

Report of the Internal Auditor

1. The Office of Internal Oversight Services transmits herewith its annual report for the calendar year 2009 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) requires the Office to submit a summary report annually 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 comments deemed necessary.
3. The Office performs an independent and objective assurance and advisory activity, which is designed to add value 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 limitation was placed on the scope of the work of the Office in the course of conducting its business during 2009.

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 manage risk, maintain controls and ensure effective governance within the Secretariat. Crucial issues from the individual assignments

are noted in this report. Annex 1 gives a list of reports issued from the Office's plan of work for 2009 and includes information on implementation status.

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. The Office also provides support to other entities (e.g. UNAIDS) on a reimbursable cost basis.

10. In addition to human resources, the Office incurs costs such as those for travel, consultants and operating supplies in order to fulfil its terms of reference. During 2009, 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. **Regional Office for South-East Asia.** The objectives of the audit were to assess the risk management and control processes in selected areas of the Division of Administration and Finance. The audit found a reasonable level of assurance that the main risks are recognized and mitigated, but also identified procedures for which internal controls needed to be strengthened. The parallel use of the old legacy systems and the new Global Management System implemented at headquarters in July 2008 introduced new risks, which were not fully managed. In particular, the Regional Office should strengthen the financial monitoring of (a) voluntary contributions in order to ensure that all funding received is made available for programme implementation in a timely manner, and (b) donor agreements, in order to ensure that funds are used before their expiration dates. The Regional Office should take action to reduce the average time of recruitment – 173 days – which significantly exceeds the benchmark of 90 days. Also, the Regional Office should improve the completeness of documentation retained in personnel and selection files supporting contractual relationships and justification for candidate selection.

13. **Country office, Abidjan.** The objective of the audit was to assess: (a) efficiency and economy in the use and safeguarding of resources; (b) compliance with WHO's regulations, policies and procedures; and (c) integrity of financial and managerial information. The audit found that the country office did not manage risks adequately either in safeguarding resources in the areas of cash, fixed assets and goods received, or in ensuring the integrity of financial and managerial information. The

audit also found the need to improve compliance with WHO's regulations, policies and procedures in respect of the delegation of authority, and for substantiating obligations and payments with adequate supporting documentation.

14. **Country office, Nairobi.** The integrated performance and operational audit found that the country office was recovering from a difficult year in 2008, when it had to operate in emergency mode following post-election violence. The audit found that the split in the Ministry of Health following the election represents a major risk to the continuity of the health-policy processes and reduced confidence in the Kenyan Sector-Wide Approach. WHO can mitigate these risks by advocating the continuation of the policy dialogue under that Approach, and by assisting the Ministry of Health to revitalize the steering mechanisms. Areas for potential improvement of WHO programmes include (a) strengthening collaboration between WHO programmes on emerging cross-cutting issues; (b) shifting resource allocation towards the support of health system challenges as reflected in the objectives of the second Kenya National Health Sector Strategic Plan 2004–2010; and (c) providing more attention to the management of donor relations. Furthermore, several specific matters required urgent improvement in the area of operational support, notably, the country office showed evidence of unsatisfactory compliance with WHO's rules in processing transactions. The review of the overall responsibilities and the reported distribution of work in the administrative unit revealed an inadequate segregation of duties, specifically in the procurement processes.

15. **Country office, Niamey.** The audit aimed at evaluating internal controls to mitigate risks and the effectiveness of risk management in the finance and administration areas. It noted that the country office should significantly strengthen controls to mitigate risks arising from a lack of effective administration and a general lack of compliance with WHO's regulations due to the incompleteness of supporting documentation. Control procedures for handling cash were ineffective, and had led to three duplicate payments and payments being processed without adequate supporting documentation. The audit also identified significant control weaknesses in the procurement process and the need to improve the processes for periodic monitoring of available funds and actual expenditures. Furthermore, follow-up of reporting from the Ministry of Health on direct financial cooperation funds needs to be strengthened.

