

## **Appointment of the External Auditor**

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

1. In accordance with Regulation 14.1 of the Financial Regulations,<sup>1</sup> the Health Assembly appoints an External Auditor, who shall be “the Auditor-General (or officer holding equivalent title or status) of a Member government”. The term of office shall be four years, covering two budgetary periods and can be renewed once for an additional term of four years.
2. Member States may recall that, in May 2015 the Sixty-eighth World Health Assembly, in resolution WHA68.14 appointed the Commission on Audit of the Republic of the Philippines to be External Auditor of the World Health Organization for the four-year period from 2016 to 2019. A new appointment is therefore required with effect from 1 January 2020.
3. A practice has been established as from the Forty-eighth World Health Assembly whereby proposals for the position of External Auditor are made by Member States upon invitation by the Director-General. The Health Assembly makes its selection, like the governing bodies of other organizations of the United Nations system, by secret ballot, in the same way as any election under Rules 78 and 79 of the Rules of Procedure of the World Health Assembly. This was the practice followed by the Sixty-fourth and Sixty-eighth World Health Assemblies.
4. In accordance with the practice referred to in paragraph 3 and existing in some other organizations of the United Nations system, all Member States were invited, by Circular Letter C.L.37.2018 (Annex 1), dated 30 October 2018, to nominate a candidate for consideration by the Seventy-second World Health Assembly for the position of External Auditor of WHO for the four-year period from 2020 to 2023. A deadline of 14 December 2018 was established for the receipt of nominations.
5. Nominations were received within the deadline from the governments of **Congo, France, Ghana, India, Tunisia and United Kingdom of Great Britain and Northern Ireland**. Annexes 2–7 includes the curriculum vitae, summary description of the audit approach and the proposed fee in accordance with the requirements outlined in the Circular Letter of 30 October 2018. According to the Circular Letter instructions, the curriculum vitae and summary description were not to exceed 500 words each. Any submissions exceeding these limits were truncated. Of the applications received, three were in English and three in French. Following application of the word limits mentioned above, the texts of the submissions received in English were then translated into each of the other official languages. In the case of the submissions received in French, the texts were translated into English, after which the English translations were translated into the four other official languages. For submissions received in English or French, the text is presented exactly as received, while the translations have been performed so as to reflect exactly the original text as received. Copies of the complete applications from those six Member

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<sup>1</sup> Basic documents, 48th ed. Geneva: World Health Organization; 2014, pp.103–113.

States are available upon request in the language of submission. The summary table of nominations with proposed audit fees is set out in Annex 8.

6. Nominations from Algeria, Iraq and Qatar are not considered further as they were received after the deadline.

## **ACTION BY THE HEALTH ASSEMBLY**

7. Since six proposals for the appointment as External Auditor have been received within the deadline, the Seventy-second World Health Assembly may wish to proceed in the same manner as it has done in recent years, namely, to invite representatives of the Member States concerned to make a summary presentation of their proposal before the Health Assembly to assist in the selection decision, then to select the External Auditor by holding a secret ballot. Once the selection has been completed, the Health Assembly may wish to consider the following draft resolution:

The Seventy-Second World Health Assembly,

1. RESOLVES that [exact title to be inserted] of [title of Member State to be inserted] be appointed External Auditor of the accounts of the World Health Organization for the four-year period from 2020 to 2023 and that he/she audits in accordance with the principles incorporated in Regulation XIV of the Financial Regulations and the Appendix to the Financial Regulations, provided that, should the necessity arise, he/she may designate a representative to act in his/her absence;
2. EXPRESSES its thanks to the Commission on Audit of the Republic of the Philippines for the work it has performed for the Organization in auditing the accounts for the eight-year period from 2012 to 2019.

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ANNEX 1  
Note Verbale

Ref.: C.L.37.2018

**Appointment of External Auditor of the World Health Organization  
for financial years 2020 to 2023**

The World Health Organization (WHO) presents its compliments to Member States and has the honour to invite Member States to nominate a candidate fulfilling the conditions of Regulation 14.1 of WHO's Financial Regulations, whom they may wish the World Health Assembly to consider for appointment as the External Auditor of WHO for the four-year period from 2020 to 2023.

Member States may recall that, in May 2015 the Sixty-eighth World Health Assembly, by resolution WHA68.14, re-appointed the holder of the Commission on Audit of the Republic of the Philippines to be the External Auditor of the WHO for the four-year period from 2016 to 2019. Pursuant to Regulation 14.1 of WHO's Financial Regulations, the term of office shall be four years, covering two budgetary periods, and can be renewed for an additional term of four years. It will be necessary for the Seventy-second World Health Assembly in May 2019 to appoint an External Auditor, who shall be the Auditor-General (or an officer holding equivalent title or otherwise qualified) of a Member State, for the four-year period from 2020 to 2023.

... The full text of Regulation XIV of the Financial Regulations and the Additional Terms of

Reference governing the External Audit of WHO are enclosed herewith as Annex I. Annex II lists the External Auditors of WHO appointed during the period 1948 to present, and Annex III provides background information on WHO's financial operations. The 2017 Audited Financial Statements, (document A71/29) is available on WHO website: [http://www.who.int/about/finances-accountability/reports/A71\\_29-en.pdf?u](http://www.who.int/about/finances-accountability/reports/A71_29-en.pdf?u).

Should a Member State wish to propose a candidate, the name of the candidate should reach the Organization no later than **14 December 2018**, 23:59 Central European Time, to allow time for the preparation of the submission to the Seventy-second World Health Assembly.

The nomination should include, in respect of the proposed External Auditor:

- (a) curriculum vitae, without photographs, with details of the national and international activities of the nominee noting the range of audit specialties that can be of benefit to the Organization (not to exceed 500 words);

ENCL.:(3)

- (b) a summary description of the audit approach, procedures and standards that the nominee would apply, having regard to the Organization's accounting principles and practices, its Financial Regulations and Financial Rules and following International Public Sector Accounting Standards (IPSAS) (not to exceed 500 words);
- (c) estimates of the overall number of auditor-work-months which would be devoted to carrying out the audit for each financial year from 2020 to 2023; and
- (d) for each financial year (2020 to 2023), a proposed audit fee expressed in US dollars (and summarized on a single page). This fee should cover the worldwide audit of WHO activities as well as activities of non-consolidated entities administered by WHO. In estimating the cost of the audit, all secretarial and other ancillary costs, and all travel costs and living expenses of the External Audit staff should be included in the audit fee proposed. Travel costs should include travel from the country of residence to Geneva and to other offices of the Organization, as required by the External Auditor for the purposes of the audit.

The Secretariat will undertake to translate the curriculum vitae mentioned in (a), the summary referred to in (b) and the one page summary of the fees mentioned in (d) in the six official languages for submission to the World Health Assembly.

The nomination, along with its accompanying documents, must be sent electronically to the mailbox [Comptroller@who.int](mailto:Comptroller@who.int) and submitted in both pdf and Word formats.

The World Health Organization avails itself of this opportunity to renew to the Member States the assurance of its highest consideration.

GENEVA, 30 October 2018

C.L. 37.2018

ANNEX 1

**EXTRACT FROM FINANCIAL REGULATIONS****Regulation XIV – External Audit**

14.1 External Auditor(s), each of whom shall be the Auditor-General (or officer holding equivalent title or status) of a Member government, shall be appointed by the Health Assembly. The term of office shall be four years, covering two budgetary periods, and can be renewed once for an additional term of four years. External Auditor(s) appointed may be removed only by the Assembly.

14.2 Subject to any special direction of the Health Assembly, each audit which the External Auditor(s) performs/performs shall be conducted in conformity with generally accepted common auditing standards and in accordance with the Additional Terms of Reference set out in the Appendix to these Regulations.

14.3 The External Auditor(s) may 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 the Organization.

14.4 The External Auditor(s) shall be completely independent and solely responsible for the conduct of the audit and, except as permitted under Regulation 14.7 below, any local or special examination.

14.5 The Health Assembly may request the External Auditor(s) to perform certain specific examinations and issue separate reports on the results.

14.6 The Director-General shall provide the External Auditor(s) with the facilities required for the performance of the audit.

14.7 For the purpose of making a local or special examination or for effecting economies of audit cost, the External Auditor(s) may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute or any other person or firm that, in the opinion of the External Auditor(s), is technically qualified.

