

**PROPOSAL OF THE AUDITOR-GENERAL OF THE
REPUBLIC OF COLOMBIA**

CÉSAR AUGUSTO LÓPEZ BOTERO

**AS EXTERNAL AUDITOR OF THE
WORLD HEALTH ORGANIZATION (WHO)**

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César Augusto López Botero – as External Auditor of the
World Health Organization (WHO)**

1. Introduction

The Office of the Auditor-General of the Republic of Colombia is a second-level financial supervisory body responsible for monitoring the fiscal management of the country's national, departmental and municipal comptrollers' offices and ensuring that fiscal supervision is conducted in an ever more efficient and effective manner. The Office of the Auditor-General of the Republic came into being as a result of the 1992 constitutional reforms, given the crisis previously suffered by the financial watchdog institutions.

In order to secure an adequate profile for the post of Auditor, the Supreme Court of Justice was entrusted with shortlisting three candidates, who were then referred to the Council of State for the final selection.

The role of the Auditor is a little more complex than the general run of what is required of auditors elsewhere in the world since, in addition to watching over financial management, he is entrusted with conducting budgetary, legality, environmental and management-and-results checks; not to mention work of jurisdictional content consisting in prosecuting those who misuse the resources of the State and replenishing the Treasury from the assets of the parties involved, through a process referred to as "fiscal responsibility".

One of the major challenges of the present Auditor, elected in 2001, was the design of mission methodologies – including those of the audit process, based on international auditing and accounting standards, and those to do with the fiscal responsibility processes - and the administrative methodologies of the institution, which were drawn up in the year he took office. Concomitantly with the above, the strategy of technological development and unified rationalization of the entire, previously dispersed process in Colombia was implemented.

With these tools audits were conducted of all the country's comptrollers' offices, both full audits and some horizontal audits, the latter being focused on the most sensitive points and culminating in a scheme for the structural reform of fiscal supervision in Colombia that is under consideration by the National Government and the Congress of the Republic.

That work did not just come about of its own accord, as it were, since the Auditor-General had for more than a decade been managing the public finances, particularly in the Ministry of Finance and Public Credit in the financial, budgetary and legal areas, besides his university teaching of public finance and presence in international bodies managing public resources as president of the Colombian branch of the Public Budget International Association (ASIP).

The aforesaid prompts us to put forward the name of the present Auditor-General of the Republic of Colombia, César Augusto López Botero, being the first candidature from the American continent, for the post of External Auditor of the World Health Organization (WHO) and, simultaneously, of the International Agency for Research on Cancer (IARC), of the Joint United Nations Programme on HIV/AIDS (UNAIDS) and, if so decided, of the Pan American Health Organization (PAHO), which serves as the Regional Office for the Americas. We are convinced that he will be able to make a major contribution to sound management and good WHO practice.

2. *Curriculum vitae*

Personal data

Name	César Augusto López Botero
Place and date of birth	Armenia – Quindío – Colombia 13 November 1961
Professional card	N° 63950 of the Higher Council of the Judiciary
Civil status	Married
Residence	Carrera 11 número 118 – 51 apto 401 Telephone 6 29 77 58 Bogotá
Office	Carrera 10 número 17 – 18 piso 9 auditorgeneral@auditoria.gov.co Telephone 3 18 68 30

Professional background

Lawyer with extensive experience in the area of public finance and fiscal supervision; good knowledge of public treasury management and basic proficiency in English.

Professional training

Master of Arts in Economic and Social Studies
Victorian University of Manchester
United Kingdom
March 1993
Thesis: Commodity Booms and Economic Policy

Postgraduate Diploma in Economic and Social Studies
Victorian University of Manchester
United Kingdom
July 1991

Lawyer
Pontificia Universidad Javeriana
Bogotá
November 1988
Thesis: El Ciclo Presupuestal Colombiano – Comentarios y Recomendaciones (The Colombian budgetary cycle – comments and recommendations)

Socio-economist
Pontificia Universidad Javeriana
Bogotá
November 1984

Courses and seminars

Public Budget International Association (ASIP)
Seminar: Present Problems of Public Finances
Berlin, Germany, 1998

Public Budget International Association (ASIP)
Seminar: Collaboration of the State Authorities in Financial Administration
Lima, Peru, 2001

Victorian University of Manchester
Pre-session Intensive English Course
United Kingdom, 1990

Work experience

Office of the Auditor-General of the Republic
Duties:
Auditor-General of the Republic
April 2001 to date

Ministry of Finance and Public Credit
Duties:
Head of Legal Unit
Secretary General
Director-General of the National Budget
Legal Adviser to the National Budget Directorate
Budget Delegate before the Office of the Prosecutor General of the Nation
Inspector of the Sub-directorate of Budgetary Supervision
Lawyer of the Labour Affairs Office of the Ministry
between 1986 and 1990 and between 1993 and 2001

