External and internal audit recommendations: progress on implementation

Report by the Director-General

1. The present report provides an update of actions taken by the Secretariat to ensure full implementation of external and internal audit recommendations. It also includes an overview of the outcome of the investigations to which reference is made in the report of the Internal Auditor for the calendar year 2020.¹

2. The Secretariat takes note of the areas of improvement highlighted in the reports of the External and Internal Auditors and reiterates its commitment to implementing the audit recommendations in a timely manner and to reducing the number of those that remain outstanding, through a holistic approach in addressing systemic weaknesses in our control environment.

3. As a result of this commitment, a total of 92% of the overall conclusions of internal audits conducted in 2020 were rated either “satisfactory” or “partially satisfactory, with some improvement required”, compared with 53% in 2019.¹ At the same time, there were no internal audits with an “unsatisfactory” rating and the overall ratings of effectiveness of internal controls were higher in 2020 than in 2019.

4. In addition, it is important to note that work is in progress to strengthen the training provided to non-staff members on prevention of harassment, sexual harassment and abuse of authority and zero tolerance for sexual exploitation and abuse. Enhancements to the currently existing dashboard are also planned to be implemented, thus allowing senior management to monitor the completion of this important mandatory training.

CYBERSECURITY

5. In line with the recommendations made by Member States and the Independent Expert Oversight Advisory Committee, the Secretariat has considerably stepped up its investment in cybersecurity preparedness and is actively pursuing its road map towards the highest levels of information technology security, which the response to the coronavirus disease (COVID-19) pandemic has highlighted as essential and in need of greater attention.

6. Cybersecurity investments include the establishment of a security operations centre, the progressive roll-out across the Organization of an endpoint detection and response process, and the implementation of penetration testing and internal vulnerability scanning, including the acquisition of

¹ Document A74/35.
tools for enhanced threat intelligence tools and reduced risk of impersonation. This was accompanied by the launch of mandatory staff training on cybersecurity.

7. Based on actions taken, audit report 19/1165 “IT Audit of WHO Cybersecurity Roadmap” was closed by the Internal Auditor.

PROCUREMENT

8. With regard to procurement and supply, internal and external audit recommendations highlighted the need for the Organization to broaden its engagement with the supply market and strengthen its vendor management capacity.

9. The Secretariat has already taken steps to address these concerns by creating a dedicated department in the area of procurement and supply, and strengthening its management team. The recently recruited Director is currently undertaking a review of the vendor management issues as a matter of priority and will be developing an integrated, global response to address the risks of poor vendor management.

10. In addition, the Secretariat will continue working with the High Level Committee on Management Procurement Network to explore common ways to deal with specific procurement risks, such as limited supply options driving an increase in costs, and to tackle potential fraud, corruption and financial losses.

11. The importance of strengthening the capacity of WHO staff is deeply recognized, and in this regard mandatory training (Global Procurement Training Programme) for all procurement requisitioners was launched at the end of 2019. This training is designed to enhance the internal capacity of responsible officers in the country and regional offices as well as in the technical units. To date over 3800 staff have successfully completed the programme with 90% of participants indicating high levels of satisfaction. The programme content is currently being extended to include emergency procurement modules. Further, as part of the Secretariat’s efforts to address and prevent cases of fraud, the procurement training and process reviews will be enhanced to include fraud management elements.

12. In order to continue building capacity within the procurement and supply specialist team, all concerned staff will receive tailored training in sustainable procurement, which will include consideration of the ethical, social and economic factors that should be inherent in our supplier relationship management practices. The principles of fair and open competition and transparency will continue to be at the core of WHO’s response in all dealings with supply markets.

13. The Secretariat takes note of the External Auditor’s report comments on the Long Term Agreement (LTA) practices within the Organization and confirms that LTAs are a key strategic tool used to safeguard a reliable source of supply for goods and services at a competitive price, in accordance with pre-defined terms and conditions, and that they should form the basis of all catalogue procurement in WHO. Work is continuing to review and further strengthen this mechanism, stressing at the same time that the procurement practices in relation to LTA duration and allocation of spending observed by the Auditor in the WHO Health Emergencies programme occurred under the very difficult and unprecedented supply chain conditions and heavy workload of the COVID-19 pandemic response.

14. Lastly, the Secretariat welcomes the external audit recommendations in relation to the structural issues in procurement during the ongoing pandemic response, and emphasizes the alignment of these recommendations with the management’s desire to establish a business partnering approach, ensuring that the supply chain system can meet the demands of both business as usual and emergency requests.
COUNTRY AUDITS

15. With regard to country audits, the Secretariat takes note of the recommendations and findings in the report of the Internal Auditor, and continues to pay close attention to country offices that operate in challenging environments.

