number of entities involved in malaria work creates a challenging and competitive environment which affects the programme's potential for successful work. The work is largely funded by voluntary contributions but the levels of funding are decreasing. There was neither a medium-term strategic business plan nor a resource mobilization strategy. The audit disclosed insufficient staffing with an inadequate mix and distribution of skills that could jeopardize performance. Other weaknesses require attention, such as collaboration with regional programmes and partners, programme monitoring, and support from the malaria programme at headquarters and from the administrative units in the Regional Office. The regional malaria unit and the intercountry support teams have actively provided support to countries in the Region but the various risks identified will need to be tackled if that support is expected to continue. As malaria is one of the Millennium Development Goal targets and a WHO priority, rectifying the deficiencies in the malaria programme in the African Region is crucial.

25. **Office of the PAHO/WHO Representative, Quito.** The integrated performance-operational audit found the country team to be motivated and productive. The biennial plan of action is aligned with the national health priorities, the United Nations Development Assistance Framework and the corporate priorities of the Organization, but there is no country cooperation strategy to guide the mid-term technical cooperation of the Organization with Ecuador. The country office has minimal interaction with WHO headquarters, a weakness that limits its potential support and prevents sharing of information on successful local initiatives. There was no systematic approach to establishing partnerships and mobilizing resources at country level. The expertise and competencies within the country team were adequate, but the growing demand for support from the Ministry of Health in the area of noncommunicable diseases and health promotion exceeded the capacity of the country office. The Representative has implemented team management through the use of voluntary work groups to discuss how to improve quality (“quality circles”) that is an example for other countries in the Region of the Americas. The audit did not identify major risks in the operational support and administrative processes, and concluded that systems and infrastructure are adequate to support programme implementation. However, the country office needs to strengthen specific aspects of personnel administration, contractual service agreements and finance.

Headquarters

26. **Parallel testing of payroll calculation for the Global Management System.** In March 2008, the Office reviewed the processes used for the parallel runs conducted to test the accuracy of the payroll calculations in the Global Management System. The review identified a delay in the execution of testing plans at that time and a likely insufficient capacity in the project team and the Global Service Centre to complete testing plans satisfactorily before the planned start date in July 2008. The review also noted the limitations of the payroll calculation exercise; it did not include testing of staff entitlement calculations, such as education grants, miscellaneous allowances and separation payments, nor did testing plans cover the related payroll cost distribution. Effective testing of payroll calculation was a crucial issue in the preparation for the inception of the System.

27. **WHO’s collaboration with the private sector.** The objective of the audit was to review existing policies and guidelines and to assess the extent to which they enabled the Organization to collaborate with the private sector while managing risks. Although earlier collaboration arrangements related to mobilizing resources, recent efforts focused on programmatic strategies aimed at health outcomes. The audit revealed that the Organization should give greater attention to the political and strategic public health aspects of collaboration proposals rather than considering only their legal dimension. It further found that guidelines for collaboration were needed to provide a framework for WHO’s programmes to formulate strategic approaches for their engagement with the private sector. Further, a focal point was required to support the strategic value of potential collaboration and, after seeking legal and other advice, to assess and manage associated risks. The Committee on Private Sector Collaboration needs to be revitalized. Finally, the audit recommended improved reporting on private sector collaboration and closer internal coordination among the departments involved in WHO.

28. **Epidemic and pandemic alert and response operations in headquarters.** The audit focused on the Alert and Response Operations team and judged that its work in verifying and responding to public health events of international concern was adequate to mitigate major risks. It further concluded that the management of the JW Lee Centre for Strategic Health Operations was satisfactory. However, the audit identified insufficient interaction with regional offices and within headquarters on organizing event alert, verification and response activities. In this respect, further contact with other WHO offices is required in order to use the event management system software to its full potential and complete some standard operating procedures. The audit noted insufficient attention to development of both

medium- and long-term strategies and identified the need to prepare a plan for how the unit would deal with other units at headquarters and regional offices. Increased involvement of the regional offices and external partners is required to re-orient and sustain the Global Outbreak Alert and Response Network at global and regional levels. Management of stocks of medicines, including oseltamivir, for preparedness and event response requires strengthening. Senior management's involvement is needed to implement the recommendations that involve relations between departments at headquarters, regional offices and important external partners.