14.8 The External Auditor(s) shall issue a report on the audit of the annual financial statements prepared by the Director-General pursuant to Regulation XIII. The report shall include such information as he/she/they deem(s) necessary in regard to Regulation 14.3 and the Additional Terms of Reference.

14.9 The report(s) of the External Auditor(s) shall be transmitted through the Executive Board, together with the audited financial statements, to the Health Assembly not later than 1 May following the end of the financial year to which the final accounts relate. The Executive Board shall examine the annual financial statements and the audit report(s) and shall forward them to the Health Assembly with such comments as it deems necessary.

C.L.37.2018

APPENDIX

**ADDITIONAL TERMS OF REFERENCE GOVERNING THE EXTERNAL  
AUDITOR OF THE WORLD HEALTH ORGANIZATION**

1. The External Auditor(s) shall perform such audit of the accounts of the World Health Organization, including all Trust Funds and special accounts, as deemed necessary in order to satisfy himself/herself/themselves:

- (a) that the financial statements are in accord with the books and records of the Organization;
- (b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives;
- (c) that the securities and moneys on deposit and on hand have been verified by the certificates received direct from the Organization's depositories or by actual count;
- (d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon;
- (e) that procedures satisfactory to the External Auditor(s) have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The External Auditor(s) shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretariat and may proceed to such detailed examination and verification as he/she/they choose(s) of all financial records including those relating to supplies and equipment.

3. The External Auditor(s) and staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor(s), necessary for the performance of the audit. Information classified as privileged and which the Secretariat agrees is required by the External Auditor(s) for the purposes of the audit, and information classified as confidential, shall be made available on application. The External Auditor(s) and staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor(s) may draw the attention of the Health Assembly to any denial of information classified as privileged which, in his/her/their opinion, was required for the purpose of the audit.

4. The External Auditor(s) shall have no power to disallow items in the accounts but shall draw to the attention of the Director-General for appropriate action any transaction that creates doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be immediately communicated to the Director-General.

5. The External Auditor(s) shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:

- (a) identification of the financial statements audited;

- (b) a reference to the responsibility of the entity's management and responsibility of the External Auditor(s);
- (c) a reference to the audit standards followed;
- (d) a description of the work performed;
- (e) an expression of opinion on the financial statements as to whether:
  - (i) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;
  - (ii) the financial statements were prepared in accordance with the stated accounting policies;
  - (iii) the accounting policies were applied on a basis consistent with that of the preceding financial period;
- (f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;
- (g) the date of the opinion;
- (h) the External Auditor's(s') name and position;
- (i) the place where the report has been signed;
- (j) should it be necessary, a reference to the report of the External Auditor(s) on the financial statements.

6. The report of the External Auditor(s) to the Health Assembly on the financial operations of the period should mention:

- (a) the type and scope of examination;
- (b) matters affecting the completeness or accuracy of the accounts, including where appropriate:
  - (i) information necessary to the correct interpretation of the accounts;
  - (ii) any amounts that ought to have been received but which have not been brought to account;
  - (iii) any amounts for which a legal or contingent obligation exists, and which have not been recorded or reflected in the financial statements;
  - (iv) expenditures not properly substantiated;



- (v) whether proper books of accounts have been kept; where in the presentation of statements there are deviations of a material nature from a consistent application of generally accepted accounting principles, these should be disclosed;
- (c) other matters that should be brought to the notice of the Health Assembly such as:
  - (i) cases of fraud or presumptive fraud;
  - (ii) wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);
  - (iii) expenditure likely to commit the Organization to further outlay on a large scale;
  - (iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements, or of supplies and equipment;
  - (v) expenditure not in accordance with the intention of the Health Assembly, after making allowance for duly authorized transfers within the budget;
  - (vi) expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
  - (vii) expenditure not in conformity with the authority that governs it;
- (d) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records.

In addition, the report may contain reference to:

- (e) transactions accounted for in a previous financial period, concerning which further information has been obtained, or transactions in a later financial period concerning which it seems desirable that the Health Assembly should have early knowledge.

7. The External Auditor(s) may make such observations with respect to his/her/their findings resulting from the audit and such comments on the financial report as he/she/they deem(s) appropriate to the Health Assembly or to the Director-General.

8. Whenever the External Auditor's(s') scope of audit is restricted, or insufficient evidence is available, the External Auditor's(s') opinion shall refer to this matter, making clear in the report the reasons for the comments and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the External Auditor(s) include criticism in any report without first affording the Director-General an adequate opportunity of explanation on the matter under observation.

10. The External Auditor(s) is/are not required to mention any matter referred to in the foregoing which is considered immaterial.

C.L.37.2018

ANNEX II

**THE EXTERNAL AUDITORS OF THE WORLD HEALTH ORGANIZATION  
FROM 1948 TO 2019**

| <b>Period</b>          | <b>No. of years</b> | <b>Name</b>  | <b>Nationality</b> |
|------------------------|---------------------|--|--------------------|
| 1.9.1948 to 31.12.1966 | 18                  | Mr Uno Brunskog  | Swedish            |
| 1.1.1967 to 31.12.1973 | 7                   | Mr Lars Breie  | Norwegian          |
| 1.1.1974 to 31.12.1977 | 4                   | Mr Lars Lindmark   | Swedish            |
| 1.1.1978 to 31.12.1981 | 4                   | Sir Douglas Henley   | British            |
| 1.1.1982 to 31.12.1995 | 14                  | Holder of the Office of<br>Comptroller and Auditor-<br>General of the United<br>Kingdom of Great Britain and<br>Northern Ireland | British            |
| 1.1.1996 to 31.12.2003 | 8                   | Holder of the Office of<br>Auditor-General of the<br>Republic of South Africa  | South African      |
| 1.1.2004 to 31.12.2011 | 8                   | Holder of the Office of<br>Comptroller and Auditor-<br>General of India  | Indian             |
| 1.1.2012 to 31.12.2019 | 8                   | Holder of the Commission on<br>Audit of the Republic of the<br>Philippines   | Philippines        |

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ANNEX III

## **APPOINTMENT OF THE EXTERNAL AUDITOR OF THE WORLD HEALTH ORGANIZATION**

### **Background Information**

#### **1. General audit approach expected**

The World Health Organization seeks to obtain an effective audit carried out to a high technical standard. The audit should be directed at important questions of financial policy and practice, with appropriate importance being given to efficiency (value-for-money) audits.

#### **2. Nature of audit assignment**

2.1 An appreciation of the magnitude of the financial operations of the World Health Organization, and thus of the nature of the audit, may be obtained from the detailed financial report headed “Financial Report and Audited Financial Statements for the year ended 31 December 2017”, available on request or via the World Health Organization (WHO) website on:

[http://www.who.int/about/finances\\_accountability/reports/en/](http://www.who.int/about/finances_accountability/reports/en/).

In addition, document A68/43 dated 8 May 2015, entitled “Appointment of the External Auditor”, provides the bids submitted for the past periods 2016–2019. This is available on request or via the WHO website on:

[http://apps.who.int/gb/e/e\\_wha68.html](http://apps.who.int/gb/e/e_wha68.html).

2.2 The main centres of financial activity are the World Health Organization headquarters of Geneva, Switzerland, the six regional offices located at Cairo, Brazzaville, Copenhagen, Manila, New Delhi and Washington, DC (see also paragraph 8 below). The World Health Organization also has a presence in over one hundred and fifty countries through a representative or liaison office, as well as resident staff and projects in other locations, where expenditure is incurred locally.

2.3 A separate audit on IARC, ICC, SHI, UNAIDS and UNITAID is required, entities which are further described below.

#### **3. The International Agency for Research on Cancer (IARC)**

In accordance with Article VI, paragraph 6.2, of the IARC Financial Regulations, the External Auditor of the World Health Organization is required to act also as the External Auditor of IARC in Lyon, France. Therefore, the candidate nominated for appointment as External Auditor of WHO should be prepared to undertake also the audit of IARC. A copy of the latest audited financial statements for IARC is available on the IARC website as follows:

[https://www.iarc.fr/en/about/funding\\_financialframework\\_reporting.php](https://www.iarc.fr/en/about/funding_financialframework_reporting.php).

#### **4. The International Computing Centre (ICC)**

The External Auditor of the World Health Organization is required also to perform a separate audit on ICC. A copy of the latest available audited financial statements for ICC is available on the ICC website as follows:

<https://www.unicc.org/Pages/WhatWeDo/WhatWeDo.aspx>.