16. **Tobacco Free Initiative unit at the Regional Office for South-East Asia.** The performance audit found that the unit has worked hard to improve tobacco control; it has contributed to the development of specific surveillance, national capacity building, and advocacy for the fight against tobacco in the countries of the South-East Asia Region. The unit collaborates with several stakeholders through innovative arrangements and a complex partnership structure. The audit found that the unit needs (a) to strengthen its support to countries in the development and enforcement of legislation; (b) to introduce economic analysis to influence health-policy development; (c) to secure reliable funding and staffing levels in order to develop regional and national capacities; (d) to identify a medium-term strategic plan aligned with the WHO Framework Convention on Tobacco Control; and (e) to approach resource mobilization in a systematic manner. Management needs, as a priority, to improve coordination and information-sharing with other implementation partners in the Bloomberg Global Initiative to Reduce Tobacco Use. This issue has become a crucial concern for some national and international counterparts, as well as for some WHO staff at various levels, as it risks damaging WHO's long-term credibility and programme implementation of tobacco control activities in the Region.

17. **Country office, Accra.** The objective of the audit was to assess the effectiveness of risk management processes and internal controls in selected administrative, budget and finance areas. The audit found that overall, the risks associated with efficiency and effectiveness of operations, safeguarding of assets and compliance with WHO's rules and regulations in the areas reviewed were

identified and managed. However, the responsibilities within the procurement area need to be appropriately separated and the volume of cash transactions should be reduced. Weaknesses were also identified in the management of the vehicle fleet and the monitoring of related expenditure. Finally, the country office should make efforts to obtain VAT exemption from the Government of Ghana.

18. **IARC, Lyon, France.** The audit focused on key financial and administrative control areas after an integrated enterprise resource planning system was implemented. The system is used for budget, finance, treasury, human resources and procurement. As the Agency was in the process of upgrading the system, the audit also reviewed risks relating to the system development project. The review revealed a high level of risk due to deficiencies in the current implementation of the system and the tight timetable for implementation of the new system for the biennium 2010–2011. As a result, there was a risk of disruption to operational activity and programme performance if system-related problems impeded the processing of administrative and financial transactions. Owing to the lack of management tools for monitoring information, there was also a risk of errors in the reporting of expenditure. In addition, a limited review of unbudgeted assessments was conducted in order to evaluate whether expenditure charged against unbudgeted assessments during the biennium 2006–2007 and the year 2008 had been incurred in reasonable accordance with IARC's Governing Council resolutions. The review concluded that, generally, the expenditure was in reasonable accordance with the relevant resolutions.

19. **Regional Office for the Western Pacific.** The audit examined risk management and control processes in selected areas of the Department of Administration and Finance in the period following the introduction of the Global Management System. When that System was implemented in July 2008, the intended functionality in certain core areas was not available. Some of these functions were still not working effectively at the time of the audit, including (a) the integrated imprest processing system; (b) interfaces for the automated bank reconciliation and the electronic funds transfer system; (c) certain features relating to direct financial cooperation and fixed assets; and (d) several user reports. The audit found a high level of unmitigated risk in the reliability and integrity of the Regional Office's data which were due to weaknesses in process controls since the implementation of the Global Management System, and incomplete supporting documentation in the Records Management System. There was also a risk that errors and unauthorized transactions remained undetected, as key controls (such as bank account and general ledger account reconciliations) were not performed in a timely manner. System access rights and workflow approval configuration need to be more restricted (see paragraph 26). The absence of an integrated imprest system resulted in delays in the processing of country expenditures. The control environment has also been weakened by the lack of clarity in the definition of responsibilities between the Regional Office, headquarters and the Global Service Centre, as well as the lack of timely follow-up of reported deficiencies. The Regional Office's management has recognized many of the system-related risks and implemented some actions which have partially mitigated those risks. However, pending successful implementation of missing system functionality or additional manual effort, the level of unmitigated risk remains high.

20. **Office for Southern Sudan, Juba.** The audit focused on internal controls that mitigate the risks associated with the areas of administration and finance. It assessed the overall effectiveness of the internal control environment as being inadequate. The results indicated that the country office infrastructure and the information technology and security environments were not conducive to conducting activities in an efficient manner. The country office should strengthen its controls over direct financial cooperation activities. The audit also noted that advances for programme implementation totalling several million US dollars were systematically made in cash to WHO staff members and that there was no formal mechanism for monitoring advances that had not been accounted for. Similarly, there was a lack of accountability over the cash transferred to the local hubs for their running costs and salaries. The audit identified significant weaknesses in relation to the

bidding and adjudication processes and general compliance with WHO's procurement rules. Finally, controls over the inventory and other fixed assets were ineffective. Consequently, the risk of fraud and financial irregularities remained high.

