



# WORLD HEALTH ORGANIZATION

FIFTY-NINTH WORLD HEALTH ASSEMBLY  
Provisional agenda item 16.1

A59/31  
22 May 2006

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## **Report of the External Auditor and comments thereon made on behalf of the Executive Board**

### **Third report of the Programme, Budget and Administration Committee of the Executive Board to the Fifty-ninth World Health Assembly**

1. The fourth meeting of the Programme, Budget and Administration Committee was held in Geneva on 19 May 2006 under the chairmanship of Ms J. Halton (Australia).<sup>1</sup>
2. The Committee welcomed the very informative report,<sup>2</sup> which dealt with many aspects of importance for the Organization's work and noted its salient points, as follows:
  - The External Auditor had expressed an unqualified opinion on the financial statements of the Organization for the financial period ended 31 December 2005. Audits had been performed at all three levels of the Organization: headquarters, regional offices and country offices.
  - The Committee was happy to learn that the working relationship between the External Auditor and the Secretariat continued to be constructive and that there was effective coordination with the Office of Internal Oversight Services.
  - In the area of policies and procedures, progress had been noted and an accountability framework had been finalized and issued together with a fraud prevention policy. Work was still ongoing on the following: the development of a detailed framework of delegation of responsibility and authority, the environmental policy, the development of a comprehensive ethics policy, and the revision of the WHO Manual.
  - The proposed consolidation of the Budget and Finance Unit in the Regional Office for Africa at Brazzaville had yet to be achieved and the difficulties associated with operations split across two locations would persist until this was completed.
3. Other concerns raised in connection with the report included the continuing administrative and logistical problems experienced at the Regional Office for Africa and persisting weaknesses in both WHO's contract adjudication process and the area of direct financial cooperation (formerly known as local cost subsidies).

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<sup>1</sup> For list of participants, see document A59/29, Annex.

<sup>2</sup> Document A59/28.

- The Secretariat briefed the Committee on progress made but agreed that more substantive work was needed.
- The issue of outstanding travel advances continued to require the Secretariat's attention as there were cases of advances remaining open for over a year.
- Contracts for miscellaneous short-term or technical services with firms or individuals should be formalized only after adjudication reports had been prepared, whenever contract values exceeded US\$ 15 000. Cases continued to be noticed where this was not the case.
- In connection with the review of the Contracting and procurement services unit at headquarters, which was seen as an area of high priority, a number of recommendations were cited from the report of the External Auditor. The Committee noted that the Secretariat had already indicated its intention to implement all of them.
- Regarding technical services agreements, used for collaborative research services provided by outside institutions to WHO, existing monitoring mechanisms related to technical and financial reporting needed strengthening. In some cases, technical services agreements had been used to fund activities that were not permissible or that had no research component. These issues were already being addressed by the Secretariat.
- Finally, the Committee noted with satisfaction that, as had been requested in its fifth report to the Fifty-eighth World health Assembly in May 2005,<sup>1</sup> the report of the External Auditor included a schedule showing the status of implementation of significant recommendations made previously.

4. Concern was expressed about the relatively low income for programme support costs, as compared with the real overheads associated with the implementation of extrabudgetary activities, which essentially shifted a significant extra burden on to WHO's regular budget. The ongoing policy review in relation to programme support costs was therefore welcomed.

5. Regarding the question of whether the Secretariat was making sufficient progress in addressing these and other issues of concern highlighted in the report, the External Auditor referred to the annexed table showing the status of implementation of his recommendations. He mentioned that the progress of implementation would continue to be monitored closely and its status reported to the Committee.

6. In view of the importance of the issues covered in the report, the Committee requested the Secretariat to include henceforth a report apprising the Committee more specifically of progress made in implementation of the External Auditor's recommendations.

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<sup>1</sup> Document A58/29.