29. **WHO gift shop at headquarters.** The audit reviewed internal control over the sales activity of the gift shop in Geneva. The report recommended that WHO Press and the accounting services establish more effective reporting of revenue and perform a regular reconciliation of revenues to the cash balance. Further, the inventory system needed to be strengthened through reconciliation of the inventory records to physical counts on a regular basis.

30. **Global insurance coverage.** The audit evaluated whether business insurance coverage was managed appropriately to protect the Organization's assets, staff members and service providers while providing value for money. It disclosed an unacceptably high level of unmitigated risk due to weaknesses in overall governance, absence of formal risk management, and deficiencies in the operational support provided by the Global Management System. The absence of a formal mechanism for governance and oversight of insurance over the past few years has resulted in deficient review of the performance of the insurance provider and limited monitoring of self-insured risks. No high-level decision-making mechanism provides the necessary objectivity to test the identification of threats, assess risks, and review mitigation strategies. Furthermore, there is no mechanism to monitor compliance with WHO's policies and contractual obligations. The absence of a formal oversight mechanism and the decentralized organization and structure have detracted from management's responsibility at the cluster level. Operational units in the cluster are now responsible for defining policy, reviewing performance, assessing risks, defining coverage, and performing operational activities, which is contrary to good segregation of responsibilities. The Office was unable to assess whether the functionality of the Global Management System, in particular in the area of personnel-related insurance, is adequate to mitigate the major risks identified. This inability is due to the uncertainty of the degree of support that the System will provide, and the unknown timeframe for the availability of reports to provide contractual information to insurance providers and to pay premiums. Finally, compliance with WHO's policies and procedures relating to contract renewal processes, approvals by the Contract Review Committee and insurance contract clauses needed strengthening. The entire approach to handling business insurance is in a critical state.

31. **Accounts payable.** In late 2008, the Office performed an initial review of the accounts payable process after the introduction of the Global Management System. Management has recognized some of the exceptional financial and operational risks and taken certain actions to mitigate them. However, the extent of the difficulties in implementing the System and the associated records management system, coupled with the challenge of starting the Global Service Centre, has left some risks unmitigated. The Office found an unacceptable level of duplicate payments and late payments made to suppliers and staff. Actual losses may not yet have been realized, but recovery efforts at the time of the audit were fragmented. Furthermore, crucial controls such as bank reconciliations have not been completed since 1 July 2008, as the intended automated functionality was not working. The Office made recommendations to address the short-term exposures pending application of needed fixes and enhancements in the Global Management System. The situation with regard to accounts payable has become a serious risk.

32. **Education grants at headquarters.** The objective of the audit was to assess compliance with WHO's rules and regulations for education grant payments. It covered transactions processed in both the administration and finance information system and in the new Global Management System. The audit found that controls over education grant processing in that System need to be strengthened. There was a high level of unmitigated risk due to functionality problems with the System, errors in the automatic calculations, and a lack of System-generated reports. The audit further noted that supporting documentation was either unavailable or insufficient for some of the transactions; it also found inconsistency in the determination of the base for the entitlement, differences in the application of what constitutes an admissible expense, and several overpayments to staff.

EVALUATION

33. **Health systems and services development at the Regional Office for the Eastern Mediterranean.** Weak performance of national health systems is a major constraint in achieving equitable universal coverage of health services. Several global health initiatives, including the GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria, now support health system strengthening. Within WHO, the Director-General has revitalized the primary health care approach for strengthening health systems. In the Eastern Mediterranean Region, the Division of Health Systems and Services has directed health system strengthening on primary health care principles and values and is positioned, and technically prepared, to build on its achievements.

34. The Division started carrying out joint review missions of the health sector in order to formulate a comprehensive analysis of the performance of countries' health systems. Building on these missions, the Division should harmonize its coordination mechanisms with other technical programmes and integrate further its support to the different components of health systems in countries. Those steps would facilitate the strategic analysis of what health systems need in each country. Such strategic analyses can also identify constraints in, and potential for, collaboration with other health programmes. Encouraged by funding from the GAVI Alliance and the Global Fund, the Division has worked closely with the vaccine preventable diseases and immunization unit and increasingly with the HIV/AIDS, tuberculosis and malaria units. The potential for strategic collaboration on emergency and humanitarian action has not yet been exploited. The Division was unable to accept some requests from other programmes for joint work owing to limited capacity. There was no organizational approach to managing health system strengthening across health programmes. Headquarters, together with the regions, need to provide better coordinated strategic direction on their respective roles and responsibilities for all health system components to support countries. The role of the WHO Representative is crucial for engagement in policy dialogue and identifying opportunities for policy change. The evaluation report proposes employing a senior general health system expert and applying a functional matrix for planning at country level in order to strengthen an integrated approach. WHO country offices can use the convening power of the Organization to assist the health ministries in the coordination of the development partners and national stakeholders. The Regional Office needs to work with ministries other than health ministries and to strengthen strategic collaboration with influential partners.

