



WORLD HEALTH ORGANIZATION

EXECUTIVE BOARD
105th Session
Provisional agenda item 7.4

EB105/38
21 January 2000

Other management issues

The report of the first meeting of the Audit Committee is submitted herewith to the Executive Board for its consideration.



WORLD HEALTH ORGANIZATION

AUDIT COMMITTEE OF THE
EXECUTIVE BOARD
First meeting

EBAC1/5
21 January 2000

Report of the first meeting of the Audit Committee of the Executive Board

1. The first meeting of the Audit Committee took place in Geneva on 21 January 2000 under the chairmanship of Mr V. Vislykh (Russian Federation). The provisional agenda was adopted with the inclusion of one additional item, "Other matters". The list of participants is attached as an Annex.

Agenda item 3.¹ Review of the Committee's terms of reference (Document EBAC1/2)

2. With reference to the basic terms of reference of the Audit Committee as set out in resolution EB103.R8, the Committee was informed of the discussion that had taken place on 20 January in the joint meeting of the Administration, Budget and Finance Committee (ABFC) and the Programme Development Committee (PDC). An exchange had taken place in that meeting on the respective terms of reference of the two committees. The joint meeting had recommended that a separate meeting should be held before May 2000 so that the Chairman of the Executive Board and the Chairmen of the three committees could draw up complementary and mutually supportive terms of reference. Any modification to the Audit Committee's future role and functions had to be seen in that light.

3. On the basis of the existing terms of reference set out in resolution EB103.R8, the Committee made the following comments on modalities for its future work:

- a key objective of the Committee would be to ensure full independence of both internal and external audit. For that purpose, any reporting to the Board on audit matters should be through the Audit Committee;
- as far as practicable, the Committee should be given access to reports of both the External and Internal Auditor. Similarly, reports of the Joint Inspection Unit should, as a matter of routine, be sent to members of the Committee;
- the Committee should participate in quality assessment and choice of External Auditor, and should be able to express its opinion on the quality of external audit reports;
- the Committee should contribute to the planning and process of conducting audits, both internal and external;
- the workload of the Committee could be significant and two days of formal meetings might not be sufficient;

¹ Document EBAC1/1.

- secretariat support would be required to prepare detailed reports; the summary reporting of discussion in ABFC and PDC was not suitable for the purposes of the Audit Committee;
- the Committee would be the appropriate body to review reports of the Joint Inspection Unit, and provide relevant comments to the Board thereon;
- opportunities for members to collaborate between meetings would need to be followed up, including the option of private meetings, if need be with only the participation of the Secretary;
- a study the Rules of Procedure of the Executive Board might be requested in the future with a view to finding means of allowing certain departures from those rules and different *modus operandi* as might be warranted.

4. The Chairman of the Board emphasized that, in his view, the above proposals served to underline the need for a careful look at the terms of reference of all three committees. The Legal Counsel drew attention to the constitutional role of the Executive Board *vis-à-vis* the Health Assembly, the role of the External Auditor as a body answerable to the Health Assembly only, and the functions of internal audit as an instrument of the Director-General

5. Attention was drawn to Article XIII of the Financial Regulations of WHO which provided that neither the Health Assembly nor the Board should take a decision involving expenditures unless it had before it a report on the administrative and financial implications of the proposal. The Chairman of the Committee confirmed that the work of the Audit Committee currently had no additional resource implications, although the possibility of increased resource requirements could not be ruled out once its terms of reference had been finalized at the meeting referred to in paragraph 2.

Agenda item 4. Plans for audit coverage (Documents EBAC1/3 and EBAC1/4)

6. The Audit Committee was presented with the proposed plans for audit coverage by the External Auditor and by the Office of Internal Audit and Oversight. The External Auditor noted that, in his view, the Audit Committee provided a unique forum for a frank and constructive working relationship *inter alia* between the External Auditor and representatives of the Executive Board. He believed that the matters for discussion could be determined on a needs basis for each meeting, and that the External Auditor should be empowered to raise any matter that was provided for in the mandate of the Audit Committee, at his or her discretion. He further believed that the members of the Audit Committee had unique responsibilities and in that capacity a need might arise for direct communication between them and the External Auditor.

7. The Committee noted that it was too early to be able to comment on the work plans of either the External Auditor and the Office of Internal Audit and Oversight, or on where it needed to focus its particular attention in the coming months. That should be the subject of its next meeting in May 2000. In order to prepare for discussions, the Committee requested representative samples of the different reports and documents that it might be called upon to examine in the future, namely, the reports of the External Auditor and of the Office of Internal Audit and Oversight.

Other matters

8. The Committee referred back to the recommendation of the joint meeting of ABFC and PDC to hold a meeting of Chairmen to harmonize terms of reference, and to clarify the relation between the work of the committees where necessary (see paragraph 2). It noted that the date and proposed agenda for its second meeting could only be finalized when the outcome of the meeting was known. In the interim, the Committee believed that its work might require a two-day meeting. As ABFC would next convene in the afternoon of Friday, 12 May 2000, and given that the procedures to review the report of the External Auditor, in particular, had still to be clarified, the Committee agreed to reserve 10, 11 and 12 May as dates where it might be required to meet, including jointly with ABFC, if necessary. The agenda and dates finally proposed would be communicated to the Committee accordingly.

ANNEX

LIST OF PARTICIPANTS

China

Mr Luo Meifu (alternate to Mr Liu Peilong)

Congo

Mr P.H. Kengouya (alternate to Dr D. Bodzongo)

Russian Federation

Mr V. Vislykh (alternate to Professor Y.L. Shevtchenko) (Chairman)

Sri Lanka

Mr N.S. de Silva

United States of America

Mr J. Payne (alternate to Dr T. Novotny)

Yemen

Dr N.N. Al-Aji (alternate to Dr A.O. Al- Sallami)

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Chairman of the Executive Board

Dr A.J.M. Sulaiman

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