

## **External and internal audit recommendations: progress on implementation**

### **Report by the Director-General**

1. As requested by the Programme, Budget and Administration Committee at its thirteenth meeting, in January 2011,<sup>1</sup> this document provides an update of actions taken by the Secretariat to ensure full implementation of the recommendations made in the reports of the External<sup>2</sup> and Internal<sup>3</sup> Auditors. The present report also includes an overview of the outcome of the investigations referred to in the report of the Internal Auditor for the calendar year 2018.<sup>3</sup>

#### **INTRODUCTION**

2. The Secretariat takes note of the progress highlighted in the reports of the external and internal auditors for the calendar year 2018 and reiterates its commitment to implementing audit recommendations in a timely manner and ensuring that measures are put in place to reduce the number of those outstanding. In this regard, the percentage of open overdue internal audit recommendations continues to decrease compared with previous levels (down to 4.2% open recommendations as at February 2019). As far as external audit recommendations are concerned, nine of a total of 22 recommendations are in process of implementation, while those remaining are either closed or fully implemented.

3. In its efforts to improve accountability and strengthen internal controls while reducing costs and ensuring value for money, significant progress has been made by the Secretariat in the areas of travel, fleet management, work in emergencies, direct financial cooperation and direct implementation, procurement and the strategy and implementation plan for value for money, among others.

#### **TRAVEL MANAGEMENT**

4. With respect to duty travel, the Secretariat implemented changes to WHO's duty travel policy in 2018 to align it with that of the United Nations Secretariat regarding route determination and class of travel entitlements. The introduction of these changes has reduced the average ticket price by approximately 14%. In addition, travel requests that are non-compliant with the 14-day advance approval policy are now automatically downgraded to economy class and exceptions can only be granted by the Assistant Director-General for Business Operations (at headquarters) or Directors of Administration and Finance (in the regions), upon proper justification. This has increased compliance

---

<sup>1</sup> Document EB128/3.

<sup>2</sup> Document A72/39.

<sup>3</sup> Document A72/40.

from 45% in 2016 to 69% in 2018. The combined cost avoidance generated by these initiatives, together with the launch of the preferred hotel programme, which gives access to pre-negotiated hotel rates at the most popular duty travel destinations and thereby reduces the per diem, has been estimated at approximately US\$ 15 million per year.

5. Efforts in this area will continue to ensure an increasingly more consistent implementation of compliance and quality controls across the Organization, including the standardization of operating procedures, the training of relevant administrative staff and an update of emergency travel standard operating procedures to provide clear guidance concerning emergency travel.

## **FLEET MANAGEMENT**

6. With respect to fleet management, following the introduction of WHO fleet services, long-term agreements have been established for the purchase of vehicles and tracking equipment, which have been included in the WHO vehicle catalogue in the Global Management System. It is important to note that the number of vehicles deployed for emergencies includes rental vehicles that reflect not only the number of WHO staff members deployed to the field but also the number of staff members of all partners who operate under WHO guidance or support. In addition, it is a common practice in emergency response operations to hold some vehicles in reserve, especially in situations in which the repair infrastructure is inadequate. With regard to tracking equipment, a pilot project is currently ongoing in six countries (Democratic Republic of the Congo, Iraq, Jordan, Nigeria, Pakistan and Republic of the Congo), in which more than 400 vehicles are being tracked and an additional 700 vehicles are in the process of being fitted with tracking devices to be monitored through the WHO standard fleet management system (TracPoint).

7. Finally, a set of guidance documents and tools has been developed and is being disseminated, while training courses have been created and made available to all staff through iLearn, WHO's online learning platform. WHO's e-manual policy on road safety and vehicle management is in the process of being finalized and will be rolled out in the coming months, with accompanying standard operating procedures.

## **WORK IN EMERGENCIES**

8. The Secretariat takes note of the recommendations by the External Auditor in this area and confirms that focused effort is being put towards finalizing the remaining standard operating procedures related to logistics, planning and resource mobilization.

9. With regard to the recruitment process for emergencies, the Secretariat reiterates the compliance of its current practice with existing policy provisions, while at the same time welcoming any improvement the Auditor's recommendations might suggest, in particular regarding the specification of limits to the extension of vacancy notices. In addition, the Secretariat confirmed that any appointment-related decision taken on behalf of the Regional Director is supported and documented by the relevant delegations of authority despite the fact that this information may not be immediately available in the selection report. Finally, on the issue of providing specific feedback to unsuccessful candidates in the regret letter or at a later stage, the Secretariat acknowledges that this might be helpful to applicants. At the same time, it is important to note that it would be administratively burdensome to provide feedback to each applicant by personalizing the regret letter, which is now automatically generated. In any event, the current regulatory framework allows for internal candidates to contact human resources departments in order to obtain access to relevant selection documents and request feedback, as appropriate.

