

## **Report of the External Auditor**

## **Report of the Internal Auditor**

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

#### **Report of the Programme, Budget and Administration Committee of the Executive Board to the Seventy-second World Health Assembly**

1. The report of the External Auditor for the financial year ended 31 December 2018<sup>1</sup> was presented to the Committee by the Commission on Audit of the Republic of the Philippines, which commended the Secretariat for preparing the financial statements of the Organization in full accordance with International Public Sector Accounting Standards.
2. The Committee welcomed the report and thanked the Commission on Audit of the Republic of the Philippines for their important recommendations. In addition, the Committee heard the report of the Internal Auditor,<sup>2</sup> which was submitted by the Office of Internal Oversight Services, noting that the Office primarily allocates its resources to the highest risk areas. The Committee expressed its continued support for the work of the Office during 2018 and expressed satisfaction with the scope and coverage of the audits. Adequate resources should be allocated to advance the work of the internal audit function.
3. The Committee noted that the Office had carried out 21 audits of WHO offices or programmes during 2018. However, in relation to the audit conclusions, the Committee expressed concern at the decreasing internal control compliance reflected in the overall audit ratings of country offices in 2018 compared with 2017, especially in view of the approved Thirteenth General Programme of Work, 2019–2023, which foresaw increased investment in country offices.
4. The Secretariat pointed out to the Committee that the results presented by the Office of Internal Oversight Services in part reflect the situation in some of the Organization's most difficult and challenging operations. The Regional Director for the Eastern Mediterranean added that the country offices in that region have to contend with contexts in which emergencies are commonplace rather than being the exception, and highlighted the many results achieved despite the very challenging environment.

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<sup>1</sup> Document A72/39.

<sup>2</sup> See also document A72/40.

5. On the basis of both the external and internal audit findings, the Committee urged the Secretariat to refocus efforts to address the root causes of the areas of weakness, particularly in the context of the challenging operating environments.
6. The Committee noted that the Office of Internal Oversight Services had handled 248 cases of suspected misconduct that had been reported to it and that, although the backlog of cases was being reduced, there remained 167 open cases as at 31 December 2018 that were brought forward to 2019. The Committee stressed the importance of addressing this backlog.
7. The Committee further noted the Secretariat's commitment to review the situation in a timely manner as part of the review of the investigations function that is in the process of being commissioned.
8. In reply to a question with regard to the reported cases of fraud concerning the staff health insurance claim process, the Secretariat stated that a number of steps to counter such abuses are being taken, including the strengthening of the claim compliance function and the introduction of a reduced threshold for cash payments.
9. In reply to a question on measures to strengthen internal controls, the Secretariat stated that an update on the current status of measures implemented was provided in document A72/41. In addition, efforts were being made to raise awareness on internal controls at the country level, through training and videos on ethics, financial risks and controls and fraud. These initiatives were especially targeted to heads of WHO offices in countries, territories and areas.
10. Further, the Secretariat clarified that the increase in the number of cases detected is a function of the strengthened internal controls.
11. The Committee welcomed the actions taken to encourage compliance at the country level and encouraged the Secretariat to continue addressing the internal and external audit recommendations.

## **RECOMMENDATION TO THE HEALTH ASSEMBLY**

12. The Committee, on behalf of the Executive Board, recommended that the Health Assembly note the reports and adopt the following draft decision:

The Seventy-second World Health Assembly, having considered the report of the External Auditor to the Health Assembly;<sup>1</sup> and having noted the report of the Programme, Budget and Administration Committee of the Executive Board to the Seventy-second World Health Assembly,<sup>2</sup> decided to accept the report of the External Auditor to the Health Assembly.

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<sup>1</sup> Document A72/39.

<sup>2</sup> Document A72/67.