

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 the 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 2021.¹
2. The Secretariat takes note of the progress highlighted in the report of the External Auditor and the report of the Internal Auditor for the calendar year 2021.² While we continue to strive for improvement, we are pleased with the issuance of an unqualified audit opinion on the Organization's financial statements for the financial year ended 31 December 2021, and the fact that there was no audit with an "unsatisfactory" rating.
3. With regards to the follow up of audit recommendations, the Secretariat takes note of the improvement highlighted in the report of the External Auditor and the report of the Internal Auditor compared to previous years, despite the additional workload level in some country offices. The Secretariat reiterates its ongoing commitment to not only implementing audit recommendations in a timely manner and reducing the number of those that remain outstanding but also to implementing holistic solutions as part of our learning process. In this regard, it is important to note the increased use of Mobile Money on direct disbursement mechanism transactions and the decrease in the number of eImprest cash accounts at country level, as in the case of Nigeria.
4. To facilitate the timely implementation of the audit recommendations, in addition to the established systems for entering and tracking management responses for those recommendations, the Secretariat is poised to launch a new, best-in-class digital integrated platform that for the first time consolidates recommendations issued by the Internal and External Auditors and other accountability functions and oversight bodies.³ The platform will also include the relevant management responses and will track the status of implementation of recommendations. By systematically following up

¹ Document A75/36.

² Documents A75/35 and A75/36.

³ Sources include governing bodies (Independent External Oversight Advisory Committee; Independent Oversight and Advisory Committee for the WHO Health Emergencies Programme; Programme, Budget and Administration Committee; Executive Board; World Health Assembly); accountability functions (evaluation; ombudsman; Joint Inspection Unit); and high level panels/commissions (Ebola virus- and COVID-19-related; Independent Commission on the allegations of sexual exploitation and abuse during the response to the tenth Ebola outbreak in the Democratic Republic of the Congo). Internal audit (IOS TeamMate+) and external audit recommendations data will be included in a read-only format to allow for organizational learning).

recommendations and their implementation, the platform will further strengthen accountability and organizational learning by identifying recurrent issues and increasing internal coherence.

5. In response to the need for the Organization to enhance its evaluation and organizational learning at country level, the Secretariat confirms its commitment to continue strengthening the culture of and capacity for evaluation across the three levels of the Organization. In this regard, it will implement a new decentralized evaluation framework to foster regional and country offices' commissioning of evaluations; will follow up and track recommendations; and will use evaluation findings and recommendations in organizational learning.¹ In addition, it is important to note that the corporate Evaluation Office also conducts country programme evaluations.

6. With regard to the external audit of the Regional Office for the Western Pacific, the Regional Office appreciates the intense work done by the External Auditor for both the Regional Office and the Cambodia country office audits. These resulted in recommendations which, when implemented, will further strengthen controls in the Regional Office. It takes audit recommendations seriously and ensures that they are implemented in a timely manner by addressing the systemic issues and applying lessons learned in its operations through its functional networks. Accordingly, the Regional Office has no internal and external audit recommendations outstanding from previous audits.

TRANSFORMATION

7. The Organization recognizes and appreciates the depth and scope of work undertaken by the external audit team in conducting the review of transformation, which provide the Secretariat with valuable insight for potential course correction.

8. The Secretariat noted and accepted all 12 recommendations of the report of the External Auditor, which are aligned with internal perspectives. The Secretariat appreciates the recognition of achievements and the significant progress in executing the plan to date, despite the many challenges the Organization has faced in the last two years. These include aligning the major offices around the four pillars of the new operating model; instituting the first three-level country support planning process; establishing the output delivery teams and technical expert networks across the Organization; modernizing donor and partner engagement through the Contributor Engagement Management System and periodic data-driven stocktakes; and reducing paper transactions through electronic workflow systems.

9. In the area of organizational performance assessment, the Organization welcomes the focus on the output scorecard, which represents a significant evolution from previous assessment mechanisms and has been subject to an intense development process involving all three levels of the Organization. In addition, it is important to note that the new approach has been recognized within the United Nations system as an evolving best practice.

10. With regard to staff buy-in, the Secretariat fully acknowledges the importance of sustained staff engagement and the collection of staff inputs, as well as the challenges of change fatigue across the workforce. In this regard, the Secretariat will continue to develop and implement tools, including staff surveys, to assess progress in this area.

11. Finally, with regard to human resources WHO fully agrees that overcoming the persistent challenges in these areas is critical for advancing the broader transformation agenda and achieving

¹ See document EB151/4 for further information.

meaningful impact for our Member States. The human resources initiatives that were launched through the transformation agenda are being integrated into ongoing operations (with corresponding updates to objectives, deliverables and timelines) and will be used to inform business process optimization for the new Business Management System (BMS). These initiatives, plus the full range of human resources activities in progress, are regularly reported to Member States through the Governing Body meetings.¹

PROCUREMENT, SUPPLY CHAIN AND VENDOR MANAGEMENT

12. The Secretariat acknowledges the Internal Auditor's recommendation with respect to procurement, specifically with regard to the improvement of supply chain and vendor management. In this regard, the Secretariat has continued working towards the implementation and final closure of recommendations and following the issuance of the External Auditor's report, five additional recommendations have been closed.