10. Finally, the Secretariat takes very seriously the findings and recommendations from the Internal Auditor concerning the emergency operations, including Yemen, and has already initiated remedial actions to strengthen the effectiveness of controls and maximize the impact at the country level. The Secretariat remains committed to implementing these recommendations as a priority, while highlighting the complexity of the situation on the ground.

## **DIRECT FINANCIAL COOPERATION AND DIRECT IMPLEMENTATION**

11. The Secretariat's commitment to tightened controls in the area of direct financial cooperation and direct implementation was evidenced at the end of 2018, when the number of direct financial cooperation arrangements with overdue final reports reached its lowest level, at 157 or just 1.3% of all direct financial cooperation purchase orders issued since 2016. This figure represents a significant decrease from 430 reports that were outstanding in February 2018, thanks to a series of measures adopted by management such as enhancements to the system and relevant controls, improvement to reporting and monitoring tools, proactive follow-up, introduction of the assessment for implementing partners and post facto verification missions. Progress in this area was further evidenced in the External Auditor's report, which highlights the improvements in reporting on direct financial cooperation as an example of good practice implemented by WHO leading to the closure of the previous audit recommendation.

12. In 2018, WHO spent US\$ 114 million on direct financial cooperation arrangements, a decrease of US\$ 34 million compared to 2017. Direct financial cooperation supported a wide range of immunization and capacity-building projects in over 80 countries in which WHO works in partnership with the respective national health authorities. The top 20 countries<sup>1</sup> in which direct financial cooperation arrangements were implemented account for 74% of all direct financial cooperation spending, while nearly half of all direct financial cooperation spending relates to supporting poliomyelitis eradication campaigns.

13. Policy and procedures concerning the use of direct financial cooperation were revised in August 2018 to ensure that direct financial cooperation-funded activities are in line with WHO's priorities, policies and donor requirements and are implemented according to the agreement with the Member State concerned. The two main changes to the policy include (a) making the regular financial and administrative capacity assessments of the ministry of health that is receiving direct financial cooperation funding a mandatory requirement and (b) strengthening the assurance activities requirements of direct financial cooperation arrangements. These changes will help address the residual risks raised by the Internal Auditor.

14. As far as direct implementation is concerned, WHO management regularly monitors compliance with direct implementation policy and procedures, as well as the existence of any outstanding direct implementation reports. As a result, the number of outstanding direct implementation reports was reduced by 29% as at February 2019 compared to September 2018.

15. A thorough review and revision of direct implementation policy and standard operating procedures is planned for 2019 to mitigate any additional risk. This review will necessarily lead to a definition of when direct implementation should and should not be used, as well as the agreement of a WHO-wide framework for direct implementation assurance activities.

---

<sup>1</sup> Papua New Guinea, Yemen, Kenya, Ethiopia, Sudan, Niger, Democratic Republic of the Congo, Iraq, Chad, Mozambique, Viet Nam, Cameroon, Mali, Bangladesh, Pakistan, Guinea, Angola, Ghana, Madagascar, Lao People's Democratic Republic.

## PROCUREMENT

16. WHO strives to be cost-effective and the Organization assuredly has zero tolerance for fraud. Significant progress has been made to build capacity in vendor management by training procurement staff. The procurement documentation toolkit (including templates for requests for proposals, invitations to bid and adjudication reports) is updated on a regular basis and a new procurement handbook has been made available to all users. The toolkit is further promoted through the procurement network, while a global procurement training programme will be rolled out on the iLearn platform and made available to all staff in May 2019. The curriculum is specifically designed to develop the capacity of each stakeholder, clearly define roles and responsibilities and provide the knowledge required for an efficient and compliant process.

17. The access of users to the relevant modules of the Global Management System will depend on their successful completion of procurement training.

18. An important expansion of the WHO eCatalogue is being carried out through the standardization of pharmaceutical, laboratory and medical devices. The eCatalogue is currently available to all WHO budget centres. All products are made available based on prenegotiated global contracts, thus limiting the risk of fraud (in terms of cost and quality) during the selection of local vendors for sensitive health products.

