



WORLD HEALTH ORGANIZATION

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Implementation of budget resolutions

Resolutions EB103.R6 and WHA52.20

Report by the Office of Internal Audit and Oversight

PART 4: “providing an evaluation of the new management support units, comparing their performance with that of the previous system” (resolution EB103.R6)

BACKGROUND

1. The Office of Internal Audit and Oversight directed the evaluation of the Management Support Units (MSUs) at the request of the management in order to ensure objectivity and independence. The project was a joint effort between the General Management cluster, an outside consulting firm and the Office, which maintained control of the work and is the authority on the report.¹
2. The Office independently selected Arthur Andersen Business Consulting to undertake a quantitative and qualitative analysis. The contracts committee confirmed the selection through established procedure.
3. The evaluation compared the effectiveness, efficiency and economy of the MSUs with the previous centralized system. It comprised a review of the cost implication of the new structure; a quantitative analysis of common performance indicators; and a qualitative assessment.
4. In order to comply with the Executive Board’s request, the evaluation had to begin when the MSUs had been functional only for about six months. The short period for which data were available inhibited a solid evidence-based comparison and analysis. Fragmented control over specific activities in the MSUs further complicated the comparison with the centralized approach.

COST IMPLICATION

5. The Office reviewed the cost implication of the establishment of the MSUs and audited the information previously reported by the Secretariat as showing cost neutrality for the regular budget and general administration of WHO (document EB103/INF.DOC./1).

¹ The complete report is available upon request, in English only.

6. The Office agrees with the information presented in this document and believes that it accurately depicts the effects on the regular budget. The Office further believes that the information is not complete without indicating the impact of some US\$ 3.3 million on other funds, primarily from the creation of MSU manager posts. The Office is satisfied, however, that this amount has been offset by other savings in general administrative costs and that the establishment of the MSUs was, in total, cost neutral.

QUANTITATIVE ANALYSIS - PERFORMANCE REVIEW

7. The General Management cluster developed 20 specific performance measures with target times in order to monitor progress. For the evaluation, six indicators were selected and data were collected during a three-month period. Comparative data from the previous biennium were identified. The six indicators mainly represent a measure of the time needed to process specific transactions related to expenditure and personnel and do not attempt to assess either cost or quality of the services provided.

8. The performance data collected did not cover all the responsibilities and objectives assigned to the MSUs, nor were seasonal or other variations in workloads considered. Accordingly, these results should be considered only as an initial indication of the performance of MSUs.

9. Analysis of the data collected showed that all indicators relating to the processing of various contracts and travel authorizations were within the established target times as were those for recruitment. However, processing of contract extensions and functions related to the classification of posts exceeded the target times.

10. A comparison of the number of days required for processing with data for the previous biennium showed substantial improvement for all indicators.

11. Although the overall results showed a positive trend, there were significant differences between and within MSUs for the various performance indicators. The most significant variances were found in personnel administration.

QUALITATIVE ANALYSIS - CLIENT SATISFACTION REVIEW

12. MSU clients, in general, welcomed the objectives of the new system but expressed some dissatisfaction with the support functions as currently provided.

13. Staff, both in technical programmes and those working on cross-cutting activities, emphasized the significant improvements resulting from the MSU structure. Specifically, the clients appreciated the service orientation of the MSUs and their customized advice and solutions. In addition, they perceived that efforts to standardize and communicate procedures were improving the level of the service provided.

14. Some departmental directors, however, described a degree of dissatisfaction and did not see added value for certain activities under the MSU structure. For example, a general attitude was identified which suggested that the MSUs lack an understanding of the technical programmes' specific needs and expectations. Concern was expressed that some MSUs lacked consistency in performance. Further, there was a general complaint of excessive control as opposed to service-orientation, and a disappointment at the lack of progress toward simplified procedures.

QUALITATIVE ANALYSIS - OPERATIONAL REVIEW

15. The limited scope of the performance indicators necessitated further analysis of MSU operations in order to assess more comprehensively the effectiveness of the MSU model. The operational review addressed areas that influenced the effectiveness of the reorganization, including the devolution strategy, the current accountability structure and the revised procedures.

16. As opposed to the improvements outlined in the performance review, the operational review also disclosed weaknesses in the manner in which the MSUs were established and continue to function. The following main issues were identified:

- **Devolution strategy.** Although devolution changed the organizational structure, line managers have been given no greater decision-making authority. The moving of administrative functions physically closer to clients can improve performance, but more significant improvements could be achieved through a revision of the overall framework.
- **Added value of MSUs.** The added value of the MSU concept has not been clearly perceived by the technical programmes. Conflict continues to exist on the balance between the control function that MSUs view as a key responsibility and the streamlined processing of transactions wanted by the programmes.
- **Responsibility and accountability.** The implementation of the MSU concept did not clearly identify reporting lines and accountabilities within the Organization. Although the MSUs clearly report to the Executive Directors, there has been little to define how they can also effectively be accountable to various units in line with the functions they perform.
- **Technical programme expectations.** The current framework does not ensure that the expectations and needs of clients for support in the technical programmes are effectively identified and addressed.
- **Work processes.** There was no systematic review of procedures in order to align them with the new framework and clients' needs. Many processes continue to be characterized by control-oriented complex processes, with broken flows of activities and duplicated tasks.
- **Information systems not aligned with the needs of the decentralized structure.** Major information systems were conceived to meet the needs of the previous system. Although these systems are under active review, the needs of the new organizational framework have not yet been met.

CONTROL SELF-ASSESSMENT

17. Complementary to the evaluation, the Office led each MSU through a self-assessment which examined the internal control structure necessary to accomplish the MSU's objectives. The results of the exercise revealed several weak areas, some of which were common to many MSUs and had global implications. Some of these weaknesses were also confirmed by the operational review during the evaluation. The Secretariat has initiated remedial action at all levels and the Office will continue to consult on the project until its conclusion.

CONCLUSION

18. The results of the quantitative and qualitative analysis indicate that the devolution of certain support functions is a viable strategy. Service provision in general has improved, with some exceptions, when compared with the targets and performance of the previous system. Departmental clients welcomed the objectives of the new system but did not yet perceive added value in all instances. However, the weaknesses brought out by the operational review will need to be addressed. This evaluation should be considered as an integral part of a continuous improvement process.

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