21. **Country office, Lusaka.** The integrated performance and operational audit assessed the performance of WHO in Zambia in the achievement of results as stated in the workplan, the contribution of WHO towards improving health outcomes, and the operational capacity in place to support achievement of results. The overall programme performance of the country office and its contribution to Zambia's health outcomes, notably in areas where most of the staffing and budget resources are concentrated (such as malaria, HIV/AIDS, tuberculosis and immunization), are good. In other areas, an important limiting factor to achievement of results was the inability to secure the substantial level of planned voluntary contributions. Operational support was generally considered adequate to implement the workplan and, in most cases, in accordance with WHO's policies and practices. Notable exceptions were segregation of duties and compliance with WHO's rules and regulations related to procurement. It was also noted that the introduction of the Global Management System will require changes in operational support, and possible re-profiling of posts in administrative functions.

22. **Management Support Programme unit at the Regional Office for Europe.** The performance audit found that the unit makes a dynamic team that has proven its operational capacity and responsiveness to support country work in the European Region. The unit has played effectively the role of interface between the Regional Office and Member States and contributed crucially to the implementation of the Country Focus Initiative in the Region. The audit approved the overall performance of the unit in relation to two of its core functions, in particular those related to operational support to country offices and to support provided to the Deputy Regional Director. However, the audit noted lesser progress with respect to the unit's third core function related to collaborating with other technical units and networks in the Region on strengthening effective support to country work. The audit therefore stressed the need to emphasize this collaboration with technical units, and to map country office needs with a view to adapting the unit's work to the current needs of country offices. The audit recommended that the unit's functions be reassessed and adapted and the results communicated with country offices in the Region. The audit also identified an opportunity to share the experiences gained through the implementation of the Country Focus Initiative in the Region with other levels of the Organization in order to foster institutional learning.

23. **Regional Office for Africa.** The audit found that the risks associated with the efficiency and effectiveness of operations and compliance with WHO's rules and regulations were not adequately mitigated by the controls operating at the Regional Office. Currently, the Regional Office uses two different management information systems, the Global Management System and the Regional Office Administration and Finance System. Reconciliation between awards and allotments recorded respectively in the two systems should be strengthened in order to ensure that data are consistent and reliable for monitoring financial implementation of voluntary contributions. The audit also indicated that controls over Direct Financial Cooperation funds require improvement so as to ensure timely receipt of related technical and financial reports. Some high-risk areas such as personal accounts of staff members who have left the Organization and long-outstanding amounts in the personal or suspense accounts, have not been yet properly resolved. Finally, the audit revealed some control weaknesses in the payroll of short-term staff and a need to strengthen monitoring controls that ensure compliance of obligating documents with WHO's rules and regulations.

Headquarters

24. **Review of controls over selected business processes at the Global Service Centre.** The assignment was carried out by an international audit firm on behalf of WHO, with the objective of reviewing selected business practices in the Global Service Centre, namely payroll, procurement and accounts payable,¹ in order to assess the existence and effectiveness of related key controls. The review was largely restricted to the Centre's processes and therefore there may be mitigating controls elsewhere in the end-to-end processes that would need to be assessed in subsequent reviews. Even though the focus was on the Global Service Centre, some observations and recommendations also apply to headquarters and regions, and require the involvement of other departments in the Secretariat. The review indicated that control definition and clarity of process ownership were significantly lacking, and that controls were missing in many of the areas reviewed. Risks due to the undefined control environment are increased by the impact of still having to deal with a backlog, missing functions in the Global Management System, and the expected workload pressure of three more regions starting to use the System in January 2010. The review recommended urgent action to mitigate risks of inaccurate reporting, operational uncertainty and late detection of potential irregular activity.

25. **Tobacco Free Initiative unit at headquarters.** The objective of the audit was to assess the financial and administrative processes in the unit in relation to (a) efficiency and economy in the use of resources; (b) safeguarding of assets; (c) compliance with WHO's regulations, policies and procedures; and (d) accuracy of financial and managerial information. The audit found that financial and administrative controls need to be strengthened. It also identified residual risks that the unit should address in the areas of short-term recruitment; financial information provided to donors; monitoring of expenditure at regional and country offices; timely signature of agreements; and compliance with WHO's procedures in the area of contractual services.