19. A database with information concerning all long-term agreements for services is planned to be made available to all WHO offices in 2020. In addition, the assessment of service suppliers' performance will be enhanced by the implementation of an electronic workflow that will require responsible officers to make an accurate assessment of vendors before allowing final payment. A pilot will be conducted at headquarters from June 2019 and will be extended to all other offices at a later stage.

20. To ensure the high standard of WHO suppliers, a global communication campaign on the evaluation of suppliers will commence as of August 2019.

## VALUE FOR MONEY

21. The value for money initiatives enable WHO to demonstrate to its stakeholders the impact of its work on target populations, provide evidence of how it maximizes the impact of every dollar spent and allow for a better understanding of costs and results in order to make evidence-based decisions during the implementation stage of projects as well as for future projects.

22. As per the update provided to the Executive Board at its 144th session<sup>1</sup> in January 2019, major progress has been made in this area. For example, the WHO investment case was finalized in September 2018, while the WHO web portal has been substantially revamped not only to show how money is raised and spent but also to include a detailed summary of achievements by programme area and country.

---

<sup>1</sup> Document EB144/6.

23. As part of change management, an introductory video on value for money was launched in November 2018 and an Organization-wide network of value for money champions has been created. In addition, a targeted two-day value for money workshop has been designed for WHO programme staff, while value for money is included in WHO's new procurement training programme to be launched in 2019.

24. Furthermore, policies for direct financial cooperation arrangements and grants now require proposals to provide a justification of how the proposed arrangement or grant represents good value for money.

25. Lastly, value for money is one of the six proposed dimensions of the output measurement framework of the Proposed programme budget 2020–2021,<sup>1</sup> which will ensure that the achievement of every specific output in the new results structure takes into consideration the delivery of value for money and that technical programmes and country offices will be required to report back to Member States accordingly.

## **OUTCOME OF INVESTIGATIONS**

26. With regard to the investigations described in the report of the Internal Auditor for the calendar year 2018, the Secretariat confirms its commitment to timely action and would like to provide the following update on the outcome of the investigations.

27. With respect to the 14 investigation reports of substantiated allegations provided in Annex 6 to the Internal Auditor's report,<sup>2</sup> nine cases were related to fraud, five of which were related to fraudulent claims to the Staff Health Insurance (SHI).

28. Seven of these nine cases (IR2019/4; IR2019/5; IR2019/6; IR2019/7; IR2019/9; IR2019/11; IR2019/13) led to the separation from service of the staff members involved. For the two of these seven staff members who resigned (IR2019/6) or retired (IR2019/13) before the completion of the investigation, administrative actions were taken not to re-employ them in the Organization and, where applicable, cases will be referred to the SHI Global Standing Committee for its examination on possible suspension or exclusion of participation in the SHI. With respect to the other two cases of fraud, in one case (IR2019/8) the staff member was sanctioned with a written censure and the loss of one step for his role in assisting another staff member in misconduct; in the other case, disciplinary action is still pending (IR2019/10).

29. In all cases concerning fraud, actions were taken to recover the financial loss. Administrative actions to recover the funds were also taken for another case (IR2019/14) concerning misuse and misappropriation of funds by non-staff personnel who were recipients of project-related funds (ministry of health personnel).

---

<sup>1</sup> See document A72/INF./2, Annex 4.

<sup>2</sup> Document A72/40, Annex 6.

30. One case was related to allegations of sexual harassment (IR2019/1). Since it concerned a staff member seconded to WHO from another United Nations agency, the case was referred to that agency for disciplinary action. However, since the individual was separated before the conclusion of the investigation, actions were also taken to ensure that the staff member would not be rehired by either the United Nations agency or WHO.

31. In the case of a WHO country representative who reportedly used a WHO secretary, driver and vehicle for personal needs and approved false overtime claim sheets for the driver (IR2019/2), that staff member was sanctioned with a written censure and the loss of three steps at grade, while no disciplinary action was taken against the driver (IR2019/3) in view of the mitigating circumstances concerning his conduct. Finally, in the case in which a WHO driver conducted himself in a manner incompatible with the status of an international civil servant and was found intoxicated (IR2019/12), the staff member was dismissed.

32. Since 2014, the Secretariat has published an annual circular informing staff members of concluded disciplinary proceedings. This circular raises awareness of breaches of standards of conduct and of action taken by the Administration to address violations of such standards. The circular on disciplinary cases concluded in 2018 will be published shortly.

#### **ACTION BY THE HEALTH ASSEMBLY**

33. The Health Assembly is invited to take note of the report.

= = =