

## **Report of the External Auditor**

### **Report by the Secretariat**

The Director-General has the honour to transmit to the Sixty-seventh World Health Assembly the report of the External Auditor on the financial operations of the World Health Organization for the financial year ended 31 December 2013 (see Annex).



ANNEX

Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City



**Report of the External Auditor  
to the Sixty-Seventh World Health Assembly  
on the Financial Operations of  
the World Health Organization**

**For the Financial Year Ended  
31 December 2013**

**REPORT OF THE EXTERNAL AUDITOR  
TO THE SIXTY-SEVENTH WORLD HEALTH ASSEMBLY  
ON THE FINANCIAL OPERATIONS OF  
THE WORLD HEALTH ORGANIZATION  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

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## LIST OF ABBREVIATIONS

AFRO	Regional Office for Africa
AMRO	Regional Office for the Americas
APOC	African Programme for Onchocerciasis Control
APW	Agreement for Performance of Work
ASHI	After-Service Health Insurance
CPS	Contracts and Procurement Service
CRC	Contracts Review Committee
CRE	Compliance, Risk Management and Ethics Office
DFC	Direct Financial Cooperation
EMRO	Regional Office for the Eastern Mediterranean
ERM	Enterprise-wide Risk Management
EURO	Regional Office for Europe
FCFS	Final Certified Financial Statements
GAP	Government Accountability Project
GES	General External Services
GPL	Global Procurement and Logistics
GSC	Global Service Centre
GSM	Global Management System
HQ	Headquarters
HRD	Human Resource Department
HSE	Health Security and Environment Cluster
HTM	HIV/AIDS, Tuberculosis, Malaria and Neglected Tropical Diseases Cluster
IARC	International Agency for Research in Cancer
ICC	International Computing Centre
ICF	Internal Control Framework
IEOAC	Independent Expert Oversight Advisory Committee
IPSAS	International Public Sector Accounting Standards
IOS	Office of Internal Oversight Services
JIU	Joint Inspection Unit
LEG	Office of Legal Counsel
LOA	Letter of Agreement
LTA	Long-term Agreement
MDG	Millennium Development Goals
MTR	Mid-Term Review Report
MTDP	Medium Term Strategic Plan
OSS	Operational Support and Services
PAHO	Pan-American Health Organization
PB	Programme Budget
PMDS	Performance Management Development System
PEC	Polio, Emergencies and Country Collaboration Cluster
PTAEO	Project, Task, Award, Expenditure Type, Organization
PO	Purchase Order
PSC	Property Survey Committee
RMS	Records Management System
RPE	Request for Price Estimate
SEARO	Regional Office for South-East Asia
SFFC	Special Fund for Compensation
SHI	Staff Health Insurance
SMART	Specific, Measurable, Achievable, Relevant and Time-bound

SOP	Standard Operating Procedure
TP	Terminal Payment
TSA	Technical Services Agreement
UN	United Nations
UNDP	United Nations Development Program
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNITAID	International Drug Purchase Facility
WCO	WHO Country Office
WHO	World Health Organization

## **EXECUTIVE SUMMARY**

### **Introduction**

1. This Report of the External Auditor on the audit of the financial statements and operations of the World **Health Organization (WHO)** is issued pursuant to Regulation XIV of the Financial Regulations of WHO and is transmitted through the Executive Board to the Sixty-seventh World Health Assembly.

2. This is the second long-form report to the World Health Assembly by the Chairperson of the Commission on Audit of the Republic of the Philippines who was appointed by the Sixty-fourth World Health Assembly as the External Auditor of WHO for the financial periods 2012–2015. The objective of the audit is to provide independent assurance to Member States, to increase transparency and accountability in the Organization, and to support the objectives of the Organization's work through the external audit process. We have detailed in this Report the financial and governance matters that we believe should be brought to the attention of the World Health Assembly.

### **Overall Result of the Audit**

3. We audited the financial statements of WHO in accordance with the Financial Regulations and in conformity with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

4. We issued an unqualified audit opinion on the Organization's financial statements for the financial year ended 31 December 2013. We concluded that the financial statements present fairly, in all material respects, the financial position of WHO for the financial year ended 31 December 2013, and its financial performance, the changes in net assets/equity, the cash flows, and the comparison of budget and actual amounts in accordance with the International Public Sector Accounting Standards (IPSAS).

5. We also concluded that the accounting policies were applied on a basis consistent with that of the preceding year, and the transactions of the WHO that have come to our notice during the audit or that have been tested as part of the audit of the financial statements have, in all significant respects, been in accordance with the Financial Regulations and legislative authority of the WHO.

6. We provided Management with recommendations that are designed to support the objectives of WHO's work, to increase accountability and transparency, and to improve and add value to WHO's financial management and governance. We recommended the strengthening of internal control systems in the field offices, the institutionalization of Enterprise Risk Management (ERM) Framework, improvements to staff performance reviews, the appropriate reporting of programme results, the enhancement of procurement governance, and the revision of the accountability framework to reinforce the culture of accountability and transparency across the Organization.

### **Summary of Recommendations**

7. The following audit recommendations which are discussed in detail in this report are provided to WHO Management to further improve its financial management and governance:



- (a) Strengthen the capabilities of regional/country offices in conducting risk assessment and assurance activities relative to DFC and in implementing monitoring strategies. Reinforce the efforts of regional/country offices in improving timely submission of reports by counterparts;
- (b) Enjoin all relevant offices responsible for the preparation and release of Final Certified Financial Statements to Donors (FCFS) to improve the timeliness of reporting to donors;
- (c) Address the issues noted in the review of the Global Service Centre (GSC) in order to improve the quality of data sources and the efficiency of system processes in the GSC;
- (d) Revise and redefine the Accountability Framework document in 2014 and immediately operationalize it to reinforce the culture of accountability and transparency within the Organization;
- (e) Enhance and update the Whistleblower Policy and Procedure by benchmarking best practices in the UN System;
- (f) Improve Asset Accountability Policies by incorporating the following procedures:
  - (i) criteria defining various circumstances surrounding asset loss; (ii) guidelines for documenting asset loss; and (iii) levels of administrative and fiscal responsibility for every type of circumstance identified as the cause of asset loss;
- (g) Include procurement policies and procedures on Strategic Procurement Planning, Green Procurement, Long-term Agreements, End-user Feedbacking, Vendor Complaints and Grievances, and Vendor Sanctioning to enhance and reinforce its procurement system;
- (h) Conduct performance reviews across all levels of the Organization to ensure achievement of objectives by encouraging all staff to comply with the ePMDS requirements, facilitate its completion within the required time frame, and formulate the staff's objectives following the SMART model;
- (i) Improve future reporting endeavors by reporting achievements in the period they relate for proper accountability. Ensure that achievements in prior period, if included in the MTR, be provided with appropriate contextualization to enable the appropriate use of information;
- (j) Ensure that the ERM Framework is established and operationalized within 2014 to complement current advances in the establishment of the WHO Accountability and Internal Control Frameworks;
- (k) Implement the Internal Control Framework together with the developed tools in 2014 across all levels of the Organization including the field offices to achieve the long-term benefits of a strong internal control system.

#### **Implementation of External Auditor's Recommendations in Prior Years**

8. We validated the implementation of External Audit Recommendations contained in prior years' audit reports. We noted that of the 51 recommendations, 31 or 61% have been implemented, and 19 or 37% are still in progress of implementation, while 1 or 2% was not implemented. **Annex B** presents the detailed analysis of the implementation of the prior years recommendations.

## **A. MANDATE, SCOPE AND METHODOLOGY**

### **Mandate**

9. The Chairperson of the Commission on Audit of the Republic of the Philippines was appointed External Auditor of the WHO in May 2011 by the Sixty-fourth World Health Assembly for the financial periods 2012–2015. The WHO Financial Regulations XIV and the Appendix elaborate on the terms of reference governing the external audit. The regulations require that the External Auditor report to the World Health Assembly on the audit of the annual financial statements and on other information that should be brought to its attention with regard to Regulation 14.3 and the Additional Terms of Reference.

### **Scope and Objectives**

10. Our audit is an independent examination of the evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of WHO's compliance with Financial Regulations and legislative authority. The primary objectives of the audit are to provide an independent opinion on whether:

- (a) the financial statements presented fairly the financial position of WHO as at 31 December 2013, the results of its financial performance, the changes in net assets/equity, the cash flows, and the comparison of actual amounts and budget for the financial year ended 31 December 2013 in accordance with IPSAS;
- (b) the significant accounting policies set out in Note 2 to the financial statements were applied on a basis consistent with that of the preceding financial period; and
- (c) the transactions that have come to our notice or that we have tested as part of the audit, in all significant respects, complied with the Financial Regulations and legislative authority.

11. In addition, the audit intends to provide independent assurance to Member States, to increase transparency and accountability in the Organization, and to support the objectives of the Organization's work through the external audit process.

### **Methodology and auditor's responsibilities**

12. We conducted our audit in accordance with the International Standards on Auditing. These standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. The audit includes examining evidence supporting the amounts and disclosures in the financial statements on a test basis. The audit also includes assessing the accounting principles used and the significant estimates made by Management as well as evaluating the overall presentation of the financial statements.

13. The Risk-based Audit Approach was adopted in the audit of the financial statements. This approach requires the conduct of risk assessments of material misstatements at the financial statements and assertions levels based on an appropriate understanding of the entity and its environment including its internal control.