16. Although additional work is still needed, evidence shows that measures that were undertaken across the three levels of the Organization to address the reported ineffectiveness in the internal controls have had a positive impact on the recent audits. One good example is the follow-up audit of the country office in Yemen, which changed from “Unsatisfactory”, a tier 4 rating, to “Partially satisfactory with some improvement required”, a tier 2 rating.

17. In addition, efforts are being made to ensure continuous progress. In particular, the Eastern Mediterranean Region has just completed the functional review of all its country offices to render their structures fit-for-purpose and has started the implementation of the relevant recommendations. These recommendations will further strengthen the capacity of the country office operations and enhance the internal control framework.

18. It is worth noting, however, that substantial resources are required in order for WHO’s operations in countries to become fit-for-purpose. In this regard, the Regional Office for the Eastern Mediterranean has just recently launched a new division in charge of Communication, Resource Mobilization and Partnership. This is a significant transformational benchmark and is evidence that the Regional Office is on the right track towards leveraging the capacity of its country offices and making them fit to deliver the Organization’s mandates without compromising the accountability framework.

CONTINGENCY FUND FOR EMERGENCIES

19. The Secretariat also takes note of the specific recommendations in the External Auditor’s report for the Contingency Fund for Emergencies pertaining to funding below the envisaged capitalization target of US$100 million, and the use of the contingency fund to finance operations over the longer term, which is outside of its original scope.

20. With regard to these recommendations, the Secretariat considers resource mobilization for the Contingency Fund for Emergencies as part of the broader issues of raising sufficient sustainable financing for WHO and strengthening WHO’s global health emergency preparedness and response capacity. A formal intergovernmental process is currently under way to consider sustainable financing. In line with the corporate resource mobilization strategy, the focus will be on deepening existing relationships with traditional donors, expanding the donor base and exploring innovative financing streams.

21. The Secretariat notes the External Auditor’s concerns that the Contingency Fund for Emergencies has been used to finance operations over the longer term as opposed to at the onset of the emergency, in the first 3–6 months. This was the case for the Ebola virus disease response in North Kivu. The Secretariat would like to highlight that the exceptional use of the contingency fund in the North Kivu response was necessary to ensure the continuity of operations in the absence of sufficient donor funding for the response. This minimized disruptions and avoided the higher financial and human cost of interruptions in outbreak response; as a result, the outbreak was declared over in June 2020.

1 See decision EB148(12) (2021)
IMPROVING MONITORING AND RESULTS PERFORMANCE ASSESSMENT

22. To address issues of accuracy and reliability of reporting, the Secretariat is implementing a holistic approach that starts with strengthening planning and continues with enhanced monitoring, reporting and performance assessment.

23. With regard to performance assessment, the Secretariat has shifted its approach towards ensuring assessment against all the levels of the results framework of the Thirteenth General Programme of Work, 2019–2023.

24. In particular, the roll-out of the new Output Scorecard¹ is a major step forward in reporting how the Organization is delivering its outputs. Although this remains a self-reporting tool, the application of a structured and common methodology across the Organization ensures a consistent and coherent measurement of contributions to delivering the outputs globally.

25. The methodology also ensures mechanisms for bottom-up validation and peer review through the team-based approach and subsequent management reviews and consolidation, including through global strategic discussions on key findings across all levels of the Organization. Lessons learned from the first assessment cycle drawn from across the Organization will help in refining the methodology and tool.

26. This will be accompanied by measures aimed at fostering a culture of results and reporting, linked with accountability for the delivery of results. To this effect, the Secretariat has already started implementing its overall vision for linking team performance and responsibility for the delivery of the outputs, and also for assessing how these contribute to health outcomes and impacts.

ASSURANCE ACTIVITIES

27. The Secretariat acknowledges the importance of global oversight, coordination and reporting of assurance activities on direct financial cooperation, direct implementation and WHO grants to external partners.

28. As a consequence, in line with internal and external audit recommendations, cross-cutting work between headquarters and regional offices is currently ongoing with the aim of further harmonizing assurance activities across the Organization.

29. To this end, a Global Assurance Hub is being established with the objective of coordinating, supporting and reporting on these activities at a global level across the Organization. The hub, which is financed through a levy on direct financial cooperation, direct implementation and grants, will be operational in the third quarter of 2021, will help to strengthen confidence among donors and other stakeholders.

30. In addition to the above, and to better enforce oversight and assurance for direct financial cooperation, direct implementation and grants to external partners across the Organization, several initiatives were undertaken during 2019 and 2020, including the implementation of an up-front quality assurance check and a final receipt clearance, embedded in WHO’s enterprise resource planning system.