#### **5. Staff Health Insurance (SHI)**

The Staff Health Insurance is a self-funded and self-administered fund to provide for the reimbursement of a major portion of the expenses for medically recognized health care incurred by the staff member and other persons admitted as participants to the insurance. SHI covers insurance for WHO, IARC, ICC, PAHO, UNAIDS and UNITAID staff. In accordance with this principle, the External Auditor of the World Health Organization is required to act as the External Auditor of SHI. A copy of the latest audited financial statements for SHI is available on the WHO website as follows:

<http://www.who.int/about/finances-accountability/reports/en/>.

#### **6. Joint United Nations Programme on HIV/AIDS (UNAIDS)**

The Memorandum of Understanding that governs the establishment of UNAIDS notes that WHO shall provide administration for UNAIDS. In accordance with this principle, the External Auditor of the World Health Organization is required to act as the External Auditor of UNAIDS. A copy of the latest audited financial statements for UNAIDS is available on request.

#### **7. UNITAID**

In line with the Memorandum of Understanding signed between UNITAID and WHO, the operations of the UNITAID secretariat are administered in accordance with the Constitution of UNITAID and WHO rules. In accordance, the External Auditors of the World Health Organization is required to act as the External Auditor of the UNITAID. Furthermore, UNITAID applies supplemental internal guidance of the financial analysis and there are authorized adaptations or exceptions to the WHO administrative procedures and practices in order to meet UNITAID's specific needs. A copy of the latest auditors' financial statements and the supplemental internal guidance for UNITAID is available on the UNITAID website and is available as follows:

<https://unitaid.org/publications/?cat=all&type=financial-statement&search=#en>.

#### **8. The Regional Office for the Americas**

The Pan American Health Organization (PAHO), whose headquarters are located in Washington, DC, also serves as the Regional Office for the World Health Organization in the Americas. PAHO appoints its own External Auditor who may be the same as that appointed by WHO, or who may be another, in which case close collaboration is required between the two auditors.

#### **9. Internal Oversight Services (IOS)**

The World Health Organization maintains an office of internal oversight services. The internal auditors are staff members of the World Health Organization and the director reports directly to the

Director-General. The main responsibility of the unit, as stated in Regulation XII of the WHO Financial Regulations, is to provide an effective review, evaluation and monitoring of the adequacy and effectiveness of the Organization's overall systems for internal control. Various other types of reviews are carried out. The internal and external auditors are expected to coordinate their work to avoid duplication and promote efficiency in audit.

#### **10. Independent Expert Advisory and Oversight Committee (IEAOC)**

Please refer to the WHO website for further background:

<http://www.who.int/about/finances-accountability/accountability/en/>

The IEAOC meets three times per year and the external auditor is expected to participate in the regular meetings, provide updates on external audit status and also receive inputs to audit work from the IEAOC.

#### **11. External audit fee**

The all-inclusive World Health Organization external annual audit fee for the 2016–2019 period was US\$ 428 180 per year for 2016 and 2017 and US\$ 433 680 per year for 2018 and 2019.

#### **12. Project Audits**

The External Auditor could be requested to perform audits on certain projects for which an additional fee would be agreed upon with the Secretariat (including for example, the Pandemic Influenza Preparedness (PIP) audit).

In summary, this invitation to submit names of candidates for consideration for appointment as External Auditor relates only to the World Health Organization, IARC, ICC, SHI, UNAIDS and UNITAID.

## ANNEX 2

### PROPOSAL FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR OF THE WORLD HEALTH ORGANIZATION

#### CONGO<sup>1</sup>

##### *I. CURRICULUM VITAE*

**Mr Brice Voltaire ETOU OBAMI** is a member of the Association of Chartered Certified Accountants of the Republic of the Congo.

Mr Etou Obami began his career in auditing and accounting in 2000 and spent 10 years at the company Ernst & Young Congo, an internationally renowned audit firm. He rose through the ranks at EY Congo to the position of senior auditor with responsibility over a variety of companies in Congo and central Africa.

To gain a deeper understanding of public sector operations, he worked with the Congolese Government's public accounts department as a technical specialist responsible for processing and monitoring all non-salary transactions for the Government.

Mr Etou Obami has gained experience through his work at audit firms and in international development and business development projects. He also has considerable experience in the procurement of goods, services and labour and the disbursement procedures of key donors (World Bank, African Development Bank, Inter-American Development Bank, European Union, Organization of the Petroleum Exporting Countries, West African Development Bank, Development Bank of the Central African States, International Fund for Agricultural Development and others). He is well-versed in the preparation of evaluation reports regarding calls for tender and letters of invitation (for processes such as the procurement of goods, services and equipment and the recruitment of consultants) and activity reports.

He also has significant experience in administrative matters (including the preparation of guides on administrative, accounting and management procedures and the implementation of management systems), the evaluation of development projects and the provision of consultation services for businesses and special initiatives.

In 2009, he founded the firm Exco Cacoges. He is currently managing director and manages a portfolio of several clients.

Mr Etou Obami has led a number of training sessions on auditing and has advised key public sector bodies on investments and financial matters.

**International experience:** Mr Etou Obami is an active member of a number of multilateral professional organizations. He was elected to the Exco board of directors in July 2018 to serve a three-year term.

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<sup>1</sup> The original submission was made in French. The text has been translated as received.

Mr Etou Obami has also participated in several international meetings and conferences, including International Organization of Supreme Audit Institutions (INTOSAI) meetings.

His firm has audited a range of projects financed by international donors (including the World Bank, International Fund for Agricultural Development, African Development Bank, UNDP and others).

## **II. SUMMARY OF OUR APPROACH**

We will conduct our audits in accordance with best practices.

We plan, prepare and carry out our audit activities and submit reports to the auditee in accordance with internationally recognized standards. We adhere to International Standards on Auditing (ISA) in private sector audits and the International Standards of Supreme Audit Institutions (ISSAI) for public sector institutions.

We would adhere to ISA 700 when auditing WHO's financial statements. This standard obliges the auditor to comply with ethical requirements and to structure and conduct its audits in a way that allows it to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

In the context of ISSAI standards, a chapter on performance audits has been added to the ISA standard to encourage supreme audit institutions to pay close attention to the criteria of economy, efficiency and effectiveness to ensure that audits do not solely focus on an organization's accounts. Our auditors would cooperate with WHO senior management and internal auditors in all audit activities. This is an example of the best practices that we would strive to adhere to in our work.

### **1. Auditing approach**

We would adopt a risk-based approach to the auditing of WHO's financial statements.

This approach requires the auditor to conduct risk assessments in relation to financial statements and reports on the basis of a thorough understanding of the entity and its environment, including internal controls. Particular attention will be given to performance (cost-performance ratio) audits in order to assess compliance with financial practices and policy.

We would employ any procedures, controls and tests deemed necessary under the circumstances.

The audit will cover:

- The World Health Organization headquarters in Geneva;
- The Regional Offices in Cairo, Brazzaville, Copenhagen, Manila, New Delhi and Washington, DC.

We also intend to audit IARC, ICC, SHI, UNAIDS and UNITAID and to collaborate closely with the auditors of PAHO.

Quality assurance will be enacted at every stage of the audit process in accordance with the International Standards of Supreme Audit Institutions.

## 2. Audit procedures

The audit will be conducted in three stages, namely:

### Planning

The following will be taken into account at the planning stage:

- A thorough understanding of the WHO environment and internal audit activities, which will allow us to employ a risk-based approach that accounts for any risks identified;
- An evaluation of the work of the Office of Internal Oversight Services, any other internal control systems and WHO information technology systems and the extent to which these systems may be deemed reliable; and
- Prioritization of areas to be audited in accordance with the level of risk and Health Assembly recommendations.<sup>1</sup>

## III. FINANCIAL PROPOSAL

The proposed fees for the years 2020–2023 inclusive are presented below.

These fees cover auditing activities at WHO at the global level and activities carried out by non-consolidated entities administered by the Organization. WHO should make offices, communications tools, photocopiers and office supplies available to auditors ex gratia.

We will dedicate around 1248 auditor-days or 48 auditor-months to this work (a team of five people will be needed to carry out audit activities).