14. The auditor's responsibility is to express an opinion on the financial statements based on an audit. The audit is performed to obtain reasonable assurance, not absolute assurance, as to whether the financial statements are free of material misstatement including those caused by fraud or error.

15. We also carried out a review of WHO operations with regard to Financial Regulation 14.3 which required the External Auditor to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and in general, the administration and management of WHO operations. We focused on the following:

- (a) Establishing accountability framework;
- (b) Managing procurement;
- (c) Improvements to staff performance reviews;
- (d) Reporting of programme results;
- (e) Progress towards implementation of ERM; and
- (f) Strengthening internal control systems.

16. During the financial year 2013, we audited the Headquarters (HQ), Global Service Centre (GSC), three regional offices (RO) namely: the South East Asia Regional Office (SEARO), Eastern Mediterranean Regional Office (EMRO) and the Europe Regional Office (EURO), and three country offices (CO): Sudan, Turkey and Bangladesh. We also audited the financial statements of six non-consolidated entities, namely: the African Programme for Onchocerciasis Control (APOC); the Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS); the United Nations International Computing Centre (ICC); the International Agency for Research in Cancer (IARC); the International Drug Purchase Facility (UNITAID); and Staff Health Insurance (SHI) Fund. A separate report to the Governing Body of these entities is issued.

17. This report does not include any comments on the financial statements of the Pan American Health Organization (PAHO), the Regional Office for the Americas (AMRO), which is being audited by the Spanish Court of Audit. We placed reliance on their audit based on the Comfort Letter presented to us on 12 March 2014.

18. We coordinated planned audit areas with the Office of Internal Oversight Services (IOS) to avoid unnecessary duplication of efforts, and to determine the extent of reliance that can be placed on the latter's work. We also collaborated with the Independent Expert Oversight Advisory Committee (IEOAC) to further enhance our audit work.

19. We continued to report audit results to WHO Management in the form of management letters containing detailed observations and recommendations. The practice provides a continuing dialogue with Management.

## **B. RESULTS OF AUDIT**

20. The present report covers matters that, in the opinion of the External Auditor, should be brought to the attention of the World Health Assembly. The WHO Management was afforded the opportunity to comment on our audit observations. The recommendations provided to Management are designed to support the objectives of WHO's mandate, and to improve and add value to WHO's financial management and governance.

## **1. Financial Matters**

### **1.1 Audit of Financial Statements**

21. In the interim and year-end audits of WHO financial statements for the financial year 2013, a number of recommendations were made to present fairly the balances of affected accounts and improve the presentation and disclosure requirements in compliance with IPSAS. Adjustments on balances affecting several statements were effected and additional note disclosures were included by Management in the financial statements for the period ended 31 December 2013.

22. We issued an unqualified opinion on the presentation of WHO's financial statements. As such, we concluded that the financial statements present fairly, in all material respects, the financial position of WHO for the financial year ended 31 December 2013, the results of its financial performance, the changes in net assets/equity, the cash flows, and the comparison of budget and actual amounts in accordance with IPSAS as set out in Note 2 to the financial statements.

23. As required by the Financial Regulations of the WHO, we concluded that the accounting policies were applied on a basis consistent with that of the preceding year. Further, we concluded that the transactions of the WHO that have come to our notice during the audit or that have been tested as part of the audit of the financial statements have, in all significant respects, been in accordance with the Financial Regulations and legislative authority of the WHO.

24. We however noted other financial issues which need to be addressed by Management to further improve financial transactions recording, processing and reporting and ensure the fair presentation of the financial statements in the next reporting period. Such issues pertain to reconciliation of cash accounts, inventory valuation due to absence of a global inventory system, proper cut-off procedures and accrual processes on expenditures and revenue. These issues were communicated through a Management Letter dated 27 March 2014.

#### ***Cash and Cash Equivalents***

25. The Cash and cash equivalents showed a balance of US\$ 714.8 million in the Statement of Financial Position as at 31 December 2013. The decrease of US\$ 19.5 million from 2012 restated balance of US\$ 734.3 million was mainly due to placement on short-term investments of funds held pending the programme implementation.

26. Our confirmation of the balances of 86 bank accounts and four investment portfolios in the aggregate amount of US\$ 656 million, or 91.7% of the total cash and cash equivalents as at 31 December 2013, revealed no discrepancy from the General Ledger balances in GSM. However, our review of sample bank reconciliation statements disclosed certain reconciling items on some Imprest accounts and certain reconciling items that remained outstanding for more than 90 days as at 31 December 2013.

27. Management pointed out that the intensified focus on Imprest bank and cash account reconciliations initiated in 2013 will continue in 2014 to ensure that all Country Offices adhere to the compliance requirements on eImprest Bank and Cash Reconciliations. They communicated to all offices to aim for an "A" rating in the reconciliation of all Imprest accounts and to target for no reconciling items that are outstanding for more than 90 days.

### ***Investments***

28. The Treasury (TSY) puts reliance on the reports submitted by its Investment Custodian and requires the Investment Managers to perform a monthly reconciliation process to help monitor and resolve any valuation differences. There was a standard of .30% or 30 basis point (bp) tolerance on the valuation difference allowed by WHO which was reduced to .10% or 10 bp in November 2013.

29. Our audit revealed that based on the Asset Detail Report of the Investment Custodian as at 31 December 2013, the externally managed investments of US\$ 1 434.2 million were within the 10 bp tolerable limit allowed by WHO for each portfolio when compared with the balances confirmed by the four Investment Managers. The decrease in the sign-off tolerance from 30 bp in November 2013 reduced the risk that any invested funds might not be properly reported by either the Investment Custodian or the Investment Manager at any given period.

30. The strategy of hedging the foreign currency of the current accounts receivables and staff cost on a monthly basis has minimized foreign currency risk. WHO posted a net realized gain of US\$ 8.8 million on hedging and bank valuation in 2013. In addition, US\$ 1 152 million was placed by the Treasury in time deposit on different counterparties as at 31 December 2013, realizing interest revenue of US\$ 5 million. The counterparties were selected based on the evaluation of the credit ratings and credit default swaps obtained from the Reuters.

### ***Inventories***

31. The total value of inventories as at 31 December 2013 of US\$ 51.1 million was arrived at by using the lower cost or net realizable value on a weighted average basis which is computed manually as required by WHO IPSAS. Also due to the absence of a global inventory management system, Management apportioned the estimated Packaging, Freight and Insurance (FPI) costs as part of the value of inventories reported in the financial statements.

32. In A66/34, it was recommended and Management agreed to develop a global inventory management system that will address the specific needs of each department concerned and comply with the reporting requirements on inventory under IPSAS. Our validation revealed that work on the design and development of the inventory system is in progress and roll-out is expected to start before the end of 2014.

33. We recognize the progress made by Management on the development and subsequent implementation of Global Inventory Management and Reporting System to facilitate compliance with inventory reporting requirements under IPSAS and address the specific needs on inventory management and reporting of the Organization.

### ***Unfunded Liabilities***

34. The unfunded liabilities of the Organization amounted to US\$ 933 million, After-Service Health Insurance (ASHI) US\$853 million, Terminal payments (TP) US\$ 74 million, and Special fund for compensation (SFCC) US\$ 6 million as at 31 December 2013.

35. With regard to the funding of ASHI, an assessment was made by the entity with the help of professional actuaries in November 2011 to determine the funding projections. During the Eighth Joint Meeting of the Headquarters Surveillance Committee of the SHI, it was recommended that an increase of 10% on contribution rates be effected in 2012 and subsequently, a compounded rate of 4% per year starting in 2013 with expected full funding by 2042. As at 31 December 2013, full funding is projected

to be achieved by year 2036, or six years ahead of the previous assessment. We note the Organization's strategies to address the deficit for ASHI and TP.

36. The Organization decided to change the TP contribution rate for active staff from 2.5% to 3.5%, and for short-term staff from 2.5% to 5.5% effective 1 January 2011. This increase is expected to eliminate the deficit in the fund by 2025. On the other hand, Management has no specific plans yet on how to fund the deficit for SFCC as they deem it immaterial.

## **1.2 Overall Financial Performance**

### ***Financial Position of the Organization***

37. The assets of the Organization totaled US\$ 4 425.7 million as at 31 December 2013 against US\$ 3 860.4 million as at 31 December 2012 or an increment of US\$ 565.3 million (15%). Short-term investments posted an increase of US\$ 600 million while Long-term investments decreased by US\$ 184 million. Contributing further to the growth in total assets is the increment in Accounts receivable - non-current by US\$ 136 million due to increased signed agreements for voluntary contributions in 2013 intended for projects to be implemented in succeeding financial periods. The recognition of land and buildings from the Regional and Country Offices in 2013 under the transition provision of IPSAS added US\$ 22 million to the total assets.

38. On the other hand, total liabilities increased slightly from US\$ 2 702 million as at 31 December 2012 to US\$ 2 891 million as at 31 December 2013, representing an increment of US\$ 189 million (7%). The increase was due mainly to the increase in Deferred Revenue-Non-Current by US\$ 136 million, matching the increase in Accounts receivable-non-current.

39. As at 31 December 2013, the net assets/equity increased to US\$ 1 535 million from US\$ 1 159 million in the previous financial period, or an increment of US\$ 376 million (32%). It may be noted, however, that the deficit in the Net Assets for Member States-Other continued to increase from a negative balance of US\$ 716 million in 2012 to a negative balance of US\$ 722 million in 2013. This deficit was brought about, among others, by the increase of the unfunded liabilities for Non-Current Accrued staff benefits.