35. The main constraint on the Regional Office's programme on health system strengthening is that its current capacity is already stretched to its limit. The Division has made multiple efforts to sustain mobilization of resources both in the Region and elsewhere, but with limited success. It needs to seek support from headquarters and, together with other regions, develop a global strategy and a resource mobilization plan. Only then can the Division strengthen capacity in country offices, thereby meeting the increasing demand from Member States.

INVESTIGATIONS

36. **A WHO country office.** The investigation revealed that a staff member had initiated procurement transactions and selected suppliers from among commonly-held companies resulting in a loss to the Organization of about US\$ 150 000. The staff member's contract was not renewed and the staff member's previously expected selection for a post in another Region was not pursued.

37. **At headquarters.** Following the substantiation of accusations of inappropriate behaviour, a disciplinary process was conducted, leading to a finding of misconduct and a decision to reassign the staff member concerned.

38. **A WHO country office.** The Office confirmed an allegation of inappropriate behaviour involving a third party which contributed to a decision to reassign the staff member.

39. **At headquarters.** The Office investigated allegations by a commercial bidder that two WHO staff members had discredited the bidder's company in the process of evaluating its technology. The investigation did not establish any evidence of favouritism, bias or prejudice on the part of the WHO staff members and the case was closed.

40. **At headquarters.** The investigation disclosed that a WHO staff member falsely claimed to be residing in Switzerland, apparently with a view to maintaining expatriate entitlements. The investigation established that no monies had been disbursed and, therefore, that the Organization had not incurred any loss. The matter has been referred for a decision regarding disciplinary action.

41. **At headquarters.** The investigation established that a WHO staff member owns a commercial enterprise and has used technology developed by the Organization in order to generate revenue for the company. It further disclosed that the staff member had transferred money to their WHO supervisor and a WHO colleague, through the company, for activities by the company that are part of the staff members' terms of reference with the Organization. The investigation revealed that the supervisor was aware of the staff member's activities. The matter has been referred for a decision regarding disciplinary action.

FOLLOW-UP AND IMPLEMENTATION

42. The Office monitors the implementation of all its recommendations in order to ensure that action has been taken effectively by management or that senior management has accepted the risk of not taking action. A list of reports issued from the Office's plan of work for 2008 is attached at Annex and includes information on implementation. All recommendations from the 2007 plan of work and earlier have been reported as implemented and reviewed by the Office for effectiveness, and the audits have been closed, except as mentioned in the following paragraphs. The Office calls attention to the preponderance of delinquent implementation relating to recommendations from audits conducted at headquarters.

43. **Telephone expenses at headquarters.** The audit report was issued in January 2005,¹ and recommendations have been largely implemented. However, as previously reported,² the major issue still outstanding concerns the need to review and recover the cost of private mobile telephone calls. Although some work has been done, implementation efforts planned for 2008 did not fully materialize and other action has reportedly been planned for 2009.

44. **Staff security unit at headquarters.** The audit report, issued in June 2005,³ discussed weaknesses in procedures used by the security unit at headquarters to identify and mitigate major risks related to staff security. The Office received replies in September 2006 and October 2007 that indicated that some issues had been dealt with. However, the audit remains open as some recommendations concerning issues such as the reporting structure between regions and headquarters, accountability of WHO Representatives for security issues, and compliance with the minimum operating security standards have not yet been implemented. These and the issues that were identified during work focusing on security in the regions,⁴ should be considered for implementation together, as staff security is crucial to the Organization.

45. **Global Malaria Programme.** The audit report, issued in August 2006,⁵ discussed the unmitigated risks that existed in administrative and financial areas of the department concerned. No response has ever been received and follow-up requests for an implementation plan remain unanswered. The current status of implementation is unknown.

46. **Office of the WHO Representative, Baghdad – Iraq Trust Fund.**⁶ In 2006, an audit reviewed the financial and administrative aspects of WHO's operations in Iraq, which the WHO Representative conducts under complicated, changing and difficult circumstances. The Office received responses in December 2007 and July 2008 which indicate some implementation efforts. Additional information has been requested on the status of implementation of four recommendations.