Representation and delegations

President of the Colombian Association of Public Budgetary Law (ACOLDEP)
Member of the José Ignacio de Márquez Foundation
Decorated by the College of Lawyers of Quindío with the Order
Honoured with the Order of Merit by the Government Ministry of Quindío
Delegate of the Ministry of Finance and Public Credit before the Governing Boards of:

Banco Central Hipotecario (central mortgage bank)
Fondo Nacional de Ahorro (national savings fund)
Fondo de Bienestar Social de la Contraloría General de la República (social welfare fund of the Office of the Comptroller General of the Republic)

Counsellor Adviser of the Solidarity Fund of Savers and Depositors of Cooperative Entities under Liquidation.

Academic activities

Professor, Chair of Public Finance
Faculty of Legal Sciences
Pontificia Universidad Javeriana
Bogotá

Professor of economic and legal subjects in postgraduate courses of the Universities of El Rosario, Los Andes, Externado de Colombia, and Sergio Arboleda
Bogotá

Essays

Appropriate Technology

The Experience of Import-Substitution Industrialization

Aid in Less Developed Countries

La Fiducia Pública (The public fiduciary function)

La Enajenación Accionaria Pública, un dilema reciente (Disposal of public shareholdings, a recent dilemma)

Algunas notas sobre el Crédito Público (Some notes on public credit)

El nuevo Sistema de Control Fiscal Colombiano (Colombia's new system of fiscal control)

La Contratación Estatal en el Presupuesto Público (State contracting in the public budget)

Los Principios Presupuestarios Públicos (Public budgeting principles)

Manual de presupuesto del Sistema Nacional de Salud (Budget manual of the National Health System)

Editorialist of the review *Sindéresis* of the Office of the Auditor-General of the Republic, 2001-2003.

3. *Auditing standards, procedure and methods*

Standards

The accounts and financial statements of WHO will be audited with due regard to the provisions of the Financial Regulations of WHO and to the additional responsibilities regarding external audit of the accounts of WHO, based on the accounting principles and practices of the Organization, its Financial Regulations and the United Nations System Accounting Standards.

The audits will be conducted in accordance with the Auditing Standards of the International Organization of Supreme Audit Institutions (INTOSAI), which are divided into four parts:

Basic postulates

The basic postulates for auditing standards are basic assumptions, consistent premises, logical principles and requirements which help in developing auditing standards and serve the auditors in forming their opinions and reports, particularly in cases where no specific standards apply.

In performing the auditing exercise at WHO, account will be taken chiefly of the following postulates:

Audit evidence plays an important part in the auditor's decision concerning the selection of issues and areas for audit and the nature, timing and extent of audit tests and procedures.

The terms of the auditing mandate with WHO override any accounting or auditing conventions with which they conflict, and hence have a crucial bearing on the auditing standards applied.

WHO will facilitate the obtaining of control, evaluation and reporting data in the audit process.

For auditing purposes, measurable and clearly stated objectives will be determined between the External Auditor and WHO, and performance targets set for those objectives.

Acceptance by WHO that consistency in application is a prerequisite of fairness means that in the audits, accounting standards must be applied that are appropriate in the circumstances and must be applied consistently.

It is the responsibility of WHO and not of the auditor to establish adequate internal control systems to protect its resources.

WHO is also under an obligation to ensure that controls are in place and functioning to help ensure that applicable statutes and regulations are complied with, and that probity and propriety are observed in the decision making.

In any case, should he find controls to be inadequate or missing, the External Auditor will submit to WHO the corresponding proposals and recommendations.

The expanding role of the auditors will require them to improve and develop new techniques and methods to assess whether WHO uses reasonable and valid criteria to gauge its management. The auditors will, as necessary, use the techniques and methods of other disciplines.

General standards

These standards describe the qualifications of auditors and auditing institutions enabling them to carry out the tasks related to field and reporting standards competently and effectively.

In use of the General Auditing Standards to audit WHO, account will be taken of the following:

The auditors and the External Auditor will be independent.

The auditors and the External Auditor will exercise due care and concern in complying with the auditing standards and the rules set by WHO. This embraces due care in planning, specifying and evaluating evidence, and in reporting findings, conclusions and recommendations.

The External Auditor will adopt policies and procedures to recruit personnel with suitable qualifications; prepare or improve manuals and other written guidance and instructions concerning the conduct of audits, as may be necessary; make use of the skills and experience available and identify the skills which are absent; provide a good distribution of skills to auditing tasks and assign a sufficient number of persons to each task; have proper planning and supervision to achieve its goals at the required level of due care and concern; review the efficiency and effectiveness of WHO's internal standards and procedures.

Field standards

The purpose of field standards is to establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the auditor has to follow. These steps and actions represent the rules of research that the auditor, as a seeker of audit evidence, implements to achieve a specific result.