### ***Liquidity Position***

40. The current ratio as at 31 December 2013 was 2.48, which is higher than that of the 31 December 2012 ratio of 2.15. This shows an improvement in the Organization's ability to meet its short-term obligations and cover its current cash operating requirements. The favorable liquidity position was enhanced by the significant rise in short-term investments.

## **1.3 eExpenditure Batch Process**

41. The eExpenditure batch system in GSM was created for adjustments and amendments of charges to projects/work plans/awards (PTAEOs). It deals with the transfer of already incurred expenditure lines from one work plan or award (source or sending PTAEO) to another (target or receiving PTAEO) to reflect the expenditure in the appropriate work plan or award.

42. Our review in November 2013 exposed weaknesses of controls in the processes which might affect the reliability and integrity of the financial information recorded in the General Ledger. Management had included the necessary enhancements as a priority Request for Change in the system aimed at improving the audit trail in processing, review and approval of eExpenditure batches. The

existing Standard Operating Procedure had to be updated to include, among others, the requirement of approval by cluster management officer before a new user may be granted batch finance requester responsibility and to state what requirements have to be fulfilled before a batch can be approved. Moreover, Management planned the refresher training for users and approvers of eExpenditure batch starting April 2014. We took note of the action taken by Management to address the weaknesses of controls in the processes.

#### **1.4 Direct Financial Cooperation (DFC)**

43. The DFC Monitoring Report provides details on the DFC expenditures of the major offices, the number of overdue reports and amount of refunds. In the audit of EMRO, SEARO and WCO Sudan, we noted the inadequacy of assurance activities and further improvements to proper monitoring were required.

44. As at 31 December 2013, for WHO as a whole, 17% of DFC reports for 2012–2013 were overdue.

45. Further, we noted that there is no information that will show that base assurance activities were undertaken by major offices such as: a) the number of audits conducted by WHO or a justification if there was none; b) the places selected for on-site monitoring or spot checks of activities; c) the list of recipients/counterparts that regularly do not submit supporting documents; d) the analysis of the recipient's system of accountability; and e) the risk assessment on the recipient's financial management practices.

**46. We recommend that WHO strengthen the capabilities of regional/country offices in conducting risk assessment and assurance activities relative to DFC and in implementing monitoring strategies. In addition, regional/country offices need to reinforce their efforts in improving timely submission of reports by counterparts.**

#### **1.5 Final Certified Financial Statements to Donors (FCFS)**

47. The Final Certified Financial Statements (FCFS) are issued by Accounting Service (FNM) to donors at the request of Award Managers. The FCFS due date of submission to donors is based on the agreement, and it is initially entered in GSM upon award creation.

48. On a test basis using data provided by FNM, our analysis of 33 FCFS released to donors in 2013 revealed that 26 were not released within the due dates provided in the agreements and award records in GSM. Delays ranged from 14 to 599 days. Likewise, in the 2013 year-end audit of SEARO, delays were also noted and that out of 27 sampled FCFS, only four (4) were submitted on time, 16 were already overdue while the remaining seven (7) FCFS were released after due dates.

49. Although GSM tracks the due dates and follow-ups are being done by FNM, compliance on the release of FCFS with the due dates still needs to be improved. Reporting to donors on the status of their funds committed to the Organization is essential to maintain the integrity of reporting by the Organization and to sustain the commitment of donors. Delay in the submission FCFS also impacts on the collection of voluntary contribution receivables, and the commitment of donors to continue contributing to WHO programmes in the future.

**50. We recommend that WHO enjoin the relevant offices responsible for the preparation and release of FCFS to collaborate towards improving the timeliness of reporting to donors.**

## 1.6 Global Service Centre (GSC)

51. We assessed the system controls on award, human resources, payroll, procurement and payment modules of the GSC. Specifically, it entailed the review of the implementation of WHO policies and processes as well as the recording and reporting of financial information.

52. We recognized GSC's continuous evaluation of its performance indicators to improve the quality of data sources and the efficiency of system processes. However, we noted certain deficiencies which need to be addressed and these are discussed extensively in the Management Letter issued to the Director of GSC. Issues were noted in the following areas: handling of cancelled/duplicate Purchase Orders; existence of duplicate staff members'/suppliers' records in database; lack of required supporting documents for procurement of services such as Adjudication Report and Contracts Review Committee reports; conversion of fixed-term appointment to continuing appointment without supporting performance evaluations; awards without links to signed agreements; slow turnaround time in processing claims against educational grant advances; absence of written guidelines for the reconciliation of personal accounts in staff receivables and payables; and award amounts recorded in GSM different from that in the signed agreement.

**53. We recommended that WHO address the issues noted in the review of the Global Service Centre (GSC) in order to improve the quality of data sources and the efficiency of system processes in the GSC.**

## 2. Governance Matters

### 2.1 Accountability Framework

54. We reviewed the Accountability Framework of the Organization to determine whether its related components and activities are in place and are being effectively used to further cultivate a culture of accountability and transparency across the Organization. We also looked into other activities that encompass accountability such as the Whistleblower Policy and the Asset Accountability Policy for Lost Assets.

55. Our review revealed enhancement opportunities to improve the culture of accountability and transparency in the Organization as follows:

- (a) Revision and re-definition of the Accountability Framework Policy document;
- (b) Enhancement and update of the Whistleblower Policy; and
- (c) Enhancement of the Asset Accountability Policies on Lost Assets.

#### *Accountability Framework Policy Document*

56. We noted that the existing WHO Accountability Framework policy document which was published in January 2006 needs to be reworked and redefined to be put in operation. We share the observation of Joint Inspection Unit (JIU) in (JIU/REP/2011/5) that the WHO Accountability Framework lacks the culture of accountability as a fundamental pillar.



57. WHO informed us that with the on-going organizational reform, the Accountability Framework is scheduled for a complete revision in 2014. We observed that Management had already set a delivery date on the Organization's Accountability Framework and an evidence of its blueprint had already been presented to us. However, the succeeding activities in the development of the framework and the corresponding timelines have not been laid down.

**58. We recommended that WHO revise and redefine the Accountability Framework document in 2014 and immediately operationalize it to reinforce the culture of accountability and transparency within the Organization.**

#### ***Whistleblower Policy***

59. We noted that that WHO's Whistleblower Policy and Procedure was published in November 2006. It is one of the Organization's tools for the complaints-and-response mechanism. In the said document, WHO had committed to ensure that compliance with its regulations is at the heart of its governance and accountability strategies in ethical practices at all levels of the Organization.

60. We benchmarked the existing policy of the Organization with the Government Accountability Project (GAP) International Best Practices for Whistleblower Policies and United Nations Secretary-General's Bulletin (ST/SGB/2005/21 and ST/SGB/2007/11) which dealt on the protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. Our tests revealed some areas of improvement in the Policy as elaborated below:

- (a) Although it addresses the protection and appropriate management of individuals making allegations of suspected improper activity or "protected disclosures" (whistleblower protection), the Policy does not cover the controls and procedures for dealing with allegations of suspected improper conduct (whistleblowing).
- (b) Definitions of terms dwell briefly on the violations of regulations and rules within the scope of Article I of the Staff Regulations and Section 1 of the Staff Rules on whistleblowing and retaliation while behaviour-related violations such as harassment, improper business conduct and organizational misfeasance are not included.
- (c) Anonymous allegations are discouraged as clearly stated in Paragraph 18 of the Policy which goes counter to the fact that most whistleblowers with valid serious allegations want to remain unknown even with the existence of a Whistleblower Protection Policy.
- (d) The Policy does not cover individuals who are perceived as whistleblowers (even if mistaken), or as "assisting whistleblowers," (to guard against guilt by association), and individuals who are "about to" make a disclosure. These indirect contexts can have the potential to block out valuable internal sources of information in the future and can defeat the purpose that the Policy is intended to serve.

**61. We recommended and WHO agreed to enhance and update its Whistleblower Policy and Procedure by benchmarking on best practices in the UN System.**

#### ***Accountability Policies and Procedures on Lost Assets***

62. We highlighted in our previous audit, the issues and gaps we noted on several asset retirement and disposal within the headquarters where the Property Survey Committee (PSC) decisions are being questioned and contested by the WHO staff. Most PSC cases relate to those that are recorded in the

Asset Registry, and not in the books of accounts, which therefore necessitates stronger control and accountability mechanism.

63. We reviewed the SOP on Asset Management and noted several provisions involving asset disposal and the PSC, method of disposal, and losses or theft. We also noted in the same SOP that provisions on loss or theft of an asset merely describe the responsibilities of staff members for the loss but the underlying circumstances for such loss are not disclosed. On the other hand, we determined that the asset management policy of PAHO clearly defines these circumstances into simple negligence, gross negligence and wilful misconduct. This piece of accountability information provides enough bases for establishing fiscal responsibility, an issue that is the main contention of almost PSC cases. With more complete information on the circumstances of loss, the Organization can further enhance its accountability measures particularly for those asset losses arising from wilful misconduct or gross negligence where disciplinary actions against the guilty individuals can be imposed apart from asset recovery measures.

64. With the aforementioned circumstances, it is essential that the asset accountability procedures are established and operate as intended, and that the levels of risk are appropriate and acceptable to the Organization. In the current WHO environment, it is vital that Management should be able to effectively manage and efficiently control WHO resources and enforce accountability for those assets that are often used, e.g., transportation, information technology and communication equipment. There is a need to institute more explicit policies and procedures. More than a signed accountability form, assurance must show that events related to asset loss have been properly disclosed and processed, and that the required physical handling and control over the assets do exist to ensure that the accountability deficit is properly addressed.