26. **Quality Assurance and Safety: Medicines team, Department of Essential Medicines and Pharmaceutical Policies.** The performance audit noted the team's responsibility for areas where the Organization plays an important international role, including promoting international norms and standards, such as the International Pharmacopoeia and assigning International Nonproprietary Names. The team also implements important technical activities such as support for strengthening national drug regulatory authorities, international pharmacovigilance and medicines prequalification. The audit found that, overall, the team adequately manages risks, but noted an increasing focus on donor-driven activities and dependence on specified voluntary contributions, commercial fees and seconded staff that could affect the perception of the neutrality and independence of the Organization. The audit also identified risks from insufficient communication and coordination between units and departments, as well as shortcomings in team organization and management. There was also insufficient consideration by other departments of the team's expertise in pharmaceutical-related aspects of disease control programmes, particularly pharmacovigilance.

27. **Access to the Global Management System.** The objective of the audit was to assess the effectiveness of internal controls exercised over giving rights of access to the production version of the Global Management System and related systems; the aim of these controls is to ensure that only authorized persons have access and that the level of access is in line with that approved. The audit found a high degree of compliance in accurately providing and removing access rights in accordance with instructions received from the appropriate approvers. The audit also found that the risks

¹ This audit included a review of outstanding recommendations from the related audit of accounts payable (see paragraph 55).

associated with the implementation of access to the Global Management System and related systems were largely recognized by the Information Technology and Telecommunications team. However, mitigation measures have not yet been implemented in some areas and some workarounds were required because of delays in Global Management System processing. Consequently, there is continued risk that staff and other users of the Global Management System have been given, or may be given, inappropriate access rights and that that action may not be detected on a timely basis. The audit identified specific instances when the Organization needs to increase security for confidential or sensitive information maintained in the Global Management System and the associated Records Management System.

28. Health and Medical Services. The audit found that the work of the Health and Medical Services team as related to the implementation of the relevant Staff Rules and in support of WHO committees, is efficiently managed. Senior management needs to take decisions in order to resolve capacity issues related to periodic medical examinations and the requirement for medical clearance for members of WHO's staff before travel. Furthermore, shortcomings were found in transactions in the Global Management System for medical clearance and monitoring sick leave, and the role of the team in the Staff Health Insurance Surveillance Committee needs to be reviewed (see paragraph 30). The audit noted that the team is evolving from a more limited medical advisory role towards a full occupational health services. This change is reflected in the recent draft Occupational Health and Safety at Work policy, which at the time of the audit, needed to be reviewed and endorsed by the WHO Global Policy Group. The audit also found inconsistencies and inequities in the application of staff health and safety services between headquarters, regional offices and country offices. These issues need to be addressed in the broader context of the new comprehensive Organization-wide policy. The team can further improve its work and contribution to this policy by analysing its surveillance data; conducting independent occupational "all hazard" risk assessments; and using available evidence as basis for proposing effective preventive interventions.

29. Review of WHO's approach to comptrollership. This assignment was carried out by an international audit firm on behalf of the Secretariat. The objective was to perform a high-level analysis of WHO's current approach to comptrollership, compare it with effective practices and highlight any weaknesses in the current structure with respect to the Organization's system of internal control. Traditionally, finance-related responsibilities have been highly decentralized in the regions. From 2003, some of the Comptroller's responsibilities were redistributed before implementation of an enterprise resource-planning system which the Secretariat implemented in July 2008, moving certain transactional processing to a remote Global Service Centre. However, the Comptroller was found to have neither authority on, nor reporting/dotted line responsibility with, the regions and the Service Centre. This fragmentation of finance-related responsibilities weakens the ability of the Comptroller effectively to plan, organize and direct the financial management of WHO as a whole. The introduction of the Global Management System and the Global Service Centre had a major impact on process flows and distribution of responsibilities. The review recommended clarification and strengthening of finance-related accountabilities as well as the internal control framework between headquarters, the Global Service Centre and the regions.