In auditing WHO the following field standards will be those taken chiefly into account:

The External Auditor will plan the audit in such a manner as to ensure that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner.

The work of the audit staff at each level and audit phase will be properly supervised during the audit, and documented work will be reviewed by the coordinator of the appointed team of auditors or directly by the External Auditor.

In determining the extent and scope of the audit in WHO, the reliability of internal control will be studied and evaluated.

In conducting financial audits, a test will be made of compliance with applicable laws and regulations. The auditor will design steps and procedures to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statement amounts.

In conducting performance audits, an assessment should be made of compliance with applicable laws and regulations since this is necessary to satisfy the audit objectives.

Any indication that an irregularity, illegal act, fraud or error may have occurred which could have a material effect on the audit should cause the auditor to extend procedures to confirm or dispel such suspicions.

Competent, relevant and reasonable evidence will be obtained to support the auditors' judgement and conclusions regarding the organization, programme, activity or function under audit.

Analysis of financial statements will be performed to such a degree that a rational basis is obtained to express an opinion on them.

Reporting standards

These standards are merely to assist and not to supersede the prudent judgement of the auditor in making an opinion or report.

For the purpose of auditing WHO, account will be taken chiefly of the following reporting standards:

The reports will take into account the needs of WHO, in both financial and performance auditing, and will cover the agreed time spans.

Upon completion of the financial audit the conclusions will be given in the form of an opinion, which may be unqualified, qualified, adverse or a disclaimer of opinion.

Upon completion of the performance audit the conclusions will be given in the form of opinions providing an assessment of the extent to which WHO has complied with the principles of economy, efficiency and effectiveness.

Before the final audit reports are submitted, WHO will be apprised of the preliminary report, which will be discussed with the group of auditors.

The reports will be duly signed, with the inclusion of dates, users and grounds.

Every effort will be made to ensure that the audit dates agreed upon with WHO are timely.

For the purpose of auditing WHO, the External Auditor will also take into account:

The auditing standards of the International Federation of Accountants;

The international accounting standards; and

A Manual of Conduct seeking to ensure that the auditors foster an ethical and operationally professional working atmosphere through due knowledge and application of the auditing standards; public accountability concerning information and communication; accountability to WHO with regard to performance of work and confidentiality.

Respect for others by respecting ideas, beliefs, opinions and lifestyles, and taking a positive and constructive attitude towards them.

An atmosphere free of discrimination on grounds of sex, race or religion.

Procedures

On submitting the audit report to the World Health Assembly, the External Auditor will need to issue and sign his report in the terms regulated by WHO.

The audits will be effected in strict compliance with the planning, execution and reporting stages.

The auditing work will be reviewed directly by the External Auditor.

Planning of audits

The audit planning stage would be as follows:

Objective selection of a group of highly professional and qualified auditors. In this respect, professionals from different specialist fields will be selected in accordance with the purpose pursued.

The auditors will be given prior training to familiarize them thoroughly with WHO, and also on the special features of the auditing to be conducted.

The previous audit reports will be given special consideration, not only to ascertain the characteristics of the work to be done but also to follow up on the observations made in those reports and detect the degree of compliance and improvement secured.

Examination of the global budget of the institution and of the percentage earmarked for the area to be audited, in order to ascertain the relative financial importance of the work for WHO and the extent and coverage of prospective field work.

Account will be taken at this stage of the WHO Strategic Plan so as to ascertain the expected outcomes in particular areas subject to auditing.

As an important audit planning source, account will be taken of WHO reports of the Internal Auditor.

In addition, the projects, areas and components of the most important matters for evaluation will be identified by means of risk maps.

Finally, the nature and scope of the audit evidence to be applied will be determined.

On completing the planning stage, the audit team will draw up a planning memorandum featuring the scope, objectives, specific tasks, areas for evaluation, working times and supervisory responsibilities.

Execution phase

This phase of field auditing involves collecting documents, conducting tests and analysing evidence to ensure adequacy, competence and relevance, for the sake of securing sufficient bases for issuing effective and duly justified observations, conclusions and recommendations, and to ensure that the examination has been carried out in accordance with established quality requirements.

In this phase, auditing procedures and techniques are applied, including: audit evidence and evaluation, identification of findings (condition and criterion) and the making of observations (including condition, criterion, and cause and effect).

Reporting and notification phase

The main steps in the reporting and notification phase will be the following:

A preliminary audit report will be drawn up and communicated to the Director-General's Office. It will be discussed and the Office given the opportunity to put forward such observations as it may consider relevant.

Once the preliminary report has been discussed and the relevant observations made, the final report will be prepared and submitted via the Executive Board to the World Health Assembly.

On relevant topics the External Auditor will make constructive recommendations and communicate the duly supported findings, which will be treated by the auditors confidentially.