**65. We recommended and WHO agreed to improve its Asset Accountability Policies by incorporating the following procedures: (a) criteria defining various circumstances surrounding asset loss; (b) guidelines for documenting asset loss; and (c) levels of administrative and fiscal responsibility for every type of circumstance identified as the cause of asset loss.**

## **2.2 Procurement Governance**

66. We audited the procurement governance in the Organization and we noted important policies and procedures in the UN System that do not yet exist in WHO, or if they do exist, are not yet implemented. These policies and procedures are vital to mitigate the risks that might result in view of the absence of the following :

- (a) Strategic Procurement Planning;
- (b) Green Procurement Policy;
- (c) Policy on Long-term Agreements;
- (d) End-user Feedbacking Policy;
- (e) Policy on Vendor Complaints and Grievances; and
- (f) Vendor Sanctioning Policy.

### ***Strategic Procurement Planning***

67. For the year 2013, WHO's procurement expenditure totaled US\$ 695 million, broken down as follows: US\$ 239 million for procurement of goods, and US\$ 456 million for procurement of services and service contracts. The total amount spent for procurement ranks as the second largest expense category in the Organization, second only to staff cost. Of the total procurement cost, almost 80% pertains to service procurement with the remainder relating to goods procured. As observed, the most common procurement sub-categories for goods include standard procurement, reimbursable and emergency procurements, and procurement for other UN agencies and Non-government Organizations (NGOs). For services, procurement includes those done through Agreement for Performance of Work (APW), consultant contracts for both standard and emergency activities, and those pertaining to Letter of Agreement (LOA), Imprest, General External Services (GES), Technical Service Agreement (TSA), Fellowship and Internal Services.

68. We noted that there was no formal strategic procurement planning that displays the consolidation and integration of procurement strategies done in a structured manner. There is thus less assurance that WHO's value-based procurement can react effectively to related risk factors.

69. We emphasize that a strategic procurement planning process is crucial. It induces Management to think systematically about future procurement endeavors and serves as a device for coordinating complex operations. It also provides a medium for communicating the expectations and objectives of the Organization. Likewise, a Strategic Procurement Plan will further assist Management in obtaining the best quality at optimal cost and quantity where and when products and services are needed. Congruent to the development of a Strategic Procurement Plan, the Organization needs a good elaboration of its complex operations, the level of decentralization and its dependencies particularly in funds sourcing.

### ***Green Procurement Policy***

70. The WHO Procurement Policy section on Environmental concerns mirrors the UN policy on "green procurement". More specific criteria are indicated in the Policy that provide for the inclusion of environmental concerns in the general procurement requirements that include energy consumption, toxicity, ozone depletion, and radiation. Quality control stamps termed as ecolabel ratings indicated in each of the products procured need to be evaluated to determine the product's impact on the environment. It is therefore expected that procurement activities of the Organization are delivered with regard to good environmental protection stewardship and utmost care of the environment. The policy, if put into right practice, is also viewed to cause positive influence on the behaviour of other sectors such as the business community and more specifically the vendors/suppliers of the Organization.

71. We noted however that while environmental concerns are embodied in its procurement policies, they are not translated into activities that should be embedded in procurement processes, whenever applicable. The Organization's procurement processes and guidelines still need to evolve into one that is better aligned with the global agenda on environmental protection in pursuance of the 7th Millennium Development Goals (MDG). It can be argued, however, that the Organization can request its suppliers and contractors to offer environment-friendly products or services at any given time, but this is not guaranteed at the global level.

72. With the growing urgency to respond to the impact of artificial pollutants, WHO's procurement processes need to contribute to the aspiration of global environment protection. The Organization has to ensure that more concrete policies and procedures on "green procurement" are integrated in its procurement activities, wherever applicable. Stewardship of an environment-friendly procurement

process has to be well-founded in policies and procedures to ensure that the culture is enshrined throughout the Organization. Successful implementation of “Green Procurement” requires that environmental protection opportunities are considered at both the strategic and operational levels.

### ***Long-term Agreements (LTA)***

73. An LTA is an agreement/contract with a framework of terms and conditions, valid for a specified period of time which is usually more than one year. Contracting parties are one or more UN system organizations, and one supplier on a non-exclusive basis for the repeated purchase of specified goods or services and with no legal obligation to order any minimum or maximum quantity. In the Organization, LTA are non-committing documents, describing the agreed conditions of purchase for a given period of time without quantity commitment on the part of WHO.

74. We noted that LTAs have proven to be useful for the Organization. The WHO eManual on procurement, the Organization’s primary guide on procurement, sets out the Organizations’ procurement principles, and the corresponding SOPs provide guidance on the transactional and procedural aspects of procurement. However, there is no specific provision in the WHO eManual on the use of LTA except for Invitations to Bid for single acquisition of goods. In the absence of LTA-specific guides, existing policies on standard procurement types are used instead, which might not necessarily address the issues and peculiarities present only in LTAs. Its ability to strategically establish and manage LTAs as well as monitor and assess their outcomes could be deterred, thereby reducing its capacity to fully realize the potential benefits of this manner of procurement.

75. Considering the growing acceptance and use as well as the increasing number of LTAs resorted to by WHO, the need to institute and implement well-crafted policies on LTAs has become more apparent now than before. Currently, US\$ 46 million (7%) of the 2013 total procurement of US\$ 695 million was through suppliers with LTA, which is equivalent to 22% of the total number of Purchase Orders for goods. At present, there is an approximate total of 80 LTAs on procurement of goods held by the Organization for the headquarters in procuring biological test kits (54), Lab (10), Pharma (5), Kit Med (4), Immunization (2), Medical Equipment (2), IT (2), and Telecom (1).

76. In the absence of an established policy framework and strategy on LTA utilization and monitoring, WHO has a limited way of determining whether it measures up to the satisfactory attainment of its procurement objectives as far as its LTA contracts are concerned. This concern is supported by the IOS in its recent report when it recommended that a mechanism be developed by the Global Procurement and Logistics (GPL) contracts management team to monitor performance of all suppliers with an LTA.

### ***End-user Feedbacking System***

77. Post-procurement activities encompass among others, attending and responding to end-user’s feedback, making sure that the specified products or services were delivered on time, and attending to any complaint appropriately. In an organizational context, end-user feedback mechanism can address this concern effectively so that the Organization may adjust its current and future procurement activities whenever necessary to achieve its procurement objectives and expected results.

78. We noted that procurement feedbacking were limited to staff and vendors only. There was no clear indication of an effective process that serves the interest of external stakeholders and internal recipients of procured goods. As the steward of the Member States’ funds, the Organization has to demonstrate, through the mechanism, that all governments and the UN and its specialized agencies including NGOs are serviced effectively and efficiently. Obtaining feedback from ultimate recipients

of procured goods is particularly important since the Organization applies the Reimbursable Procurement Method to serve the Member States. In the dispensation of this procurement method, WHO exacts an amount as programme support cost for procuring in behalf of the countries and other UN entities; this all the more needs an effective feedbacking protocol.

79. While a feedback mechanism cannot be a universal remedy for all end users' problems, the entrenching of an effective protocol in the cycle of procurement must be the first concrete step. This mechanism, when implemented, will result in a smoother procurement cycle where feedback is immediately linked to strategies to further enhance accountability in the procurement process.

### ***Vendor Complaints and Grievances***

80. The effective management of vendor complaints should be an integral part of a fair and transparent procurement policy. Concrete procedures must facilitate this objective, allowing the Organization to handle complaints in a logical and consistent manner, and to carry out the analysis and reporting requirements for better management of post-procurement feedback. The process is intended to provide vendors the access to a consistent, fair and timely process to deal with complaints and identify ways to make improvements therein. Organizational units responsible for undertaking procurement processes are expected to be primarily responsible for attending to these complaints.

81. We noted that there is not an institutionalized policy on managing vendor grievances and complaints in the WHO eManual or any related SOP. The WHOHQ-CPS offered that vendors/suppliers will communicate either with GSC/GPL or with LEG, if applicable. The Legal Department, for its part, added that LEG/Commercial and Contractual Matters (CCM) is not aware of any vendor complaint during 2013.

82. The importance of building and maintaining relationships with vendors cannot be overemphasized. As a best practice, the UN Development Programme (UNDP) and the UN Procurement Division had included in their official website a webpage dedicated to vendor complaints or protest that include among others, complaint forms, manner of filing complaints or protest, and contact persons. These are manifestations of adherence by the agencies to the UN basic principles of procurement.

83. Management of vendor complaints needs to be founded on a well-established policy to ensure a consistent, fair, impartial and timely process for addressing procurement complaints. Although vendor complaints management cannot replace the dispute resolution process arising out of contracts, interventions must be in place to bridge vendor-and-vendee relationship to afford a fair and efficient procurement process.

### ***Vendor Sanctioning Policy***

84. We noted that WHO does not have a specific "Vendor Sanctioning Policy" and cases related to vendor transactions are treated on an ad hoc basis in consultation with LEG and IOS, when applicable. We further noted that it is not made a part of the policy on procurement under the eManual. This is in contrast to the recommendation of JIU in their Report *on the Procurement Reforms in the United Nations System* (JIU/NOTE/2011/1) where the UN system organizations are advised to have clear policies and guidelines on modalities for filing and processing complaints against procurement decisions. This intends to avoid situations wherein one vendor will complain to the procurement staff while another will take it up with the representative of its Member State, who in turn, will forward the complaint to the Executive Head.