30. Management and oversight of the Staff Health Insurance fund. The audit found that the fund assets are administered in accordance with WHO's investment strategy and stated objectives. However, the audit noted some weaknesses in the overall governance of the Staff Health Insurance that present a potential risk to the long-term sustainability of the fund. These weaknesses relate particularly to (a) the lack of a charter outlining fundamental strategic principles and criteria to support the assessment of modifications to the fund's rules and benefits coverage; (b) the monitoring of the financial status of the fund; and (c) compliance with requirements of the International Public Sector Accounting Standards. Governance could be improved by clarifying roles and responsibilities, notably

the membership of the headquarters Surveillance Committee, and the frequency of the Joint Meeting of the Surveillance Committees. Although no major operational deficit has been reported in recent years and operational support appears to have been functioning in the processing of claims at headquarters, some improvements can be made at the regional level in monitoring the consistent application of rules and procedures, and periodic reporting to the headquarters Surveillance Committee.

31. **Knowledge Management Strategy.** The audit acknowledged achievements in relation to the five strategic directions for knowledge management. These include activities managed by the Department of Knowledge Management Strategy and Sharing, and other units that initiated knowledge management activities to meet specific needs. Managing knowledge is of high importance to WHO, a “knowledge-based” Organization. The Department started with high ambitions, but following a period of uncertainty it lost considerable capacity to support knowledge management and sharing processes. The audit found that the aspects of the WHO Knowledge Management Strategy issued in 2005¹ that are related to the mandate of the Department are still relevant, but that the strategy is no longer functional, as originally defined, for managing knowledge across the Organization. The audit concluded that the need to manage information and communication technology applications in the health sector is becoming increasingly important to Member States, while the Secretariat’s capacity to support this activity is limited.

EVALUATIONS

32. **Department of Making Pregnancy Safer.** An evaluation of this headquarters department assessed the relevance, efficiency and effectiveness of the department’s work and achievement of objectives. Maternal and newborn health is one of WHO’s global priorities, with the Department of Making Pregnancy Safer tasked with strengthening country level advocacy, providing technical support, monitoring, surveillance and evaluation, and partnerships. The evaluation found that the technical staff are highly regarded and the Department is considered as providing good technical support. The Department has prepared a strategic approach document establishing strategic directions for its work, but has not yet prepared a formal medium-term strategic plan, including targets and resource requirements. The Department needs to improve its support for adaptation and implementation of global materials at country level, including preparing plans to expand systematically the application of the Integrated Management of Pregnancy and Childbirth strategy. A reorganization of the work distribution within the Family and Community Health cluster would potentially increase the efficiency of work on maternal and newborn health and reduce overlap and duplication with the work of the departments of Reproductive Health and Research and of Child and Adolescent Health. The evaluation also noted several unresolved management issues related to department staffing and structure, and prioritization of country support activities. The Department needs to prepare a plan for systematically upgrading country capacity in monitoring and evaluation, including proposing operational indicators for countries. The evaluation noted financial and staffing resource constraints, with budget allocations and expenditures remaining unchanged from the biennium 2006–2007 to the biennium 2008–2009. Resource mobilization activities are dispersed within the Department and a written resource-mobilization strategy needs to be prepared.

¹ Document WHO/EIP/KMS/2005.1.

33. **Resource mobilization by the Secretariat.** The evaluation noted that WHO's Programme budget has increased over the past three bienniums and that individual technical units and clusters are able to mobilize significant amounts of resources, albeit largely specified or earmarked. The evaluation also found that, although WHO's results-based management framework provides a strong basis for resource mobilization, the lack of realistic corporate-level funding forecasts and of an Organization-wide resource-mobilization strategy limits the coherence of resource mobilization efforts throughout WHO. Roles and responsibilities in resource mobilization require clarifying between central and major offices. There are also funding imbalances between strategic objectives and major offices and a general lack of predictability and flexibility. The newly introduced core voluntary contributions have not yet reached expected levels and the amount of the Organization's necessary carry-forward funding requires better justification. The evaluation recommended, in the context of global health developments and funding trends and considering the decentralized nature of WHO's activities to mobilize resources, investment in resource mobilization over the coming years in the light of the measures outlined in the Organization-wide Resource Mobilization Framework formulated in 2005.