47. **Enterprise risk management.**⁷ The Office calls attention to WHO's continuing and significant vulnerability due to insufficient identification and analysis of the risks it faces, a situation that was first reported in May 2004. The General Management cluster initially stated that implementation of enterprise risk management was unnecessary but later agreed to incorporate risk management processes into existing managerial structures. However, the Office notes the absence of any progress and has yet to receive an implementation plan. The absence of formal risk management is a crucial issue.

48. **Bank accounts of associations and other entities established by WHO staff.**⁸ The Office received information that showed that the recommendations to strengthen controls over the existing bank accounts of the associations have been implemented. However, the recommendations to create

¹ Referred to in document A59/32, paragraph 46.

² Referred to in document A61/25 Rev.1, paragraph 48.

³ Referred to in document A59/32, paragraph 28.

⁴ See paragraph 21 and Annex.

⁵ Referred to in document A60/34, paragraph 24.

⁶ Referred to in document A60/34, paragraph 16.

⁷ Referred to in document A60/34, paragraph 28 and Annex.

⁸ Referred to in document A61/25 Rev.1, paragraph 25.

guidelines for the establishment and operation of WHO-related associations and other entities and their bank accounts have not been implemented.

49. **Selection and recruitment at headquarters.**¹ The audit assessed the system of internal controls in areas of highest risk and appraised the efficiency of the selection and recruitment functions. The Office received an initial response more than one year after the audit report was published. Although it showed that actions had been taken to implement the recommendations, the Office considered that many issues had been only partially addressed. Additional information has been requested to ensure that all issues receive adequate attention and follow-up will continue.

50. **WHO Research Ethics Review Committee.**² The audit disclosed gaps throughout the Organization in compliance with its own policy of ethical review of all research supported by WHO and recommended urgent action to rectify the situation. This weakness is a crucial issue. The Office has received a response to the audit which indicates that some recommendations have been implemented acceptably. However, other recommendations were reported as works in progress and follow-up will continue.

51. **The International Drug Purchase Facility, UNITAID.**³ A risk assessment carried out in December 2007 identified risks to WHO in its capacity as host agency and risks related to the performance and accountability of UNITAID. A response to the recommendations has not been received.

52. **Expanded Programme on Immunization, Regional Office for the Western Pacific.**⁴ The audit identified weaknesses in aspects of programme planning, management and implementation that may limit the success of the Programme in a period of decreased funding and increased integration with partners. The Office received a detailed response within five months of the audit which effectively dealt with several recommendations. However, other recommendations were reported as works in progress, or the reported implementation was insufficiently documented. Accordingly, the Office will continue to follow up these outstanding items.

53. **Regional Office for Africa, Brazzaville.**⁵ The audit report described the Regional Office's exposure to administrative and financial risks. The Office received progress reports during 2008 indicating that some issues, in particular in the procurement area, had been addressed. However, the audit remains open awaiting further information on the implementation status of six recommendations.

54. **Assessment of the control readiness of the Global Service Centre.**⁶ The audit assessed control readiness before the Global Service Centre was established, and provided a control framework for the Service Centre that identified the control objectives and activities for high-level risks. The Office received a response from the Service Centre that confirmed that some risks identified in the audit report presently affect its operations. The response also mentioned that significant problems were

¹ Referred to in document A61/25 Rev.1, paragraph 27.

² Referred to in document A61/25 Rev.1, paragraph 28.

³ Referred to in document A61/25 Rev.1, paragraph 29.

⁴ Referred to in document A61/25 Rev.1, paragraph 22.

⁵ Referred to in document A61/25 Rev.1, paragraph 23.

⁶ Referred to in document A61/25 Rev.1, paragraph 30.

experienced with the Global Management System in the months after initial implementation. The Service Centre advised that all issues have been logged, manual workarounds have been implemented and further training has been conducted in the live environment. However, major challenges remain in some processes and the Service Centre will need to review the control environment when the System is stabilized. The Office will continue to follow up in order to ensure that efforts to implement the system of internal controls at the Service Centre are maintained. Improvement of the Service Centre's control environment is crucial.