31. In addition, all final reports of direct financial cooperation and grants are subject to a quality check by regional budget and finance staff and expenditure control teams at headquarters. In line with

¹ Document A74/28.
the current policy, reports are checked for correctness and adequacy and are duly certified by the implementing partner.

32. The direct implementation policy has been revised extensively to clarify and limit the use of direct implementation only to situations where payments are made directly to field workers, such as vaccinators and surveillance personnel supporting public health activities funded by direct implementation. The new policy also sets clear rules on operational advances in field operations including their monitoring and reporting, thus ensuring that the use of cash is minimized and that different disbursement modalities are instead considered whenever possible.

OUTCOME OF INVESTIGATIONS

33. With regard to the investigations described in the report of the Internal Auditor for the calendar year 2020, the Secretariat confirms its commitment to timely action and would like to provide the following update on the 16 investigation reports with substantiated allegations provided in Annex 6 to the report of the Internal Auditor.

34. The two cases on fraudulent medical insurance claims (2018/064; 2019/075) concerned WHO local contractors. Disciplinary actions were taken that led to the termination of their contracts with WHO. The case of forgery and procurement fraud (2018/50) concerned a former local staff member who was found to have falsified documents and provided bids from other bidders to a company to ensure that it secured the contracts. The Organization is considering all available means to recover the misappropriated funds from the former staff member, including referring the case to the national authorities.

35. With respect to the case of misappropriation (2018/067-1), it concerned a senior official from the ministry of health of a country who was found to have diverted funds earmarked by WHO for a direct financial cooperation project to another project without the approval of WHO. A further inquiry will be conducted in the area related to the project to establish how the funds were used. Depending on the results of this inquiry, actions will be taken to recover the funds in coordination with the national authorities. With respect to the staff member involved in the verification of expenditures and related documentation submitted for the implementation of a direct financial cooperation project (2018/067-2), the Organization is considering appropriate actions to address the negligence of the staff member.

36. Five cases concerned procurement-related irregularities. One (2019/100) was related to the wrong certification of receipt of goods that were yet to be delivered. It was concluded that the staff member did not have the intention to obtain an unauthorized benefit but rather had a genuine desire to resolve actual or perceived issues with respect to the outstanding purchase orders. The case was closed with no further action. Four other cases (2015/10; 2016/25-03; 2016/25-03; 2016/25-04) were related to bid riggings in a procurement process, where staff members colluded with vendors to rig the Organization’s bidding processes. Disciplinary actions are still pending for those cases.

37. One case (2019/059) was related to theft from the petty cash box and led to the dismissal of the staff member. Another case (2018/140-1) was related to nepotism and conflict of interest, as it involved a manager who hired and supervised an intern, who later received a consultancy and a temporary appointment. It was established that the staff member played a relatively minor role in the hiring of the intern, which was instigated outside his sphere of influence and did not conceal any facts related to the selection of this intern, except for the exact degree and nature of the relationship that he developed with this individual. The case was closed with the managerial action of reminding the staff member of
possible consequences of relationships in the workplace and how they may be perceived to the detriment of the interests of WHO.

38. Four cases were related to allegations of sexual harassment, harassment, abuse of authority and retaliation. One case (2019/069) concerned a professional staff member who sexually harassed a local staff member by means of comments and actions with sexual insinuations. Disciplinary action was taken that resulted in the dismissal of the staff member. Another case (2019/111) concerned a senior staff member who filed a false and malicious complaint of harassment against another former senior staff member after unsuccessful enticements and coercion to lure a junior staff member to do so. The decision has been taken to dismiss the senior staff member for misconduct.

39. One case (2018/112) concerned a senior staff member who was found to have committed retaliation against a supervisee who reported allegations of harassment and to have engaged in a pattern of abusive conduct towards other staff members. Disciplinary action has been initiated and a final decision on this case is pending. Another case (2018/042) concerned a staff member who was found to have violated the Policy on the Prevention of Harassment in WHO in failing to direct changes to workstations to alleviate medical issues of a supervisee (second level) and in directing the supervisee’s first level supervisor to change his rating of the supervisee’s performance appraisal. In line with the recommendations of the Global Advisory Committee on future actions in harassment complaints, the case was closed with managerial actions to address the issues raised in the report by Internal Oversight Services.

40. Since 2014, the Secretariat has published an annual circular informing staff members of concluded disciplinary proceedings. This circular raises awareness of breaches of standards of conduct and of action taken by the Administration to deal with violations of such standards. The circular on disciplinary cases concluded in 2020 will be published shortly.

ACTION BY THE HEALTH ASSEMBLY

41. The Health Assembly is invited to note the report.