INVESTIGATIONS

34. **At a UNAIDS country office.** The Office investigated allegations that a UNAIDS staff member had made several official trips in a class higher than allowed by the WHO travel policy. The investigation did not disclose any evidence of abuse of UNAIDS resources or breach of the WHO travel policy by the staff member, but three recommendations were made for improving compliance with the Organization's travel policy.

35. **At the Global Service Centre.** The investigation revealed that a Human Resources Assistant had created an entry in the Global Management System for a non-existent staff member. The total value of the known loss (payments and allowances to the fictional staff member) has been confirmed at US\$ 56 339. The matter has been referred for investigation and prosecution to the national law enforcement authorities.

36. **At a country office.** The investigation disclosed that a staff member of a country office paid US\$ 61 174 in cash to a vendor, disregarding an instruction by the Deputy Regional Director to reduce cash transactions to a minimum. The investigation established that the same staff member disregarded good procurement practices by purchasing on a regular basis goods needed by the office from opaque vendors who were unwilling to show their business registration and used business names and addresses of separate persons not involved in the business. Furthermore, the investigation revealed that another staff member of the office procured information technology goods and services for the country office at a local bazaar against invoices from off-shore companies, thereby exposing WHO to legal and reputational risks. The staff member claimed that he had procured services worth US\$ 350 at a local company, whereas in fact, representatives of the local company were unaware of these services. The Regional Office concerned has decided to take disciplinary action against both staff members.

37. **At a country office.** The investigation revealed that a staff member in charge of procurement at a country office engaged in various entrepreneurial relationships with suppliers, resulting in a conflict of interest. Among other activities, the staff member intervened in the procurement process to broker the sale of a vehicle to a WHO supplier. On another occasion, the staff member favoured a printing supplier by providing advice on low paper prices. The investigation found that the supervisor of the staff member did not exercise due supervisory care and diligence, as the individual's multiple and diverse business activities outside the office and involvement with WHO's suppliers went undetected

for several years. The Office has not yet received a response as to whether disciplinary action against the staff member and/or his supervisor will be taken.

38. **At a country office.** The investigation revealed that a country office staff member had taken at least US\$ 16 000 in cash from the safe for personal use without authorization. The staff member was dismissed and disciplinary actions have been initiated against two other staff members for lack of supervision and deficiencies in financial procedures in place.

FOLLOW-UP AND IMPLEMENTATION

39. The Office monitors the implementation of all its recommendations to ensure either that action has been taken effectively by management or that senior management has accepted the risk of not taking action. All recommendations from the plan of work for 2008 and earlier recommendations have been reported as implemented, reviewed by the Office for effectiveness and the audits closed, except as mentioned in the following paragraphs. A list of open audits is attached at Annex 2.

40. **Staff security unit at headquarters.** The audit report, issued in June 2005,¹ discussed weaknesses in procedures used by the security unit at headquarters to identify and mitigate major risks related to staff security. At the time of reporting, progress has been made in implementing most recommendations, with the exception of two that remained opened. These and other issues identified during a subsequent review of staff security in regions still need to be addressed.

41. **Enterprise risk management.** In 2006, an outsourced consultant project provided the General Management Cluster with the basis for implementing a system of enterprise risk management.² Work has proceeded and once implementation is reported as completed, the audit can be closed.

42. **Bank accounts of associations and other entities established by WHO staff members.** This review was performed in 2007.³ Guidelines for the establishment and operation of WHO-related associations and other entities and their bank accounts are under preparation. Follow-up will continue until implementation is completed.

43. **The international drug purchase facility, UNITAID.** A response to the risk assessment carried out in December 2007 is still awaited.⁴

44. **WHO Research Ethics Review Committee.** This review was performed in January 2008.⁵ Additional information was provided showing that actions had been taken on some outstanding recommendations, but follow-up will continue for other recommendations reported as works in progress.

¹ Referred to in document A59/32, paragraph 28.

² Referred to in document A60/34, paragraph 28 and Annex.

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

⁴ Referred to in document A61/25 Rev.1, paragraph 29.

⁵ Referred to in document A61/25 Rev.1, paragraph 28.

45. **Assessment of the control readiness of the Global Service Centre.** Further to the report issued in January 2008,¹ efforts to implement internal controls at the Global Service Centre were maintained. However, the subsequent review performed by an international audit firm in 2009 confirmed that progress in this area appears to have been limited.