85. The same report also emphasized that to ensure that all vendors receive equal treatment, the organizations should develop a formal mechanism to review complaints and make them public on their websites. The JIU Inspectors recognized that for smaller organizations with lower procurement volumes, the mechanism need not be a sophisticated one with independent bodies but at least, a formal process should be established. The Inspectors further recommended that Executive Heads should develop a formal mechanism to review vendor complaints in order to enhance objectivity, fairness, transparency and consistency in the procurement process.

86. The absence of the subject policy might affect the Organization's reputation of effectively protecting donor countries' contribution. The lack of concrete recourse within the complaints-and-response mechanism relating to vendor management might ultimately result in less effective procurement management. Having such policy will enhance objectivity, fairness, transparency and consistency in the procurement process.

**87. We recommended that WHO revisit its procurement policies and procedures on Strategic Procurement Planning, Green Procurement, Long-term Agreements, End-user Feedbacking, Vendor Complaints and Grievances, and Vendor Sanctioning to enhance and reinforce its procurement system.**

### **2.3 Improvement to Staff Performance Reviews**

88. We reviewed the administrative controls embedded in the processes and activities of the Polio, Emergencies and Country Collaboration Cluster (PEC), Health Security and Environment (HSE) and HIV/AIDS, Tuberculosis, Malaria and Neglected Tropical Diseases (HTM) Clusters. These three clusters have the biggest share of the WHO HQ Budget for Biennium 2012–2013. The review was intended to determine whether controls exist in the assignment of roles and responsibilities within the Cluster and if these controls are operating as expected, and to ascertain if performance reviews are adequately controlled to guarantee achievement of Cluster objectives.

89. We noted two enhancement opportunities in administrative controls that need to be addressed by the Clusters, namely: (a) Non-adherence to Performance Management Development System (PMDS) requirements; and (b) Non-conformance of Staff objectives in the ePMDS with the SMART model.

#### ***Compliance with the Requirements of the PMDS***

90. In our review of the ePMDS (i.e., the performance appraisal forms) of PEC, HSE and HTM, only 319 of the total 549 ePMDS were observed to have been completed as at 10 March 2014. The compliance rate per Cluster varies from a high of 69.71% to a low of 23.23%. We noted that the less-than-desirable compliance rates contributed to the weakening of performance management and the process of determining programme achievements within the Clusters. Furthermore, the observed compliance rates for ePMDS completion prevented the Clusters from distinguishing the work of one staff from the rest to assess the staff as an individual performer, and increased the risk of inefficient performance management and inadequate results monitoring.

#### ***SMART Model in Setting PMDS Objectives***

91. As a major component of the PMDS, Performance Objectives are set through a collaborative process between the supervisor and the staff. Such practice elicits commitment between the two parties, defines the ensuing activities of the staff with the end in view of steering that staff's

performance towards the achievement of the Unit's/Department's objectives and consequently, the Organization's overall objectives.

92. As a collaborative exercise, we observed that the PMDS-objective setting is done at the beginning of each year where the staff member and the supervisor meet to agree on the objectives of the staff's work plan for the year, and the required competencies and staff development plan to equip the staff to satisfactorily do her/his job. The SMART model is required to be used in the objective-setting process. It lays down the characteristics of a good objective which are specific, measurable, achievable, relevant and time-bound.

93. We noted that there are generic and unclear underpinning characteristics of staff responsibilities enumerated as objectives during our review of 21 samples of ePMDS from the three Clusters. Of these sample ePMDS, we identified 109 instances where the defined responsibilities of the staff were not specific, not measurable and/or without timeframe, thereby falling short of the SMART criteria for defining objectives. The considerable deficiencies in objective-setting at the staff level create difficulties in assessing the staff's accomplishments and linking them with the Clusters' work plans and the Organization's overall strategies during the performance appraisal period. When the staff's objectives are not well-defined, two operational dimensions of the PMDS are impinged: the staff's performance appraisal and the overall assessment of programme management.

94. The audit observations noted in the three clusters might be present in the other clusters of the Organization. WHO needs to look at these conditions and address them accordingly. We emphasize that the attainment of WHO's Human Resource objective of achieving a high-performing culture primarily depends upon human resource performance management. The PMDS is used as a tool in conducting staff performance appraisals. It also offers a way to evaluate staff's performance in a transparent and fair manner vis-à-vis the agreed objectives which must be aligned with the SMART model. The staff's adherence with the PMDS requirements becomes a priority concern in the achievement of the Organization's overall objectives.

**95. We recommended that WHO conduct performance reviews across all levels of the Organization to ensure achievement of objectives by encouraging all staff to comply with the ePMDS requirements; facilitate its completion within the required time frame; and formulate their Staff Objectives following the SMART model.**

## **2.4 Reporting of Programme Results**

96. We reviewed the reporting arrangements for Programmes including that of the Mid-term Report (MTR) for the Biennium 2012–2013 to ascertain whether the reports include information relevant to the period under review at an acceptable level of reliability and integrity.

97. The WHO Mid-term Review conducted at the end of the first year of the Biennium is mandatory to provide a mid-biennium progress report to Member States on the delivery of commitments for the biennium under review as indicated in the Medium Term Strategic Plan (MTSP) and the Programme Budget (PB).

98. For the Biennium 2012–2013, the MTR identified the Organization-wide expected results that should be prioritized and the areas at risk of not meeting the targets by the end of the biennium. It also identified the risk-mitigating strategies employed by the Management. As a self-assessment exercise, the WHO Mid-term Review builds on the monitoring and reassessment process towards the achievement of expected results.

99. We noted however that WHO's 2012–2013 MTR included achievements in Biennium 2010–2011 including those pertaining to Strategic Objectives 1 and 2. Management confirmed that the reported data in the MTR are indeed achievements in 2011 that became available only in 2012 but a footnote about its inclusion in the MTR for Biennium 2012–2013 was provided. They further disclosed that the Member States have been informed that the report includes the most current data available on the progress in public health issues and that this data may not coincide with the dates of the MTR because of the lead time in data gathering.

100. We emphasized that the report should account for the achievements in the biennium under review. It was explicit in the first paragraph of the Performance Assessment Overview in the Mid-term Review Report: A mid-term review of implementation of the Programme Budget 2012–2013 was conducted across the Organization as at 31 December 2012. Hence, what is being accounted for in the MTR are the programmes and budget of the current biennium. However, the accomplishments in the previous biennium can still be presented in the current biennium's MTR only for purposes of comparison with the current accomplishments to highlight the degree of progress made during the current biennium. But it must be noted at the beginning of the report for the reader's proper guidance.

**101. We recommended that WHO improve its future reporting endeavours by reporting achievements in the period they relate for proper accountability. Ensure that prior period achievements if included in the MTR be provided with appropriate contextualization to enable the appropriate use of information.**

## **2.5 Enterprise Risk Management**

102. We noted that the Organization has yet to formalize an enterprise-wide risk management (ERM) framework which we recommended in our report last year. The ERM framework can assist the Organization to focus on the key risks affecting the delivery of necessary reforms. Management informed us that the formalization of ERM done by the CRE Office is still in progress.

103. Considering the value that risk management offers to the Organization in establishing accountability modalities and internal controls, we highlight the need for ERM to take its foothold within the policies and procedures of the Organization. Risk management has to complement the current governance reforms in the Organization particularly in the area of internal control. Thus, urgent undertaking to put ERM in place and actually operationalizing it is of utmost importance.

**104. We advise that WHO ensure that the ERM Framework is established and operationalized within 2014 to complement current advances in the establishment of the WHO Accountability and Internal Control Frameworks.**

## **2.6 Strengthening of Internal Control Systems in Regional and Country Offices**

105. We audited six field offices of the Organization during the year. In spite of the presence of the eManual, SOPS, and guidance notes containing the regulations in processing transactions, we noted several common weaknesses and deficiencies in their internal controls at the process level. (See **Annex A** for the details.) The IOS have noted several field offices where weaknesses in internal controls are also prevalent.

106. While we have recommended measures to address the audit observations, through the Management Letters issued to the Heads of offices concerned, they are interim solutions. We deem it more important to have a long-standing solution that addresses such common concerns globally through a pervasive control that cuts across all levels of the Organization.



107. A new Internal Control Framework (ICF) was published in November 2013 which is planned to be rolled out across the Organization in 2014. It will be supplemented by: a) a Manager's Guide to internal control which aims to support managers in implementing and operating internal control in their day-to-day operations; and b) a checklist which will allow managers and functional area specialists to carry out a high level assessment of internal controls within their respective units. The ICF is intended to address the responsibilities for controls over financial, procurement, human resources and programmatic processes.

108. Such a move is a direct pursuance of Financial Regulation 12.1(c) which requires the Director-General to maintain an effective internal control structure that will ensure: a) the accomplishments of established objectives and goals for operations; b) the economical and efficient use of resources; c) the compliance with policies, plans, procedures, rules and regulations; and d) the safeguarding of assets.

109. We commend WHO Management on this. We noted that the Director-General already defined initial internal control responsibilities with clear-cut roles and responsibilities being delegated to the senior management, i.e., the Assistant Directors General and the Regional Directors. Indeed, it is a manifestation of the Organization's commitment to achieve expected results, exact accountability from all concerned and above all, promote effective stewardship of the Member States' contributions.