We propose a total fee of **US\$ 1 522 500** for the execution of a financial audit of WHO's financial statements:

- 2020: US\$ 426 563
- 2020: US\$ 400 313
- 2020: US\$ 367 500
- 2020: US\$ 328 116

This sum only covers financial audits and includes the preparation of reports in English and French.

We would be prepared to perform any supplementary work requested by the Director-General at an additional cost to be agreed.

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<sup>1</sup> Text truncated as per requirements of C.L.37.2018 that limits length to 500 words.



The costs of around 48 auditor-months are broken down as follows:

|   | Audit time     |                |                |                |                  |
|---|----------------|----------------|----------------|----------------|------------------|
|   | 2020           | 2021           | 2022           | 2023           | Total            |
| <b>Number of auditor-months of work</b> | <b>12.5</b>    | <b>12.5</b>    | <b>11.5</b>    | <b>11.5</b>    | <b>48</b>        |
| Professional fees                       | 341 250        | 320 250        | 294 000        | 262 500        | 1 218 000        |
| Travel fees                             | 85 313         | 80 063         | 73 500         | 65 625         | 304 500          |
| <b>Total</b>                            | <b>426 563</b> | <b>400 313</b> | <b>367 500</b> | <b>328 125</b> | <b>1 522 500</b> |

We would send a request for payment to WHO every three months. The national audit service would inform WHO of any unforeseen circumstances necessitating a supplementary audit and an addition to the budget.

## ANNEX 3

**PROPOSAL FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR  
OF THE WORLD HEALTH ORGANIZATION****FRANCE<sup>1</sup>*****I. CURRICULUM VITAE***

Mr Didier Migaud (born 6 June 1952), is an expert in public finances. He is a graduate of the Lyon Institute of Political Studies and holds an advanced diploma in public law.

Mr Migaud was a member of the French National Assembly from 1988 to 2010. As general rapporteur of the national finance commission from 1997 to 2002, he played a key role in the 2001 budgetary and accounting reform that introduced accrual-based accounting, harmonized national financial accounting standards with International Public Sector Accounting Standards (IPSAS) to ensure that national financial statements would be referred for scrutiny by the Court of Audit and adopted a results-based management approach to the national budget. Mr Migaud was Chair of the Finance Commission of the French National Assembly from 2007 to 2010 before he was appointed to the permanent role of Chair of the French Court of Audit in March 2010.

He also chairs the French court of budgetary and financial discipline, which presides over cases of mismanagement, and two expert bodies that appraise mandatory levies and the management of public services.

**1. Activities carried out at the national level**

Mr Migaud chairs the Court of Audit and oversees the activities of 17 regional and subregional audit chambers whose jurisdiction includes the Government, social security, public corporations, local authorities and private-sector bodies in receipt of public funds or donations.

He oversees the budget of the financial court system (166.4 million euros in activity costs) and its staff (1777 individuals, of which 455 are auditors for the French Court of Audit and 743 for regional chambers).

He determines the strategy and annual audit schedule of the Court of Audit, presides over the collegial bodies that prepare Court of Audit documents and presents these reports to the public and the media without Government interference.

**2. Activities carried out at the international level**

**We have nearly 35 years of experience of conducting external audits for international organizations.** Mr Migaud has audited several international organizations, including the World Meteorological Organization (WMO), the United Nations, the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP), Interpol, UNESCO, the Organisation internationale de la Francophonie (OIF), the World Tourism Organization

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<sup>1</sup> The original submission was made in French. The text has been translated as received.

(UNWTO), the International Civil Aviation Organization (ICAO), the World Trade Organization (WTO), the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), the OECD, the Council of Europe, the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO) and the International Criminal Court (ICC).

**Mr Migaud is an active member of several international audit and accounting standardization bodies.**

- He is chairman of the Working Group on Programme Evaluation of the International Organization of Supreme Audit Institutions (INTOSAI).
- The French Court of Audit is represented on the International Public Sector Accounting Standards (IPSAS) Board, the operations of which are facilitated by the International Federation of Accountants (IFAC), and its Public Interest Committee.
- The French Court of Audit is represented on three INTOSAI strategic commissions.<sup>1</sup>

## **II. SUMMARY OF THE AUDIT APPROACH**

### **1. Approach**

Audit activities are structured under a **strategic approach that centres on three key objectives:**

– **Gain a thorough understanding of the auditee:** We gain a thorough knowledge of the auditee to ensure that we can exercise our professional judgement as efficiently and effectively as possible. This allows us to identify an organization's strategic and operational objectives; to assess inherent risks, including risks of misstatements in accounts, non-compliance with authorities and failure to achieve operational and administrative objectives; and to optimize audit plans and programmes of activities.

– **Assess the internal audit system:**<sup>2</sup> To optimize budgets subject to audit, we describe and assess key operational processes and any controls implemented to reduce risks to an acceptable level. In particular, we seek to describe the system; gain an understanding of accounting and reporting systems; assess the implementation of internal control activities; and test the effectiveness of those controls. If needed, any accounting, financial and budget management software<sup>3</sup> used within the audited entity will be investigated by specialist auditors. We will require senior management to provide a declaration of accountability with regard to internal audits.

– **Analyse risks and identify significant risks:** We will use our thorough understanding of the auditees and their internal audit systems to describe and assess the first two categories of risk that could affect financial statements and management, namely inherent risks and control risks.

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<sup>1</sup> Text truncated as per requirements of C.L.37.2018 that limits length to 500 words.

<sup>2</sup> Process implemented by administrators, directors and staff to provide a reasonable level of assurance regarding the attainment of the organization's objectives relating to its operations and their consistency and the submission of information.

<sup>3</sup> Enterprise Resource Planning.

Audits are planned on the basis of the identification of any residual risks (increased risks of significant financial misstatement, noncompliance and failure to achieve objectives). We then select an appropriate series of substantive tests to be applied to different transactions in function of the efficiency of the processes in place and the robustness of the controls implemented.

## **2. Procedure**

We formulate a multi-year strategy at the beginning of our mandate and devise a workplan each year in accordance with best practices. We would submit these plans to senior management, the Independent Expert Oversight Advisory Committee (IEOAC) and the Executive Board. For each activity, an audit plan is drawn up and approved by the chief external auditor. This plan is a road map for the audit team and is not disclosed to the Organization. The plan is used as a tool in launch meetings organized by the chief external auditor and his main advisers with senior managers and other officials.

**These documents distinguish between financial statement audits and performance audits.** Performance audits allow operations to be assessed from an efficiency and effectiveness perspective. The conclusions of these audits are contained in the financial audit report.<sup>1</sup>

## **III. PROPOSED FEES**

The annual fees will total **US\$ 485 520** for **54.14 months of work (934 days) per year** of work. These fees do not cover onsite audits (estimated at **39.42 months of work per year** or **680 days** for onsite audits at WHO headquarters, non-consolidated entities and regional and country offices).

The Chair of the French Court of Audit wishes to propose a high-level service that provides the best value for money to WHO. Our proposed fees take into account the strict budgets of international organizations such as WHO. We strongly believe in the rational management of limited resources. These fees cover all audit costs (emoluments, travel costs and daily substance allowances for audit staff) excluding support costs, ensuring the best possible quality-price ratio.

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<sup>1</sup> Text truncated as per requirements of C.L.37.2018 that limits length to 500 words.

## Breakdown of annual fees (in US dollars)

| Activities  | Activity fees (daily subsistence allowance [DSA]) <sup>1</sup> | Travel fees <sup>2</sup> | Other fees (translation, etc.) | Total          |
|---|--|--------------------------|--------------------------------|----------------|
| <b>Audit of WHO financial statements</b>                              | 67 326   | 11 163                   | 2 657                          | <b>81 146</b>  |
| <b>Audit of the financial statements of non-consolidated entities</b> | 140 398  | 6 105                    | 9 940                          | <b>156 442</b> |
| <i>International Agency for Research on Cancer (IARC)</i>             | 8 372  | 523                      | 1 105                          | <b>10 000</b>  |
| <i>International Computing Centre (ICC)</i>                           | 14 461   | 698                      | 2 209                          | <b>17 368</b>  |
| <i>Staff Health Insurance (SHI)</i>                                   | 14 461   | 698                      | 2 209                          | <b>17 368</b>  |
| <i>Joint United Nations Programme on HIV/AIDS (UNAIDS)</i>            | 51 552   | 2 093                    | 2 209                          | <b>55 854</b>  |
| <i>International Drug Purchase Facility (UNITAID)</i>                 | 51 552   | 2 093                    | 2 209                          | <b>55 854</b>  |
| <b>Performance audits at headquarters (3)</b>                         | 59 536   | 4 186                    | 8 837                          | <b>72 559</b>  |
| <b>Performance audits at regional and country offices (6)</b>         | 55 077   | 18 023                   | 27 521                         | <b>100 621</b> |
| <b>Staff costs</b>  |  |                          |                                | <b>74 751</b>  |
| <b>Total per annum</b>  | <b>322 337</b>   | <b>39 477</b>            | <b>48 955</b>                  | <b>485 520</b> |

It is understood that WHO will allow the auditors the use of offices, communications tools, computers and office supplies free of charge and in the quantities and quality required for the execution of audit activities at headquarters and regional and country offices. We have therefore not accounted for these expenses in our fees.