46. **Regional Office for Africa.**² The audit report issued in February 2008 described the regional office's exposure to administrative and financial risks. The Office received progress reports during 2008 and 2009 which indicate significant implementation efforts. Additional information has been requested on the status of implementation of three outstanding recommendations.

47. **Country office, Pretoria.** The audit performed in 2008 assessed the performance of management functions at the country office under the principles of results-based management.³ An initial response was received in November 2008 and subsequent replies in 2009 indicated that some recommendations have been implemented acceptably. Additional information was requested to ensure that outstanding recommendations receive adequate attention, and follow-up will continue.

48. **Collaboration with the private sector.** Work was reported as still in hand for many recommendations made in the report issued in June 2008.⁴ As these processes were complex, and also because of the priority given to WHO's relationship with partnerships, complete implementation could not be expected by the end of 2009 and will therefore continue in 2010.

49. **Regional Office for Europe.** An initial response has been received indicating considerable action to remedy matters identified in the report issued in July 2008.⁵ However, since work was still in progress for some recommendations, follow-up will continue to ensure complete implementation.

50. **Alert and Response Operations, Department of Epidemic and Pandemic Alert and Response at headquarters.** The Office received an implementation report that described considerable action to remedy matters identified during the performance audit performed in 2008.⁶ However, follow-up will continue to ensure complete implementation of all recommendations of the audit.

51. **Country office, Moscow.** The audit carried out in 2008 concluded that, in the finance and administration areas, associated risks were recognized and, overall, mitigated.⁷ The audit made recommendations for further improvement; most were reported to have been fully implemented in 2009, whereas for some others, relevant evidence to support the action taken has been requested. Follow-up will continue.

52. **Country office, Islamabad.** The audit performed in 2008 revealed inadequate overall risk management and control processes in the finance and administration area at the country office.⁸

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

² Referred to in document A61/25 Rev.1, paragraph 23.

³ Referred to in document A62/27, paragraph 15.

⁴ Referred to in document A62/27, paragraph 27.

⁵ Referred to in document A62/27, paragraph 16.

⁶ Referred to in document A62/27, paragraph 28.

⁷ Referred to in document A62/27, paragraph 19.

⁸ Referred to in document A62/27, paragraph 22.

Appropriate actions were taken, which allowed certain recommendations to be closed, but some others require the submission of further documentation or relate to work in progress. There will be follow up.

53. **Global insurance coverage at headquarters.** The audit carried out in 2008 evaluated whether business insurance coverage was managed appropriately to protect the Organization's assets, staff members and service providers, while providing value for money.¹ An initial response to the report was received. The audit noted that for some of the recommendations, a project with support from an external consultancy was envisaged. For most of the recommendations, work had yet to be initiated and/or completed. Additional information has been requested on the status of implementation and follow-up will continue.

54. **Education grants at headquarters.** The audit carried out at the end of 2008 assessed compliance with WHO's rules and regulations for education grant payments.² Most recommendations have been reported as implemented, and additional information is awaited to enable closure of the two outstanding recommendations.

55. **Accounts payable following introduction of the Global Management System.** Several responses have been received in 2009 and 2010 to the report issued in January 2009.³ However, progress in implementation has been limited, as was confirmed by the subsequent review of selected business processes at the Global Service Centre performed by an international audit firm on behalf of the Secretariat in late 2009. Follow-up will continue, but outstanding recommendations that are similar to those subsequently raised by the firm will be carried forward as part of that audit follow-up exercise (see paragraph 23).

56. **WHO/PAHO Country office, Quito.** An integrated audit of the country office, planned for 2008 but conducted in early 2009, highlighted some residual risks for programme performance.⁴ Most recommendations have been implemented, and the Office is awaiting submission of supporting documentation before it closes the two outstanding recommendations.

57. **Malaria unit at the Regional Office for Africa.** A response to the performance audit completed in early 2009⁵ was received indicating that all the recommendations are being worked on, with 10 recommendations fully implemented. Additional information and supporting documentation are awaited on implementation on the remaining outstanding recommendations.

¹ Referred to in document A62/27, paragraph 30.

² Referred to in document A62/27, paragraph 32.