**110. We recommended that WHO implement the Internal Control Framework together with the developed tools in 2014 across all levels of the Organization including the field offices to achieve the long-term benefits of a strong internal control system.**

### C. DISCLOSURES BY MANAGEMENT

111. **Write-off of Cash.** A total of US\$ 40 430 was approved for write-off. Of this amount, US\$ 37 576 relates to fraud committed by a staff in Angola in 1998 which was deemed impossible to recover, while US\$ 2 856 pertains to VAT refunds rejected by the Government of Nepal.

112. **Administrative Waivers:** There were four cases of administrative waivers in the total amount of US\$ 533 014. First, on the possible telephone fraud, an amount of US\$ 151 198 was paid to Astrium Services Enterprises following the unauthorized use of the telephone system. Second, on the recovery of overpaid post adjustment, Daily Subsistence Allowance (DSA), and mobility and hardship allowance made to 20 internationally recruited staff members in AFRO and EMRO, the amount of US\$ 296 752 was waived because the overpayment was more than two years old from the date of the last overpayment. Third, on non-recovery of medical expenses of US\$ 83 275, reimbursement was made to a retired staff member beyond the SHI allowed reimbursement ceiling. Fourth, the petty cash difference of US\$ 1 789 in WPRO was waived.

113. **Ex-gratia payment:** There was no ex-gratia payment reported in 2013.

114. **Frauds and Presumptive Frauds:** Management reported no instances of fraud or presumptive fraud.

### D. IMPLEMENTATION OF EXTERNAL AUDIT RECOMMENDATIONS

115. We validated the implementation of External Audit Recommendations contained in prior years' audit reports. We noted that of the 51 recommendations, 31 or 61% have been implemented, and 19 or

37% are still in progress of implementation, while 1 or 2% was not implemented. **Annex B** presents the detailed analysis of the implementation of the prior years recommendations.

**116. We note the progress made by WHO in implementing the recommendations and encourage WHO to bring these to an early conclusion by preparing a workplan to fully implement all prior year's recommendations.**

## **E. ACKNOWLEDGEMENT**

117. We wish to express our appreciation for the cooperation and assistance extended to our staff by the Director-General, the Deputy and Assistant Directors-General, Regional Directors, HQ Directors, the Comptroller, Country Representatives and members of their staff during our audit.

118. We also wish to express our appreciation to the World Health Assembly for their support for and interest in our work.

**Commission on Audit  
Republic of the Philippines  
External Auditor**

4 April 2014  
Quezon City, Philippines

## ANNEX A

**AUDIT OBSERVATIONS RELATING TO WEAKNESSES IN INTERNAL CONTROLS IN REGIONAL AND COUNTRY OFFICES<sup>1</sup>****I. Financial****Cash Management**

1. Delayed recording of Imprest bank transactions
2. Imprest accounts replenishment exceeded the Imprest ceilings
3. Imprest accounts with outstanding transactions for more than 90 days
4. Lack of documented review on the WHO 414 (eImprest Account Review Checklist)
5. No rule set for the threshold or limit that could be paid out of the Imprest Cash
6. No established minimum and maximum levels for petty cash fund
7. Incomplete information in "Actual GL date" column for bank book
8. Incurrence of unnecessary bank charges
9. Incurrence of bank service fees for not maintaining the minimum balance
10. Petty expenses paid out of Imprest Bank instead of Petty Cash Fund
11. Submission of the bank reconciliation beyond the first week of the following month

**Inventory Management**

1. No expiry dates indicated for some medicines
2. Inadequate compliance with reporting requirements on inventory

**Asset Management**

1. Absence of Declaration of Receipt/handover receipt by Custodian
2. No regular updating of Fixed Assets Register (FAR)
3. No Annual Inventory Certificate
4. Inaccurate Fixed Asset records
5. Deficient filing System by the Asset Management Office especially for some signed handover receipts
6. Discrepancies between the quantities of selected items indicated in the FAR against the actual physical inventory count
7. Absence of a report from country office that physical existence of all the assets have been verified
8. Unreliability of the FAR due to inclusion of low-valued items and exclusion of high-value items
9. Removal of old and irreparable IT equipment even if approval of disposal is still pending
10. Unreconciled data of the GSM Fixed Asset Register and fixed asset records

**Travel**

1. Approval of Travel Requests in less than 10 days before the date of departure
2. No timely submission of Travel Reports in the GSM
3. No travel plan both for local and international travels as well as internal policies on the selection and allowances/per diems of the traveling staff

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<sup>1</sup> The Regional Offices audited are SEARO, EMRO and EURO, and the country offices audited are Sudan, Turkey and Bangladesh.

4. No existing facility to determine number of staff members joining the same travel

## **II. Procurement of Goods and Services**

1. No acquisition planning
2. Low compliance on competitive bidding procedures especially in securing approval for procurement
3. Posting in the GSM of Purchase Orders (POs) for General External Services (GES), Special Services Agreements (SSAs) and Agreement for Performance of Work (APWs) either simultaneously or after the planned start date
4. Lack of adjudication report for procurement of goods valued above US\$ 25 000
5. Inappropriate use of Agreements for Performance of Work
6. Lack of approval for procurement transactions processed in the GSM
7. Issuance of Certificates of Fitness beyond the allowable maximum duration of one year for consultants
8. Unsigned/unaccomplished achievement reports
9. Non-renewal of SSAs in conflict and/or remote areas for reasons of inaccessibility of communication lines
10. Non-compliance with the regulations and rules on the selection and hiring of individuals under APWs, and the requirements in the Adjudication Report
11. Specific role not clarified or delegated to country office for handling APWs of awards managed by headquarters and regional offices
12. Delayed payments to suppliers

## **III. Programmatic Processes**

### **Programme Management**

1. Deficiencies in planned costs and budget allocations
2. Absence of indicators, baselines and targets
3. No planned/intended start and end dates as well as milestones in work plans
4. No actual start and end dates of top tasks
5. Status of tasks and progress status not reflective of actual progress status under the GSM
6. Award budget in excess of planned costs for top tasks
7. Encumbrances and expenditures in excess of award budgets and without award budgets
8. Achievement based on performance indicators not reflective of the actual progress status of the office-specific expected result (OSER) and regional expected results

### **Awards**

1. Delayed implementation of awards
2. Unutilized Awards funds due to expiration of Awards
3. Observed awards with no balances in the Monitoring Sheet

### **Direct Financial Cooperation**

1. Lack of evidence of risk assessment and assurance activities in DFC activities
2. Slow review and multiple internal auditing processes within the Ministry of Health, resulting in late liquidation
3. No ageing of outstanding DFC reports

### **Donor Reporting**

1. Delayed submission of Reports Due to Donors

## ANNEX B

**STATUS OF IMPLEMENTATION OF EXTERNAL AUDIT RECOMMENDATIONS  
(A64/30, A65/32 AND A66/34)**

No.	Recommendation	External Auditor's Validation
<b>A64/30</b>		
<b>1</b>	<b><i>Income and Award Management</i></b> Engage Award Managers proactively in the award management cycle in order to ensure that the award funds are fully utilized and the project implementation does not suffer. (Para. 37)	<b>Implemented</b> We took note of the Award Manager Confirmation document sent in September 2013 to review Award Managers' responsibilities and ownership of awards. The document to be signed by the Award Managers also included the link to relevant references and reports that are made available to Award Managers.
<b>2</b>	<b><i>Bank Accounts, Cash and Imprest</i></b> Prepare bank reconciliation statements for all the bank accounts in the month following the one to which they relate and make efforts to reconcile balances which have remained outstanding for long. (Para. 51)	<b>In progress</b> Our review revealed reconciling items in 28 accounts that have been outstanding for more than 90 days as at 31 December 2013.
<b>3</b>	<b><i>Bank Accounts, Cash and Imprest</i></b> Strictly comply with all prescribed procedures in respect of custody, handling and recording of cash. (Para. 53)	<b>In progress</b> Management noted that the monitoring and analysis of and the follow-up on the timely reconciliation of Imprest accounts have been enhanced. Development of Imprest materials and guidance notes is continuing to assist the account holders.
<b>4</b>	<b><i>Bank Accounts, Cash and Imprest</i></b> Reconcile the unreconciled items in the eImprest account to date and complete the necessary enhancements at the earliest. (Para. 57)	<b>In progress</b> A number of AFRO and EMRO Imprest accounts still showed unreconciled items in the eImprest accounts.
<b>5</b>	<b><i>Procurement</i></b> Devise clear guidelines so that waiver requests are permitted only in exceptional circumstances; that GSM provide definitive information /assurance that all waiver cases have met the laid down norms/provisions; that the requirement of three tenders is followed; and that the involvement of outside experts in the procurement process may be considered. (Para. 62)	<b>Implemented</b> The information notes have been published in the website and thus, are available to all concerned for their proper guidance.
<b>6</b>	<b><i>Inventory Management</i></b> Strengthen internal controls in respect of its recording, valuation, physical verification and custody in order to have an effective inventory management system in place. (Para. 70)	<b>In progress</b> Our confirmation disclosed that the work relating to the development of the Global Inventory Management and Reporting System is still in progress.