WHO may request the auditor to conduct supplementary audits concerning certain projects. In that event, we will analyse the context of the activity, its complexity and field to enable us to select the most appropriate auditors and determine the fees incurred.

<sup>1</sup> The daily substance allowance (DSA) rate is set by the International Civil Service Commission (ICSC) and applied to travel carried out in the context of an official United Nations mission on the date on which the fee estimate was calculated.

<sup>2</sup> Travel fees correspond to the price of economy or standard class tickets.

## ANNEX 4

**PROPOSAL FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR  
OF THE WORLD HEALTH ORGANIZATION****GHANA<sup>1</sup>*****I. BRIEF RESUME OF DANIEL YAW DOMELEVO***

Daniel, a professional accountant of the Institute of Chartered Accountants (Ghana) since 1992 holds an Executive Master's degree in Business Administration (2002) in finance from the Business School of the University of Ghana.

His auditing experience started with Kuffour and Associates and later worked as an auditor with Modern Age Consultants and Auditors before joining the Controller and Accountant General's Department (CAGD). He gained a track record of professional expertise in Public Financial Management (PFM) for over eighteen years. Daniel held several positions including that of the Director of Public Financial Management Reforms; Director of Payroll; and Director of Integrated Personnel and Payroll Database (IPPD) and also championed the implementation of key recommendations of the Financial Administration Act, the Public Procurement Act, the Audit Service Act and the Internal Audit Agency Act.

On January 3, 2010, the World Bank employed Daniel as the Senior Financial Management Specialist and posted him to Harare, Zimbabwe. He was the Team Leader of the PFM project and facilitated the revival of the PFM systems in Zimbabwe by extending the coverage to all the Ministries at both national and provincial levels. The project embarked upon a vigorous capacity building programmes in the public sector including capacitating the Office of the Auditor General's staff with modern auditing techniques. The success of the PFM project has made Zimbabwe today one of the few countries in Africa that submits the audited financial statements to Parliament before the due date. The financial statements for 2014 and 2015 were submitted before the due dates.

The World Bank posted Daniel to Malawi in 2014 to lead the PFM project which also made significant progress. As of 31st October 2016, the Ministry of Finance submitted the consolidated financial statements for the financial year ended 30th June, 2016 to the Auditor General – the first time in recent memory. Apart from Daniel's responsibility for Public Financial Management interventions for the World Bank in Malawi and Zimbabwe, he also provided support to the PFM systems in other African countries such as Zambia, South Sudan and Nigeria.

In December 2016, Daniel was appointed the Auditor General of Ghana and sworn into office. Daniel since taking office has been auditing the public accounts of Ghana and submitting reports to Parliament. In addition, Daniel has held public officials accountable for unlawful expenditures. In January 2018 he submitted to Parliament Auditor-General's report on the special audit of liabilities on Ministries, Departments and Agencies to which he disallowed GHC 5.4 billion an equivalent of USD 1.1739 billion. Daniel submit the Auditor-General's report on public accounts for the year ended 2016 before the end of August 2017. For the first time in recent memory the

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<sup>1</sup> The original submission was made in English. The text is presented as received.

Auditor General submitted the four other Auditor General's report to Parliament on 25th June 2018 – 5 days before the deadline.

Daniel is on the UN Panel of External Auditors and has been auditing the International Maritime Organisation and the International Organisation for Migration as well as the International Organization of Supreme Audit Institutions (INTOSAI) since 2016.<sup>1</sup>

## **II. SUMMARY OF THE AUDIT APPROACH**

The office of the Auditor-General of Ghana specializes in Financial, Regularity and Performance Audit as defined by the INTOSAI Auditing Standards. The Auditor-General will use a combination of systems and risk-based audit approach to carry out the audit of World Health Organization (WHO). As a member of the UN audit team and presently as the External Auditor of International Maritime Organization (IMO), International Organization for Migration (IOM) and INTOSAI with vast experiences in regularity and performance auditing, he will direct the audit efforts at WHO using International Standards of Supreme Audit Institutions (ISSAIs).

SAI Ghana has a substantial resource of more than 300 qualified professional auditors with various experiences and expertise relevant to undertake audit of WHO's operations. These professionals have good knowledge in International Public Sector Accounting Standards (IPSAS) and IT audit reviews (including Enterprise Resource Planning Systems) as well as operational activities of the UN system.

### **Audit strategy and processes**

The systems and risk based approach entails a number of structured sequential steps including knowing and understanding WHO and the environment within which it exist and operates. As part of the initial audit planning process, corporate governance arrangements and the regulatory framework will be surveyed. This will encompass, among other things the functional relationship and coordination across key organizational units, the vision, mission and strategic objectives of WHO and its external obligations and commitments, Internal oversight arrangements, including internal controls and risk management systems established by WHO to safeguard its assets from loss and wastage, the budgetary, accounting and procurement systems, performance evaluation and reporting systems and the review of previous internal and external audit reports and follow up mechanisms on these reports.

Internal control evaluation questionnaires, best practice checklists and other analytical or diagnostic tools will be used to establish the risk profiles of WHO based on information and knowledge gathered and an audit strategy and steps will be determined and developed on the basis of the identified risks and report on the results. In this process, where controls, including internal audit and risk mitigation measures are found to be effective, reliance will be placed on them to allow the audit focus to be placed on identified risks and internal control weaknesses which may have significant impact on the operations of WHO and its financial statements. An audit plan based on the reporting requirements specified by the Financial Regulations of WHO will be prepared and finalized based on consultations with Administration. The plan will cover Corporate Governance and management, including Internal Oversight arrangements, Cash management, Budgetary control, Payroll and Staff costs, Procurement and Contract management, Expendable and Non Expendable Property management and control, Special Accounts and Trust Funds,

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<sup>1</sup> Text truncated as per requirements of C.L.37.2018 that limits length to 500 words.

Information Communication Technology systems, and their underlying records. During the entrance conference (kick off meeting prior to audit review), the audit team will take management concerns and requests if any, by the Council and the Assembly into the planning process.

### Reporting audit results

The audit will be conducted in accordance with the Terms of Reference on external audit, contained in Regulation 14 of the Financial Regulations of WHO.<sup>1</sup>

## III. PROPOSED AUDIT FEES

The Proposed Audit Fees for 2020 to 2023 is based on SAI Ghana's experience of serving as External Auditor of other UN agencies. The Auditor-General is of the assumption that the assignment will cover financial, compliance and performance audits of WHO Headquarters, Regional and Country Offices as well as all affiliated institutions based on terms to be mutually agreed.

The tables shown below reflect the audit work man days per year for the period of tenure.

|  | Annually | Staff | Man Days   |
|--|----------|-------|------------|
| WHO Headquarters   | 30       | 6     | 180        |
| Selected Regional Offices  | 15       | 3     | 45         |
| Selected Country Offices   | 15       | 2     | 30         |
| WHO affiliated institutions (IARC, ICC, SHI, UNAIDS and UNITAID) | 14       | 3     | 42         |
| <b>Total</b>   |          |       | <b>297</b> |

The following table reflects the annual proposed fees to cover travel costs, secretarial costs, daily subsistence allowances for the Auditors and other related expenses. The proposed fees do not include salaries of staff of SAI Ghana, since they are part of the permanent establishment of SAI.

|  | 2020           | 2021*          | 2022*          | 2023*          |
|--|----------------|----------------|----------------|----------------|
| WHO Headquarters<br>(180dys x 1 office x \$650)            | 117 000        | 122 850        | 128 993        | 135 442        |
| Selected Regional Offices<br>(45dys x 1 office x \$600)    | 27 000         | 28 350         | 29 768         | 31 256         |
| Selected Country Offices<br>(30dys x 10 offices x \$500)   | 150 000        | 157 500        | 165 375        | 173 644        |
| WHO affiliated institutions<br>(42dys x 5 offices x \$550) | 115 500        | 121 275        | 127 339        | 133 706        |
| <b>Gross Total (US\$)</b>                                  | <b>409 500</b> | <b>429 975</b> | <b>451 474</b> | <b>474 047</b> |

*\*Annual adjustment of 5 per cent was factored in view of travel and incidental cost.*

<sup>1</sup> Text truncated as per requirements of C.L.37.2018 that limits length to 500 words.