³ Referred to in document A62/27, paragraph 31.

⁴ Referred to in document A62/27, paragraph 25.

⁵ Referred to in document A62/27, paragraph 24.

ACTION BY THE HEALTH ASSEMBLY

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

ANNEX 1

LIST AND STATUS OF AUDIT, EVALUATION AND INVESTIGATION REPORTS – PLAN OF WORK FOR 2009

Report title	Refer to paragraph number	Report date	Closure date	Comments (Responses are due within six months from report date)
AUDITS				
Regional and country offices				
Regional Office for South-East Asia	12	27.04.09	05.01.10	Closed
Country office, Abidjan	13	27.04.09	21.12.09	Closed
Country office, Nairobi	14	29.05.09		Awaiting initial response
Country office, Niamey	15	19.06.09		Awaiting initial response
Tobacco Free Initiative unit at the Regional Office for South-East Asia	16	06.07.09		Response received in January 2010; the quality of evidence was not acceptable and further information has been requested
Country office, Accra	17	06.08.09		Awaiting initial response
IARC, Lyon, France	18	20.08.09		Response received in January 2010
IARC unbudgeted assessments	18	25.08.09	25.08.09	Closed on issuance
Regional Office for the Western Pacific	19	28.10.09		Awaiting initial response
Office for Southern Sudan, Juba	20	27.11.09		Initial response received in January 2010; further information and clarification awaited
Country office, Lusaka	21	10.03.10		Response not yet due
Management Support Unit at the Regional Office for Europe	22	04.02.10		Response not yet due
Regional Office for Africa	23	<i>Draft</i>		
Headquarters				
Review of controls over selected business processes at the Global Service Centre	24	23.12.09		Awaiting initial response
Tobacco Free Initiative at headquarters	25	25.06.09		The Office received progress reports in October 2009 and February 2010 which satisfactorily addressed several issues. Other recommendations were reported as work in progress and follow-up will continue
Quality Assurance and Safety: Medicines team, Department of Essential Medicines and Pharmaceutical Policies	26	01.07.09		Awaiting initial response

Report title	Refer to paragraph number	Report date	Closure date	Comments (Responses are due within six months from report date)
Global Management System access	27	26.06.09		Initial response received in January 2010; suitable action taken on many but not all recommendations and follow-up will continue
Health and Medical Services at headquarters	28	17.07.09		Initial response received in January 2010; most of the recommendations were reported as work in progress and follow-up will continue
Review of WHO's approach to comptrollership	29	10.07.09		Awaiting initial response
Management and oversight of the Staff Health Insurance fund	30	30.09.09		Response received in January 2010; further documentation and clarification awaited
Knowledge Management Strategy at headquarters	31	24.11.09		Awaiting initial response
EVALUATIONS				
Department of Making Pregnancy Safer	32	26.01.10	n/a	
Resource mobilization at WHO	33	<i>Draft</i>	n/a	
INVESTIGATIONS				
At a UNAIDS country office	34	16.03.09		No response received on action taken
At the Global Service Centre	35	31.03.09		<i>Sub judice</i>
At a country office	36	29.05.09		<i>Sub judice</i>
At a country office	37	14.08.09		No response received on action taken
At a country office	38	19.05.09		Disciplinary action to be taken by Regional Office for Europe

ANNEX 2

LIST OF AUDIT REPORTS OUTSTANDING FROM PREVIOUS PLANS OF WORK

Report title and date	Refer to paragraph number
2005	
Staff security at headquarters	40
2006	
Enterprise risk management	41
2007	
Bank accounts of associations and other entities established by WHO staff	42
The international drug purchase facility, UNITAID	43
2008	
WHO Research Ethics Review Committee	44
Assessment of the control readiness of the Global Service Centre	45
Regional Office for Africa	46
Country office, Pretoria	47
Collaboration with the private sector	48
Regional Office for Europe	49
Alert and Response Operations, Department of Epidemic and Pandemic Alert and Response	50
Country office, Moscow	51
Country office, Islamabad	52
Global insurance coverage at headquarters	53
Education grants at headquarters	54
Accounts Payable Post Go Live*	55
WHO/PAHO Country office, Quito*	56
Malaria unit at the Regional Office for Africa*	57

** The reports for these audits were issued in 2009.*