No.	Recommendation	External Auditor's Validation
7	<b><i>Direct Financial Cooperation</i></b> Adhere to WHO Manual and General Conditions of Agreement in entering into agreements for Direct Financial Cooperation. (Para. 72)	<b>Implemented</b> The SOP has been published in September 2012 and a new DFC monitoring report including all necessary details for follow-up was devised and made available in the GSM by the end of 2013.
8	<b><i>Personal Advances to Staff</i></b> Strengthen efforts to monitor and settle the outstanding salary advances to ensure compliance as per the provisions of the WHO Manual. (Para. 75)	<b>Implemented</b> Significant decrease in balance and number of long outstanding personal accounts has been noted as at 31 December 2013 which Management attributed to increased monitoring efforts for settle salary advances.
9	<b><i>Personal Advances to Staff</i></b> Review and strengthen internal controls regarding salary payments in order to avoid overpayments. (Para. 77)	<b>Implemented</b> We also took note of SOPs developed for HR and Payroll processes. There was a significant reduction in the balances from 66% in 2012 to 13% in 2013.
10	<b><i>Personal Advances to Staff</i></b> Strengthen internal control mechanism for sanctioning and monitoring of advances to staff. (Para. 81)	<b>Implemented</b> Same comments as the validation of recommendations on personal advances to staff (Recommendation Nos. 8 and 9).
11	<b><i>Internal Oversight Services</i></b> Update Financial Rules to include risk management in the scope of the Office of Internal Oversight Services' responsibilities in order to provide it with a clear mandate. (Para. 86)	<b>Implemented</b> Recommendation is no longer applicable as risk management is not included in the responsibilities of Internal Oversight Services (IOS) anymore. It is now a responsibility of the new Compliance, Risk Management and Ethics Office (CRE).
12	<b><i>Internal Oversight Services</i></b> Document the status of action taken on the accepted recommendations on the self-assessment report. (Para. 110)	<b>Implemented</b> The independent quality assurance review performed by Price Waterhouse Cooper (PWC) from November 2013 to January 2014 documented the self-assessment of IOS.
<b>A65/32</b>		
13	<b><i>Enterprise Risk Management</i></b> Continue to work towards adoption of an Enterprise Risk Management Framework. (Para. 24)	<b>In progress</b> Reiteration of the recommendation is made in the current long-form report. Enterprise Risk Management (ERM) is a key part of the mandate of CRE whose work is in progress to define and assess the ERM in cooperation with the General Management (GMG).

No.	Recommendation	External Auditor's Validation
<b>14</b>	<p><b><i>Encumbrances</i></b></p> <p>Require the necessary follow up to ensure receipts of deliverables in order to clear the encumbered amounts at the earliest. (Para. 33)</p>	<p><b>Implemented</b></p> <p>This recommendation can be considered implemented as the encumbrances referred to were for the Biennium 2008–2009 which were liquidated in the succeeding biennium. The liquidation of encumbrances is now a regular exercise being conducted by Global Service Centre (GSC) in the 4th Quarter of the year after the end of the biennium.</p>
<b>15</b>	<p><b><i>Procurement Activities in Field Offices</i></b></p> <p>Comply with WHO Manual provisions on procurement. (Para. 44)</p>	<p><b>Implemented</b></p> <p>Five approvers for procurement of goods were included in the approval matrix of the African Region in April 2013.</p>
<b>16</b>	<p><b><i>Asset and Inventory Management</i></b></p> <p>Strengthen internal controls in respect of recording, valuation, physical verification and its custody (Para. 47)</p>	<p><b>Implemented</b></p> <p>We took note that both fixed assets certificates and detailed inventory registers were used by the Asset Management Unit, AFRO to reconcile and verify assets.</p>
<b>17</b>	<p><b><i>Personal Advances to Staff</i></b></p> <p>Continue to strengthen the internal controls for recovery of advances given to staff. (Para. 51)</p>	<p><b>Implemented</b></p> <p>We noted that the travel advances as at 31 December 2013 pertain mainly to current year travels. About US\$ 2.04 million was recovered from non-staff who either did not attend meetings or had reduced their travel days.</p> <p>As at 31 December 2013, AFRO reported that the balance of unresolved issues has dropped down to a little over US\$ 2 000. The majority of cases have been closed while the rest are in the course of recoveries/payments.</p>
<b>18</b>	<p><b><i>Service Requests</i></b></p> <p>Regularly review SRs to ensure that SRs are duly assigned. (Para. 78)</p>	<p><b>Implemented</b></p> <p>We took note that Global Service Desk (GSD) has implemented new processes to ensure Service Requests (SRs) are duly assigned, ageing SRs are addressed, and constant monitoring and review of SRs and calls are performed. A sample Incident Report includes description of outage, date and time started, date and time resolved, cause and corrective action taken.</p>
<b>19</b>	<p><b><i>Information Technology</i></b></p> <p>Explore the possibility of shifting the Secondary/DR Data centre to an off-site location other than Geneva. (Para. 89)</p>	<p><b>In progress</b></p> <p>We took note of Management's comment that the optimal timing for the bidding process is currently being reviewed. Management will also request UNICC for options to relocate Disaster Recovery (DR) instances to one of UNICC's data centres outside Switzerland.</p>

No.	Recommendation	External Auditor's Validation
<b>20</b>	<b>Information Technology</b> Review and validate the UNICC reports on service metrics. (Para. 97)	<b>Implemented</b> UNICC reports on service matrices were reviewed and validated as per December 2013 report.
<b>21</b>	<b>Information Technology</b> Work closely with AMRO during the development of its ERP, so as to achieve transfer of disaggregated data from AMRO at shorter interval. (Para. 99)	<b>In progress</b> We took note that GMG continues to work closely with PAHO on the development of their new system with a planned visit by Accounting Service (ACT) in Fall 2014 to assess its development and agree on the next steps to take.
<b>22</b>	<b>Information Technology</b> Monitor closely the implementation of technical upgrade to ensure that the upgrade is completed well before the cut-off date of November 2013. (Para.102)	<b>Implemented</b> Technical Upgrade went live in June 2013.
<b>A66/34</b>		
<b>23</b>	<b>Statement V – Comparison of Budget and Actual Amounts</b> Coordinate with the concerned departments/offices responsible for preparing and monitoring the Programme Budget by strategic objective presented in Statement V to devise a sound basis for expressing the approved biennial budget in annual terms. (Para. 39)	<b>Not implemented</b> Management maintains that the Programme Budget is prepared and approved by Member States on a biennial basis and therefore, the budget should remain as approved and be presented in Statement V Budget to Actuals on a biennial basis. It was emphasized that arbitrarily deciding to halve or use other methods to arrive at yearly budgeted figures will provide additional confusion as any split would not be approved by the Member States.  Management argued that useful comparisons can still be made between budget and actual amounts by comparing the two-year budget with one-year actual implementation. Further detailed evaluation of WHO's results against the Programme Budget will be issued during the Mid Term Review and Programme Budget Performance assessment that are currently in place, which highlight key financial and technical issues across the Organization.  We reiterate that Management adopt the most appropriate strategy to present the budget and the actual amounts on a comparable basis.
<b>24</b>	<b>Chart of Accounts</b> Update the Chart of Accounts to include account definitions that are descriptive and instructive of the actual financial transactions of WHO. (Para. 44)	<b>Implemented</b> The Chart of Accounts was updated on 1 December 2013. The updated Chart of Accounts includes a description of each account and/or when an account is used.



No.	Recommendation	External Auditor's Validation
25	<b><i>Global Management System</i></b> Ensure that business rules and procedures which are not yet present in the eManual and the Standard Operating Procedures (SOP) have to be defined to provide control measures in the GSC processes in GSM. (Para. 47)	<b>Implemented</b> We noted that a number of SOPs have been updated to include the recommended control measures in business processes of GSC.
26	<b><i>Global Management System</i></b> Impress on the clients the importance of providing complete and correct information in a timely manner when entering a transaction in GSM. (Para. 48)	<b>Implemented</b> GSC publishes in its site the GSC Monthly and Quarterly Transaction Reports which provide information on volumetric levels and trends of transactions processed for the period. The reports give details on Turnaround Time, backlogs, on-hold, pending processing, rejected/returned, and processed.
27	<b><i>Direct Financial Cooperation</i></b> Strictly monitor the requirements of the DFC agreements to ensure that DFC-funded activities including those HQ-funded DFCs are implemented as planned, and the technical report and financial certification are submitted within the time frame (Para. 53.a)	<b>Implemented</b> We noted that DFC Monitoring Report provides information on overdue reports by the initiating office. There is no information, however, that would indicate result of "monitoring to ensure that DFC-funded activities ... are implemented as planned" – as required in the recommendation. According to HQ, this information is available at the regional/country level.
28	<b><i>Direct Financial Cooperation</i></b> Enhance the DFC Monitoring Report in GSM by providing the complete information necessary for monitoring purposes to have an accurate and reliable data for decision making. (Para. 57.b)	<b>Implemented</b> A new report called WHO FIN - DFC Monitoring Detailed was developed and made available in the GSM at the end of 2013. The SOP has also been updated in March 2014 to mention the existence of such new report.
29	<b><i>WHO Emergency Response Strategy and Framework</i></b> Include specific operating standards in the area of logistics in the ERF taking into account the accountability in managing resources and the risks involved in specific arrangements with suppliers and donors. (Para. 64.a)	<b>In progress</b> Management informed us that a process for revising WHO's Emergency Standard Operating Procedures is underway. This will be followed up after the SOPs are prepared.