ACTION BY THE HEALTH ASSEMBLY

55. The Health Assembly is invited to note the report.

ANNEX

2008 AUDIT, EVALUATION AND INVESTIGATION REPORTS AND STATUS

| Report title | Paragraph reference | Report date | Closure date | Comments |
|--|---------------------|-------------|--------------|--|
| AUDITS | | | | |
| WHO Country Office, Yaoundé, Cameroon | 12 | 26.03.2008 | | A response received in December 2008 confirmed effective implementation of some of the recommendations. However, further information has been requested on five recommendations. |
| WHO Country Office, Dhaka, Bangladesh | 13 | 26.06.2008 | | A response received in January 2009 confirmed effective implementation of some recommendations. Further information has been requested on other recommendations. |
| WHO Country Office, Lilongwe, Malawi | 14 | 30.04.2008 | | A response received in January 2009 confirmed effective implementation of some recommendations. However, further information has been requested on other recommendations. |
| Payroll Calculation Parallel Testing | 26 | 10.04.2008 | 16.04.2008 | A memorandum from the General Management cluster acknowledged the risks identified by the audit and discussed next steps in the testing process. The audit was closed due to implementation of the Global Management System. |
| WHO Country Office, Pretoria, South Africa | 15 | 23.05.2008 | | A response received in December 2008 confirmed effective implementation of some of the recommendations. However, further information has been requested on other recommendations. |
| Performance Audit of WHO's collaboration with the Private Sector | 27 | 24.06.2008 | | Awaiting initial response. |
| Regional Office for Europe | 16 | 24.07.2008 | | Awaiting initial response |

| Report title | Paragraph reference | Report date | Closure date | Comments |
|--|---------------------|--------------|--------------|--|
| Regional Office for the Eastern Mediterranean | 17 | 26.08.2008 | | A response received in October 2008 confirmed effective implementation of a number of recommendations. However, further information has been requested on other recommendations. |
| HIV/AIDS, Tuberculosis and Malaria Cluster at the WHO Regional Office for South-East Asia | 18 | 29.08.2008 | | The Office received a comprehensive response in mid-January 2009 which dealt with most issues. However, additional information is needed before the audit can be closed. |
| Alert and Response Operations, Epidemic and Pandemic Alert and Response Department at Headquarters | 28 | 20.08.2008 | | Awaiting initial response. |
| WHO Country Office for the Russian Federation | 19 | 14.10.2008 | | Awaiting initial response. |
| WHO Centre for Health Development, Kobe, Japan | 20 | 10.10.2008 | | Awaiting initial response. |
| WHO Gift Shop at Headquarters | 29 | 21.08.2008 | 18.02.2009 | The Office received a comprehensive response which satisfactorily addressed the audit recommendations. |
| Security in Regions | 21 | 19.11.2008 | | Awaiting initial response. |
| Global Insurance Coverage, Headquarters, Geneva | 30 | 21.11.2008 | | Awaiting initial response. |
| WHO Country Office, Islamabad, Pakistan | 22 | 27.11.2008 | | Awaiting initial response. |
| WHO Country Office, Phnom Penh, Cambodia | 23 | 27.02.2009 | | Awaiting initial response. |
| Accounts Payable – GSM Post Go Live | 31 | 28.01.2009 | | Awaiting initial response. |
| Malaria Unit at the Regional Office for Africa | 24 | <i>Draft</i> | | Awaiting initial response. |
| PAHO/WHO Country Office, Quito, Ecuador | 25 | <i>Draft</i> | | Awaiting initial response. |
| Education Grants, WHO Headquarters | 32 | 30.01.2009 | | Awaiting initial response. |
| | | | | |

| Report title | Paragraph reference | Report date | Closure date | Comments |
|--|---------------------|--------------|--------------|--------------------------|
| EVALUATIONS | | | | |
| Health Systems and Services Development at the Regional Office for the Eastern Mediterranean | 33 | <i>Draft</i> | | |
| | | | | |
| INVESTIGATIONS | | | | |
| A WHO country office | 36 | 27.02.2008 | 27.02.2008 | Closed on issuance. |
| At headquarters | 37 | 07.03.2008 | 01.11.2008 | Staff member reassigned. |
| A WHO country office | 38 | 07.03.2008 | 06.05.2008 | Staff member reassigned. |
| At headquarters | 39 | 24.06.2008 | 24.06.2008 | Closed on issuance. |
| At headquarters | 40 | 24.07.2008 | | <i>Sub judice.</i> |
| At headquarters | 41 | 25.11.2008 | | <i>Sub judice.</i> |
| At headquarters | 41 | 09.12.2008 | | <i>Sub judice.</i> |