

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-third World Health Assembly

1. The Committee considered the report of the outgoing External Auditor (the Republic of the Philippines),¹ which had concluded its mandate in May 2020.
2. In presenting the report, the External Auditor commended the Organization's compliance with its regulatory framework, which had resulted in an unqualified audit opinion on the WHO's financial statements for the year 2019. In addition, the External Auditor highlighted a number of recommendations, including those concerning the improvement of procurement processes and fraud prevention. Regarding the latter, the Committee welcomed the intention of the Organization to revise its fraud prevention policy and its commitment to continue strengthening internal controls, including through training, particularly in country offices and challenging operating environments.
3. The Committee also considered the report of the Internal Auditor and the report by the Director-General on progress made in implementing external and internal audit recommendations.² The former report outlined the work performed by the Office of Internal Oversight Services. The Committee noted, inter alia, that the operating effectiveness of internal controls carried out in 2019 was found to be lower than in 2018 and that the Office had identified recurring issues, particularly in challenging operating environments and emergency settings. The main issues identified were a lack of adequate documentation; the need for improved monitoring on the part of first-line supervisors; and the failure to implement appropriate mechanisms at the onset of an emergency. The report further noted that the number of reports of sexual exploitation and abuse had increased from three in 2018 to five in 2019, leading the Committee to request urgent action to address sexual harassment, sexual exploitation and abuse. In addition, the Committee suggested that the responsibility for anticorruption should be assigned to a specific person in the senior management of the Organization.

¹ Document A73/27.

² Documents A73/28 and A73/29, respectively.

4. The Committee noted that the Organization's approach to dealing with the recurring concerns raised by internal audits was to focus on systemic issues that contribute to noncompliance in some areas.

5. Finally, the Secretariat provided examples of how internal control issues are being addressed, including the establishment of a Global Assurance Hub for coordination and reporting of assurance activities on Direct Financial Cooperation, Direct Implementation as well as WHO grants. In addition, the Regional Director for the Eastern Mediterranean described fraud prevention initiatives, including the establishment of country-level procurement committees in a region where many countries are experiencing extended uncertainty and insecurity. On behalf of the Regional Director for Africa, it was reported that, in locations where many people do not have bank accounts, pilot-testing was under way of a direct disbursement system for making small payments using mobile phone technology.

6. The Regional Director for the Western Pacific expressed thanks to the staff of the Commission on Audit of the Republic of the Philippines for their assistance to the Western Pacific Region, and, in his closing remarks, the Director-General offered his thanks to the Commission for its contribution to the efficiency and governance of the Organization. The Committee also expressed its gratitude and congratulations to the Commission for all its work.

RECOMMENDATIONS TO THE HEALTH ASSEMBLY

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

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

8. The Committee, on behalf of the Executive Board, further recommended that the Health Assembly propose, as guidance for the Secretariat's implementation of existing mandates, that the Secretariat:

- (a) strengthen the Office of Internal Oversight Services through adequate and sustainable resources, to enable it to complete its mandate and ensure independence of internal oversight services functions, while pursuing cost-effective solutions to reduce the case backlog;
- (b) take immediate action to reduce the risk of, and enhance the response to, sexual harassment, sexual exploitation and abuse;
- (c) ensure the extension of staff training on sexual exploitation and abuse to all non-staff working with the Organization;
- (d) implement all outstanding recommendations in a timely and sustainable manner;

¹ Document A73/27.

² Document A73/39.

- (e) strengthen effective management of the risks of fraud and corruption across the three levels of the Organization, including by ensuring training of staff in fraud prevention, especially in field offices;
- (f) provide a separate annual report on procurement activity; and
- (g) provide the Office of Internal Oversight Services with direct access to the WHO Hotline, as recommended by the External Auditor.

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