No.	Recommendation	External Auditor's Validation
30	<p><b><i>WHO Emergency Response Strategy and Framework</i></b></p> <p>Design strategies in stockpile deployment that maintain a balance among the <i>No Regrets Policy</i>, the expectations of stakeholders and the optimal inventory management to avoid occurrence of expired medicines. (Para. 64.b)</p>	<p><b>In progress</b></p> <p>Discussions are underway between Emergency Risk Management &amp; Humanitarian Response (ERM) and Global Capacities Alert &amp; Response (GCR) to integrate strategic stockpile management into operational processes to fulfil ERF policies. Stock and Inventory Management System (SIMS) has been put in place by GCR to allow WHO to have good view of the inventory at global level. SIMS has been implemented on demand in several countries awaiting the development and integration of the Oracle Inventory module into the GSM which is estimated for roll-out in November 2014.</p>
31	<p><b><i>Global Inventory Management System</i></b></p> <p>Develop one global inventory management system that will contain features common to all users and yet address the specific needs of each concerned department with due consideration to the requirements of financial reporting framework, and the nature of business of each concerned department in the design of the new system. (Para. 76.a)</p>	<p><b>In progress</b></p> <p>We took note that the work pertaining to the design and development of a global inventory management and reporting system is ongoing.</p>
32	<p><b><i>Global Inventory Management System</i></b></p> <p>Ensure that the new inventory management system is integrated with the GSM, or at least contains a system interface to ensure ease and coherence in financial reporting and consider its development as a top priority owing to the high degree of its exigency. (Para. 76.b)</p>	<p><b>In progress</b></p> <p>We were informed that the global inventory management and reporting system will be linked to the GSM and Accounts, Operational Support Services together with specialized logistic expertise from technical units managing the WHO global inventory are providing inputs to the project.</p>
33	<p><b><i>ERM Framework and Related Activities</i></b></p> <p>Formalize, through a written policy, the adoption of the preferred and most optimal ERM Framework applicable to WHO in order to have a holistic approach to risk Management. (Para. 87.a)</p>	<p><b>In progress</b></p> <p>The recommendation is reiterated in the current long-form report. Formalization of ERM framework is currently being done by the newly formed CRE.</p>
34	<p><b><i>ERM Framework and Related Activities</i></b></p> <p>Embed clear guidelines in the ERM framework and provide essential details like activities with specific timelines and deliverables as well as a feedback mechanism for all components of the risk management process. (Para. 87.b)</p>	<p><b>In progress</b></p> <p>Work in establishing clear guidelines for the ERM framework, with specific timelines, deliverables and feedback mechanisms are in progress at CRE. The recommendation is reiterated in the current long-form report.</p>

No.	Recommendation	External Auditor's Validation
35	<b>SOP Development</b> Adopt a more structured approach to SOP Development guided by an Overall Project Plan with details on what strategies to adopt, when and how to carry them out, corresponding timelines and delineation of responsibilities. (Para. 97.a)	<b>Implemented</b> We took note that SOP development progress monitoring continues on a bi-weekly basis. Management claimed that there are now 229 SOPs that have been finalized.
36	<b>SOP Development</b> Monitor the SOP team's work progress more frequently not only on the quantitative aspect like number of SOPs drafted and reviewed, but also on strategic and qualitative levels with the end in view of addressing management issues and concerns. (Para. 97.b)	<b>Implemented</b> Each SOP is going through a strategic and qualitative review during the approval process by senior management. SOPs are approved by two approvers. In addition and with regard to the development of a more strategic approach, the GMG ADG's Office has been working on an internal management control framework and its corresponding implementation plan.
37	<b>Results-based Management</b> Ensure that ERs at all levels of the Organization will be stated as intended outcomes or improvements over a baseline situation subject to assumptions and identified risks with the appropriate mitigation strategies. ERs will also be provided with relevant indicators to adequately measure their attainment. (Para. 115.a)	<b>Implemented</b> This has been done with the development of the Global Programme of Work (GPW) 2014–2019 and the Programme Budget (PB) 2014–15 wherein impact, outcome and output statements have been formulated together with indicators, baselines and targets for each level of the results chain...
38	<b>Results-based Management</b> Review the formulation of the elements of the existing RBMF to ensure compliance with RBM principles. (Para. 115.b)	<b>Implemented</b> Same comments as above.
39	<b>Results-based Management</b> Undertake the required workplan monitoring in GSM regularly to ensure that the GSM data reflect the actual financial status of products and services, and the technical status of each top/sub-task including scheduled and actual start and end dates. (Para. 124)	<b>Implemented</b> A communication was sent to all clusters/ departments to correct the financial status of products and services. In addition, the operational planning GSM guidance note on "creation of an activity workplan" was amended to include the following wording: <i>Scheduled start and end dates must be set for each product or service (top task), and each activity (sub task).</i>
40	<b>Results-based Management</b> Facilitate a concrete assessment of the needs of the technical departments in programme management from planning to monitoring and reporting, and conduct a review of the systems and tools currently in use including GSM as part of the new results chain, and monitoring and assessment framework. (Para. 137)	<b>In progress</b> A review of the systems and tools currently in use (including GSM) will be conducted by mid-2014 as part of the introduction of the new results chain, and monitoring and assessment framework. WHO has also developed a web portal which includes a report on the implementation of the 2014–2015 Programme Budget on an annual basis. Progress on its implementation will be monitored in future audit.

No.	Recommendation	External Auditor's Validation
41	<b>Human Resources Management</b> Ensure that the implementation of its strategies/initiatives undergo a structured implementation planning process which takes into consideration: <ol style="list-style-type: none"> <li>the governance and accountability structures</li> <li>specific activities, expected outcome/results, performance indicators, timelines and responsible personnel</li> <li>identification of resource requirements and constraints</li> <li>risk management</li> <li>monitoring of and reporting on implementation progress. (Para. 142)</li> </ol>	<b>In progress</b> In 2013, the HR Strategy was widely shared with all stakeholders and was submitted to the Executive Board last January 2014 (EB134/INF./2). Progress on its implementation will be monitored in future audit.
42	<b>Human Resources Management</b> Develop without delay the comprehensive harmonized recruitment policy and recruitment processes based on competency approach for global implementation across the Organization in order to ensure uniformity of recruitment processes. (Para. 146)	<b>In progress</b> We noted that an Information Note presenting the Harmonization of Selection Process for Longer Term positions in the professional and Higher level categories were issued to all staff on 7 March 2014. Management also informed us that work on the local recruitment process and the Global Recruitment Policy will start in the 1st Quarter of 2014.
43	<b>Human Resources Management</b> Evaluate the effectiveness of the recruitment strategy and its relevance to the prevailing situation in WHO in sustaining gender equity and equitable geographical representation. (Para. 157)	<b>In progress</b> We noted that a Gender Policy will be developed by the end of 2014. This recommendation will be followed up in future audit.
44	<b>Performance Management Development System</b> Strengthen the monitoring of PMDS compliance by all major offices to ensure that all staff are properly evaluated. (Para. 162)	<b>In progress</b> An Information Note was issued on 27 January 2014 reminding all staff to finalize ePDMS for 2013 and start ePDMS for 2014. Management also commented that a new tool ePMDS+ was already tested by HRD and will be rolled out progressively to all offices starting 2014.
45	<b>WHO Regional Office for Africa</b> Improve its financial and administrative controls and processes on Imprest accounts, DFC activities, procurement including service contracts, inventory and asset management, duty travels, and donor reporting. (Para. 171)	<b>In progress</b> We took note of the Management's comments that there has been a considerable improvement in the management of Imprest accounts. The Regional Director has communicated with the Ministers of Health on proper management and compliance with DFC reporting requirements. Further validation will be undertaken in future audit of AFRO.

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46	<b>WHO Regional Office for Africa</b> Ensure the reliability and accuracy of the reported progress of programme accomplishments. (Para. 171)	<b>Implemented</b> The conduct of several workshops by the Planning and Budgeting Unit targeting Programme Managers on the formulation and assessment of results in work plans will help ensure accuracy of reported programme results.
47	<b>WHO Western Pacific Regional Office</b> Enhance further its controls and processes on DFC, donor reporting, asset management, and procurement of service contracts. (Para. 177)	<b>Implemented</b> Validations revealed improvements in the performance of controls and processes on DFC, donor reporting, asset management and procurement.
48	<b>WHO Country Office – Ghana</b> Improve its financial and administrative controls and processes on asset management, contracting services, awards, duty travels and DFC activities. (Para. 183)	<b>Implemented</b> Marked improvements were noted in the financial and administrative controls on asset management, inventory, procurement, awards, travel and DFC.
49	<b>WHO Country Office – Ghana</b> Provide indicators, baselines and targets in some Country Specific Expected Results for ease in measuring the expected results under the Results-based Management. (Para. 183)	<b>Implemented</b> Missing indicators, baselines and targets were inserted in the 2012–13 Work Plan during the Semi-annual monitoring exercise in June 2013 and evaluated during the End of Biennium Assessment in December 2013.
50	<b>WHO Country Office – Philippines</b> Improve its financial and administrative controls and processes on Imprest accounts, DFC activities, asset management, awards-in-kind, SSAs and procurement. (Para. 190)	<b>Implemented</b> Validation conducted revealed improved financial and administrative controls and processes on areas covered by the current audit.
51	<b>WHO Country Office – Philippines</b> Expedite the implementation of planned activities to achieve desired outputs. (Para. 190)	<b>Implemented</b> We noted improvements in the implementation of planned activities.

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