In any case, timely communication of reports will be a permanent feature so that corrective measures may be taken with due promptness.

If necessary, and should the Director-General's Office consider it so, an Improvement Plan will be drawn up together with the executors of WHO resources in any area audited, to enable them to reorganize their management and follow the matter up in subsequent audits or to enable the adjustments to be monitored by the internal audit and oversight service or by senior management.

Methods

The work will be mainly concerned with reporting on the financial statements and carrying out audits to determine the degree of compliance with the objectives set, taking care to ensure that WHO guidelines are respected.

Financial auditing will be based on generally accepted auditing standards to establish whether the financial statements reasonably reflect the outcome of the operations of WHO and the changes in its financial situation, ensuring that in their preparation and in the transactions and operations giving rise to them the universally accepted accounting principles and those prescribed in the WHO Financial Regulations were observed and fulfilled.

As a complement, the WHO budgets will be analysed to determine whether the will of the entity approving them is being observed in the use of resources.

It will thus be possible to achieve performance auditing that examines the efficiency and effectiveness of the administration of WHO's resources and the extent to which objectives are achieved and the plans, programmes and projects adopted by WHO are fulfilled.

Finally, emphasis will be placed on checking that the activities of those responsible for administering WHO's resources are conducted in accordance with the rules and regulations of the Organization.

4. *Outputs*

The auditing results will be submitted to the Health Assembly via the Executive Board.

The outputs obtained in the work of the External Auditor will be as follows:

- The audit of the financial report for each biennium submitted by the Director-General.
- A report every biennium on the efficiency of the financial processes, the accounting system, the internal financial controls, and the management of administration.

- The reports requested by the Health Assembly on specific matters.
- The final audit reports generated as an output of the programming of the General Audit Plan, with the corresponding opinion.

5. *Total number of auditor work months*

To carry out the audits, a General Audit Plan would be drawn up with a tentative schedule of activity designed in accordance with a risk map to be established and with WHO's priorities.

This General Audit Plan will be submitted for consideration to the WHO Audit Committee; likewise, each of the final audit reports and the reports on the financial accounts will be submitted to the Committee for examination in due course.

The progress of WHO projects will be an important factor in the design stage of the timetable, in order that the audits may have a useful effect and be about the status or outcome of projects and not about activities at the design stage.

The basic idea is to visit the regional offices, APOC, IARC and UNAIDS, at least every two years and give priority to some countries in which WHO has a special interest.

The intensity of the field work of each of the audits depends in part on the complexity being handled, on the availability of information and on the coverage of the auditing work chosen for each financial period.

In the course of the same field work a preliminary report will be produced for discussion with those in charge of the projects and offices, and it will be submitted to the WHO Director-General's Office. Once the right of reply has been exercised, the report will be conveyed to the governing bodies as stated above.

The consolidated work on the financial statements will be done once a year and will also be submitted to the Director-General's Office and the governing bodies of WHO.

The intensity of the work will be about 100 weeks in each two years, which will at times be done by one auditor and at others by a group of auditors, as the field work may dictate. This period includes the work of analysing the financial statements and the field work and reports needing to be submitted. The breakdown of the various types of auditing work will be determined in the General Audit Plan to be designed.

6. *Fees*

The fees calculated for this auditing assignment amount to US\$ 1,500,000 (one million five hundred thousand United States dollars) in respect of each of the periods (2004-2005 and 2006-2007), comprising auditing of WHO's regular programme and of activities funded from extrabudgetary resources; in addition to secretarial and auxiliary staff costs and the travel and subsistence expenses of assistants.

Payment will be made quarterly in advance, with uniform emoluments of US\$ 198,301 throughout the period of office of the External Auditor, upon presentation of the billing statement.

7. *Requests for information*

Nature

The information sought is that strictly necessary to do the work, but sufficient to be able to issue reports that are of use to WHO. Should it be necessary to have access to any restricted information, the governing bodies will be notified of the reasons why the information is important.

Scope

In order to perform the auditing work effectively and diligently, it is necessary before any visit to know the main features of the region concerned, to be acquainted with the consolidated accounts for recent months at WHO Headquarters in Geneva, to examine the internal control reports and previous audit reports, to check the budget for the region in the coming years, to be familiar with the administration's strategic and operational plans in respect of the region and with the special rules laid down for the handling of resources and the extent to which the corresponding countries collaborate in WHO's projects.

For consolidated review of the financial statements, permanent access would be required, for the sake of comparison with what is happening in each of the parts where WHO has resources involved.

Timetable

The above information will be sought one month in advance of the field work, as agreed with senior management.

8. *Conclusion*

This proposal deals with the major aspects of the likely work of the External Auditor. A more detailed approach can be provided should WHO deem this necessary, and the specific aspects would be agreed when the appointment is formalized.