## ANNEX 5

**PROPOSAL FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR  
OF THE WORLD HEALTH ORGANIZATION****INDIA<sup>1</sup>*****I. CURRICULUM VITAE***

Mr. Rajiv Mehrishi, Comptroller and Auditor General of India, heads the Supreme Audit Institution-India (SAI-India), which has over 45,000 officers and staff. He holds a degree in business administration from Strathclyde Business School, Glasgow and a Masters in History. He has over four decades of public service experience at the federal and state levels, including the positions of Union Finance and Home Secretaries. He plays a major role in setting international standards and best practices as –

- Chairman of UN Board of Auditors.
- Vice- Chair-elect of UN Panel of External Auditors.
- Member of INTOSAI's Governing Board and Chairman of (1) Knowledge Sharing and Knowledge Services Committee, (2) Working Group on IT Audit and (3) Compliance Audit Sub-Committee, and Member of other three Goal Committees.
- Member of ASOSAI's Governing Board and Chair of Board of Editors of ASOSAI Journal.

**National Audit Experience**

SAI-India audits the receipts and expenditure of Federal, State and Local Governments. The scope covers financial, performance and compliance audits, as per CAG's Auditing Standards (in line with INTOSAI Auditing Standards), which are supplemented by Audit Regulations, and Guidelines on Performance, Financial Attest, and Compliance Audits. SAI-India has its own Code of Ethics.

SAI-India has full operational and financial independence. During 2016-17, SAI-India produced 150 audit reports, including 183 performance audits, besides financial audits relating to 4,046 accounts of the Federal and State Governments, Public Commercial Enterprises, Autonomous Bodies, etc.

**Health Sector Audit Experience**

In 2017-18, the public health expenditure of federal and state governments was around US \$ 32 billion, which falls under audit domain of SAI-India. Besides certifying accounts, SAI-India conducts performance audits of Programmes of the Health and Family Welfare Departments, with the most recent being "Prime Minister's *Swasthya Suraksha Yojana*" (2018) and National Rural Health Mission- Reproductive and Child Health component (2017). Previous performance audits included National Malaria Eradication Programme, National Aids Control

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<sup>1</sup> The original submission was made in English. The text is presented as received.

Programme, National Disease Control Programme, etc. India being one of the major beneficiaries of WHO's assistance programmes, SAI-India has developed a strong understanding of WHO programmes and schemes and substantial expertise in health sector audit.

### **International Audit Experience**

SAI-India's international audit experience includes:

- WHO – 2004-11
- United Nations- 1993- 1999 and 2014-20
- FAO – 2002-08
- WFP – 2010-16
- ICGEB -1996- 2004
- OPCW – 1997- 2003
- IMO – 2000-12
- UNWTO – 2000-14
- IOM - 2010-15
- WIPO – 2012-17
- IAEA – 2012-15

More than **330 officers** of SAI-India have experience of **UN audits**; about **70 officers** have performed **external audit of WHO** during 2004-11.

As external auditor of WHO, IMO, WIPO, IAEA, IOM and UN, SAI-India has audited their transition to IPSAS. SAI-India has more than **750 IPSAS-trained audit professionals**, many of whom have conducted the audit of IPSAS related issues in UN, WHO, IMO, WFP, WIPO, IAEA and IOM.

### **IT Audit specialities**

SAI-India has developed substantial IT audit capability. Our **IT audit of WHO**, covering implementation of Global Management System, was appreciated by the UN Panel of External Auditors. We have recently conducted audit of UMOJA<sup>1</sup> and previously of Integrated Management Information System (UN headquarters), ATLAS, PIRES and HRM system.<sup>2</sup>

## ***II. AUDIT APPROACH, PROCEDURES and STANDARDS***

SAI-India will conduct audit in conformity with the **generally accepted common auditing standards** and in accordance with the **Additional Terms of Reference** of WHO, subject to any special direction of WHO Assembly. Our audits will include financial, compliance and performance audits. The audit approach will consist of:

- 1. Posting a Director of External Audit (DEA) at WHO headquarters** in Geneva, responsible for overall risk assessment of auditable units, preparing audit plans, coordinating field audits and interacting with Governing Bodies, IEAOC, Secretariat and internal oversight of WHO.

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<sup>1</sup> ERP solution of the UN

<sup>2</sup> Text truncated as per requirements of C.L. 37.2018 that limits length to 500 words

2. **Audit strategy** will be determined after audit risk assessment, to concentrate audit efforts on high-risk areas and provide assurance not only on accuracy and reliability of financial reporting but also on regularity and propriety of transactions and expenditure. Prioritization of audit areas will be done on the basis of risk assessment with regards to financial materiality, operational significance, topicality and visibility. An audit results framework will be established, based on which a Strategic Plan will be prepared for the entire period of audit, further broken down into Annual Audit Plans indicating details of units to be audited, scope and focus area for audit, assignment of personnel, their responsibilities, duration of audits and time frame for reporting.
3. **Consultation with WHO management:** SAI-India will interact with the management before executing the audit strategy. The selected auditable units and the management will be informed of the timing of individual audit assignments, the timeframe and the terms of reference of audit assignment in advance.
4. **Field Audit plan:** Each audit team will draw up an audit work plan outlining the scope and objectives of the audit assignment, risk areas, time frames for various activities and the exact work to be performed. Progress against each plan will be monitored to ensure efficient and cost-effective completion of audit.
5. **Audit Execution:** Audit teams, headed by an Audit Director, will be constituted to perform the audits. The teams will consist of a balanced mix of personnel with experience of financial, compliance, performance and IT audits.
6. **Reporting:** SAI-India will comply with the requirements of the Financial Regulations of WHO and its Additional Terms of Reference. All audit observations and findings will be communicated to the management and their views and comments invited at all stages and factored into final audit reporting. For quality assurance, the audit work will be reviewed by another level of experienced audit professionals to ensure conduct of audit assignment with due regard to standards and best practices.
7. **Deliverables:** It will be ensured that audit results are balanced, fair and accurate and have constructive and implementable recommendations. The major audit products will be:
  - a. Management Letters
  - b. Short Form Report (Audit Opinion on Annual Financial Statements)
  - c. Long Form Report (Annual Audit report)

The timelines for delivery of audit products will be decided after discussion with management and will be monitored at SAI-India's headquarters to prevent slippages.

### **Standards**

SAI-India will adopt a risk-based audit strategy in conformity with the following relevant standards:

- International Standards of Auditing
- International Public Sector Accounting Standards <sup>1</sup>

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<sup>1</sup> Text truncated as per requirements of C.L. 37.2018 that limits length to 500 words

### III. PROPOSED AUDIT FEE

Based on an assessment of **WHO's operations at Headquarters, including the audits of Regional and Country Offices**, as well as **IARC, ICC, SHI, UNAIDS and UNITAID**, the following audit fee is proposed:

| Year         | Auditor-work-months | Audit Cost in USD* |
|--------------|---------------------|--------------------|
| 2020         | 56                  | 450 000            |
| 2021         | 56                  | 450 000            |
| 2022         | 56                  | 450 000            |
| 2023         | 56                  | 450 000            |
| <b>Total</b> | <b>224</b>          | <b>1 800 000</b>   |

\* Audit fee worked out for the year 2020 is based on the cost component rates (Per Diem, Travel and Staff cost) of December 2018. The quantum of resource deployment will remain the same in subsequent years except for any variation in cost of air travel, staff costs and rates of DSA, which we expect should not exceed a cap of 5 per cent.

In estimating the above fees, all secretarial and other ancillary costs, and all travel costs and living expenses of the audit staff have been included. We presume that WHO will provide facilities such as office accommodation, telecommunications and other office supplies, and hence these have not been built into our costs.

## ANNEX 6

**PROPOSAL FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR  
OF THE WORLD HEALTH ORGANIZATION****TUNISIA<sup>1</sup>*****I. CURRICULUM VITAE***

Mr Nejib Gtari joined the Tunisian Court of Audit in January 1988 and has been its Chair since June 2017. He holds a master's degree in accounting and an advanced diploma in public finances. Over the course of his career, he has acquired professional experience in the area of financial auditing, compliance and public sector performance. He has led training sessions in auditing and has authored several research and press articles.

In his capacity as Chair of the Tunisian Court of Audit, he is responsible under the Tunisian constitution for reporting to the legislative and executive bodies on the outcomes of his work. The Tunisian Constitution contains a detailed provision assuring the independence of the Tunisian Court of Audit.

In a manner akin to other supreme audit institutions, the Tunisian Court of Audit has chosen to organize its work on the basis of a strategic plan. In that connection, The Tunisian Court of Audit has formulated a second strategic plan covering the period 2016–2020 to ensure that it continues to be a useful, active and effective institution that serves citizens and fosters good governance by reinforcing transparency and accountability.

**Activities carried out at the international level**

Mr Gtari is an active member of a number of multilateral professional organizations. He is the General Secretary of the Arab Organization of Supreme Audit Institutions (ARABOSAI) and a member of the African Union Board of External Auditors. He has been a member of the African Organization of Supreme Audit Institutions (AFROSAI) since its creation in 1976. He also sits on the executive board of the Association of Supreme Audit Institutions Using the French Language (AISCCUF) and is a member of the Arab Anti-Corruption and Integrity Network (ACINET). The Tunisian Court of Audit is represented in several INTOSAI working groups and subcommittees.

Our auditors have often been called to give their expert advice in training sessions on public finance audits to Arab and African institutions and to assist in the development of such institutions in a number of African countries.

Our auditors have gained experience in the auditing and management of international organizations in collaboration with the French Court of Audit. Since 1998, our auditors have been assigned to carry out audit activities at the headquarters and local offices of a number of such organizations each year, including the WFP, FAO, UNESCO, the International Court of Justice, WTO, UNHCR, the United Nations Office at Geneva, the United Nations Secretariat, the United Nations Office for West Africa, the United Nations Economic Commission for Africa, UNEP, the

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<sup>1</sup> The original submission was made in French. The text has been translated as received.

United Nations Office for the Coordination of Humanitarian Affairs and several peacekeeping missions.

Our auditors therefore have extensive experience of working in an international environment.

The range of experiences gained during the implementation of these different activities enables us to disseminate best practices identified in our audits and provide assurances that our work complies with international standards.<sup>1</sup>

## **II. OVERVIEW OF THE AUDIT APPROACH**

### **(a) Scope of audit activities**

These audit activities cover WHO headquarters, the six Regional Offices and country offices in more than 150 countries.

This mandate also comprises an audit of the non-consolidated entities administered by WHO. Each non-consolidated entity prepares its own financial statements and will be subject to a separate audit.

In this regard, we will conduct any audit activities deemed necessary to ensure:

- (a) that the financial statements are in accord with the books and records of the Organization;
- (b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions and other applicable directives;
- (c) that the securities and moneys on deposit and on hand have been verified by the certificates received direct from the Organization's depositories or by actual count;
- (d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon; and
- (e) that procedures satisfactory to the External Auditor(s) have been applied to the recording of all assets, liabilities, surpluses and deficits.

### **(b) Auditing standards**

We will conduct our audits in accordance with internationally recognized audit standards, in particular the international audit standards endorsed by the International Federation of Accountants (IFAC), the standards and guidelines of the International Organization of Supreme Audit Institutions (INTOSAI) and any specific guidelines applicable to WHO.

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<sup>1</sup> Text truncated as per requirements of C.L. 37.2018 that limits length to 500 words

**(c) Auditing approach**

Our audit strategy will consist of a risk-based approach comprising the following phases:

- Gaining a thorough understanding of WHO and its environment;
- Assessing the internal control system and identifying risks linked to internal prevention and detection controls;
- Performing relevant and appropriate audit procedures and tests; and
- Providing an overview of conclusions and producing an opinion.

This approach will allow us to focus our audit activities on sectors with identified weaknesses in auditing and management control and to subsequently implement the most relevant and therefore effective audit test programmes to reduce audit risk.

**(d) Planning audit activities**

Our audits will be planned, regulated and monitored by an external audit coordinator to assure WHO that our audit activities are carried out effectively and appropriately.

Audit activities will comprise an interim phase at an agreed point in the financial year and a final phase in which annual accounts will be audited. The schedule will be agreed with the relevant WHO officials.

Our audit teams will take the necessary steps to coordinate their audit activities with the WHO Office of Internal Audit and Oversight to avoid duplication of work and to ensure that the audit is effective.

The findings will be presented in a letter at the end of each audit mission following a detailed discussion with the relevant WHO officials.<sup>1</sup>

**III. PROPOSED FEES**

Our audit activities at WHO and the non-consolidated entities will be monitored by members of the judiciary experienced in audits at international organizations.

Teams will be composed of three to five auditors in function of the needs of each mission and will be supervised by a coordinator appointed by Mr Gtari.

Our audits will be conducted at WHO headquarters, external offices and non-consolidated entities to be determined after we have gained a thorough understanding of the Organization.

We will conduct a risk analysis to determine any field visits to be made. This risk analysis will be conducted in the weeks following our appointment as external auditor and then updated regularly.

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<sup>1</sup> Text truncated as per requirements of C.L. 37.2018 that limits length to 500 words

After analysing WHO's financial statements from the year 2017, and on the basis of experience acquired through work carried out for other international organizations, we believe that we will require 45 person-months per year to conduct an audit of WHO, as illustrated in the following table:

| <b>Entities</b>  | <b>Number of person-months<br/>per year<br/>(2020-2023)</b> | <b>Number of person-days<br/>per year<br/>(2020-2023)</b> |
|--|---|---|
| WHO headquarters at Geneva,<br>Regional Offices and country<br>offices | <b>33</b>   | <b>660</b>  |
| Non-consolidated entities  | <b>12</b>   | <b>240</b>  |
| <b>Total</b>   | <b>45</b>   | <b>900</b>  |

On the basis of our analysis of the budget and the time needed for the audit, we propose fees totalling US\$ 445 500 per annum in 2020 and 2021 and US\$ 453 000 per annum in 2022 and 2023.

These fees may be broken down as follows:

| <b>Items</b>                       | <b>2020</b>    | <b>2021</b>    | <b>2022</b>    | <b>2023</b>    |
|------------------------------------|----------------|----------------|----------------|----------------|
| <b>Daily subsistence allowance</b> | 378 000        | 378 000        | 378 000        | 378 000        |
| <b>Travel and other fees</b>       | 67 500         | 67 500         | 75 000         | 75 000         |
| <b>Total</b>                       | <b>445 500</b> | <b>445 500</b> | <b>453 000</b> | <b>453 000</b> |

WHO will not be liable for any additional fees unless these are incurred in relation to activities requested by the Organization that are not already covered in this arrangement. Such fees shall be agreed with WHO.



## ANNEX 7

**PROPOSAL FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR  
OF THE WORLD HEALTH ORGANIZATION****UNITED KINGDOM<sup>1</sup>*****I. CURRICULUM VITAE*****The Comptroller and Auditor General (C&AG)**

**1.1** The C&AG is the head of the National Audit Office (NAO) and is appointed by Parliament on a 10-year non-renewable term. Reporting directly to the UK Parliament he appoints the NAO's staff who are independent of government and do not report to any Government Minister.

**Staff and training**

**1.2** The C&AG and the NAO:

- employs 800 staff, 60 per cent are qualified or training members of the main UK accountancy institutes;
- has specialist staff covering commercial and contracting; human resources; digital transformation; operations and process management; project delivery; change management, IT and regulation;
- diversity enables us to draw on language skills where necessary to deliver our audit of local operations;
- recognise the importance and benefits of diversity, receiving a gold rating in the "Opportunity Now and Race for Opportunity" for gender and ethnicity equality.

**International experience**

**1.3** We have 60 years of international experience. Together with our international technical co-operation programmes, this unrivalled experience gives our staff valuable skills to work in multi-cultural, multi-national and geographically dispersed organisations. Over the last ten years we have:

- completed a six-year term on the United Nations Board of Auditors (previously serving a nine-year term until 30 June 2001);
- held appointments at the ILO, WFP and the WMO, current engagements include OPCW, STL and WIPO;
- become auditors of PAHO, we see substantial benefits in the alignment of these mandates, gaining a more holistic picture of WHO's interactions with the Region; ;

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<sup>1</sup> The original submission was made in English. The text is presented as received.

- worked co-operatively with our peers, actively participating in INTOSAI and the UN Panel of External Auditors, chairing the Panel in 2018 and 2019. This allows us greater visibility and influence over key system developments and reforms;
- developed significant experience in auditing IT Shared service centres and defined benefit insurance/pensions schemes, of direct relevance to ICC and SHIF; and
- built work programmed aligned to UN Strategic Development Goals.

### Our work

**1.4** Our work has two main components and our team is led by individuals with extensive expertise drawn from our international and healthcare practices:

- Our **financial audit** ensures transparency and fair presentation of financial statements, reviews the adequacy of the internal control and confirms compliance with relevant regulations. We help governing bodies use this information to hold management to account; we also support management to develop and improve the way they use financial information to inform decisions; and
- Our **performance audit** work focuses on the key organisational objectives and how they are delivered, evaluating and making practical recommendations to ensure resources are used efficiently, effectively and with economy.

**1.5** Each year we deliver a programme of at least six major performance reports on the UK's £144 billion health care sector focusing on the delivery of public value in areas as diverse as mental health services, alternative care models, spending on generic medicines, hospital admissions, and financial sustainability and transformation across the health system. The diversity and depth of our health experience is demonstrated at <https://www.nao.org.uk/search/sector/health-and-social-care/type/report/>

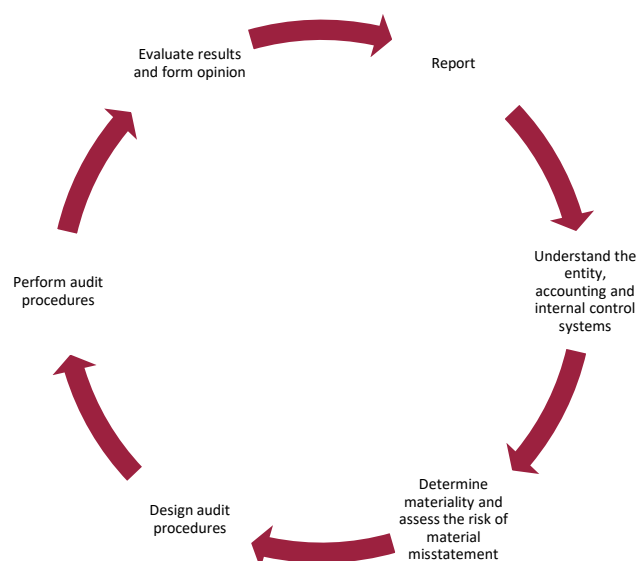
**1.6** Our international reports have considered governance, transformation, internal control and accountability, enterprise risk management, information technology, implementing partners, budgeting and performance reporting topics.

## II. AUDIT APPROACH

### Financial audit

**2.1** Our financial audit is conducted in accordance with International Standards on Auditing, it is a risk-based approach, taking assurance where possible from established controls. We use modern data techniques to inform our testing, enabling us to efficiently risk assess large amounts of information and to provide valuable insight.

**2.2** We adopt a practical and supportive approach and maintain an open and regular dialogue on emerging issues, this helps us deliver quality outputs, to meet the requirements of audit committees and the governing bodies. We engage early with management and provide our view on any technical accounting or other issue to find practicable solutions. The key stages of our approach are depicted in Figure 1:

**Figure 1: Key stages of our financial audit**

### Performance audit

**2.3** We will develop a plan for the period of our mandate to cover what we assess as WHO's key performance risks and the operational and strategic matters of interest to member states. We will cover areas that matter and where we can add value and insight. Our experience in auditing other international organisations, our extensive value for money work in the UK Healthcare sector and our audit of change and reform programmes will enable us to add value and address key issues on the WHO agenda.

### Handover arrangements

**2.4** We helped establish the protocol for UN Audit Handovers, we will liaise with your current auditors and with whom we have excellent relations, and consider their audit reports and any other findings that may have a continuing impact. On completion of the appointment we will also ensure effective handover to our successor.

### Audit strategy

**2.5** After initial planning work, we deliver our audit strategy outlining: our overall audit approach; our view of key audit risks and our responses; the detailed timetable; our liaison with internal audit; and confirm respective responsibilities of WHO and NAO to ensure a comprehensive and successful audit.

### Audit reporting

**2.6** At the end of the audit, we will issue a detailed completion report in accordance with ISA260, outlining: observations and recommendations to enhance WHO's internal control environment; our proposed audit opinions; and significant issues for the attention of the management and/or the governing bodies.

**2.7** Our draft External Auditor's Report will concisely summarise the key messages and recommendations to Member States, it will be shared in good time to incorporate management's comments before finalisation and will provide insight on the most significant matters of interest to Member States.

### **Quality**

**2.8** Governing bodies have high expectations of our work, and maintaining quality is fundamental to providing credible and authoritative report outputs. Audit working papers, evidence and other documentation are managed securely using our corporate audit software. Uniquely for Supreme Audit Institutions, our audit practice is subject to independent quality assurance through the UK 's external audit regulation system. Under this assessment process our audits secure quality scores comparable to those of leading international audit firms.

### **Communication with Member States**

**2.9** We value good dialogue and communication we will attend relevant governing bodies and audit committees, seeing these as an essential part of both delivering our messages and in obtaining information to ensure our audit is relevant and focused on the key issues.

## **III. AUDIT RESOURCES AND FEES**

### **Resources**

**3.1** We have estimated that our audit of WHO and the associated entities will require 30 auditor-work-months, including planning, interim audit and final audit visits to Geneva, Kuala Lumpur, Lyon and up to six field visits to regional and other offices each year. This will include a core team of seven including the overall engagement director and manager. Our intention would be to provide a balance of international experience coupled with staff with relevant health sector knowledge; we will provide appropriate continuity within the team over the four-year mandate.

### **Fees**

**3.2** Our fees are calculated based on the time we spend on the audit, and on the levels of skill and responsibility of the staff involved. We will complete the audit for annual fees of USD 495,000 for first biennium, and USD 520,000 for the second biennium. Our fee seeks to recover our costs; this provides you with additional assurance of our independence, as we will not require the resources of national government to perform our audit.

**3.3** This proposal has been submitted on the basis that the NAO will be solely responsible for the delivery of the External Audit requirements. The NAO works closely with other Supreme Audit Institutions (SAI) and where appropriate, and with the agreement of the client, we may involve auditors from other SAI's where this is beneficial.

### **Assumptions**

**3.4** In preparing this fee quotation, we have made the following assumptions.

- The nature and extent of the WHO and the associated entities' activities will not change significantly from that disclosed in the latest financial statements.
- WHO and the associated entities will provide fully IPSAS compliant financial statements, and supporting documentation, to agreed target dates. Our expectation is that

high-quality, management-reviewed draft financial statements will be presented by the start of each final audit visit.

- WHO and the associated entities will provide transaction data to the audit team in one of the widely used electronic formats suitable for use in our audit work. We will discuss and agree the appropriate format at the start of the planning process.
- The independence of the external auditor's reporting to the governing bodies and be consistent with the terms of reference governing the external audit.

**3.5** We would be happy to consider separate project audits, or additional work beyond that necessary to support the audit opinions. Terms of reference and fees for such work would be negotiated separately.

## ANNEX 8

**SUMMARY TABLE OF NOMINATIONS WITH PROPOSED AUDIT FEES**

| <b>Nominating Governments</b> | <b>Proposed audit fees (US\$) for 2020–2023</b> |
|-------------------------------|---|
| Congo                         | 1 522 500                                       |
| France                        | 1 942 080                                       |
| Ghana                         | 1 764 996                                       |
| India                         | 1 800 000                                       |
| Tunisia                       | 1 797 000                                       |
| United Kingdom                | 2 030 000                                       |

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