13. Following the detailed progress update provided in 2021,² in which the Secretariat reported on steps taken by the Organization to broaden its engagement with the supply market and strengthen vendor management capacity, further work has been completed.

14. The main building blocks required to establish an end-to-end supply chain (planning, sourcing, stock management, warehousing, logistics), including for emergencies, are all in place across the Organization; in order to integrate them further into a well-functioning supply chain, a supply chain strategy has been developed and approved by senior management. The strategy was jointly developed by the Business Operations Division and the WHO Emergency programme, thereby addressing all needs across the spectrum and providing an example of agile team collaboration in the spirit of the transformation initiative. In addition, this strategy foresees a clear delineation of roles and responsibilities, with a lead role for the Business Operations Division in defining governance and performance measures across the supply chain. The strategy will also help to address gaps and align the supply chain management with the implementation of the new enterprise resource planning system, the Business Management System (BMS). The gradual introduction of the various BMS system modules, commencing in 2023, will greatly assist in addressing the inefficiencies related to the limited transparency and visibility of supply chain activities.

15. With regard to vendor management, work has focused on its two main aspects: vendor selection (such as the use of prequalification) and performance management of the vendor against contractual deliverables. In order to further strengthen these, the Organization plans to enhance the capacity of the procurement team in 2022, thereby enabling the Secretariat to holistically review its approach to vendor management and other policy areas raised by the Internal Auditor's advisory review. In addition, a procurement business intelligence dashboard has been developed in the first quarter of 2022, which greatly enhances the Organization's ability to use data to drive decision-making related to vendor management.

16. The Secretariat takes note of the External Auditor's findings in the area of procurement in the Regional Office for the Western Pacific and in this regard the Regional Office has sensitized responsible

¹ Document A74/25, Human Resources annual report (2021); and document A75/31, Human Resources annual report (2022).

² Document A74/37, External and internal audit recommendations: progress on implementation.

teams in the Region on the need to comply with the procurement principles of open competition, including the use of generic specifications and the mandatory use of templates when advertising tenders.

17. Lastly, two additional measures were introduced in the Regional Office for the Western Pacific:

(a) training was provided to country offices on high-value solicitation templates in order to ensure that staff can easily work on these templates and they get operationalized in a harmonized manner; and

(b) quarterly compliance checks and reporting by regional procurement teams have been further strengthened in relation to supplier performance evaluation in order to ensure that provisions of the procurement manual are systematically adhered to.

COUNTRY COOPERATION STRATEGIES

18. The Secretariat takes note of the recommendations and findings of the External Auditor and the Internal Auditor with regard to strengthening the development of country cooperation strategies.

19. The Thirteenth General Programme of Work (GPW 13) and the ongoing work on WHO transformation reconfirms the importance of country cooperation strategies (CCS) as a key foundational element of WHO strategic planning/evaluation at country level. The role of CCS is also essential in guiding UN country mechanisms and instruments, such as the United Nations common country assessment and the United Nations Sustainable Development Cooperation Framework, which support United Nations coherence and reform.

20. The Secretariat acknowledges that the COVID-19 pandemic has affected the development and evaluation of CCS in a significant number of countries and territories over the last two years; other factors, such as country political cycles and regional variations in approaching CCS, were among other adverse influencers.

21. In this regard, as of the beginning of 2022 approximately half the CCS required renewal. As the countries move towards a new post-COVID-19 pandemic “normalcy”, there is a renewed and strong interest in developing CCS in all WHO regions. This interest is stimulated by both internal (e.g. the transformation agenda at country level), as well as external factors (e.g. United Nations reforms reshaping the global architecture).

22. Starting in the second half of 2021, mid-course corrections have been initiated and discussions are under way within the Secretariat to better link CCS with existing operational planning and reporting mechanisms (such as the Biennial Collaborative Agreement and country support planning using the new enterprise resource planning system).

23. In cases in which a fully-fledged CCS cannot be immediately initiated (e.g. in conflict zones or security-compromised settings or in an emergency), an interim solution is being considered – known as an “interim CCS” or “iCCS” – which is essentially an abbreviated version of the full CCS that contains the most critical information, such as country strategic priorities, which are translated into the strategic deliverables of the Secretariat. These deliverables inform planning and are measured by both WHO and the Member State through GPW 13 outcome indicators.

24. With regard to updating CCS in the Western Pacific Region, in late 2021 the Regional Office initiated a cycle tracker for all CCSs and is finalizing a plan for the renewal of all CCS, starting with those for Cambodia, China (under way), Mongolia (under way) and Papua New Guinea.

STRENGTHENING RESOURCE MOBILIZATION

25. During the past year, strengthening the sustainable flexible financing of the base Programme budget has been one of the most important focuses for resource mobilization. The Secretariat has focused on multiple areas, including increasing the awareness of the contributors of the funding needs of the base programme (non-emergency programmes), through multiple strategic dialogues and technical deep dives with key donors, involving the three levels of the Organization. This provides an opportunity for engagement with donors at the strategic and technical levels in order to highlight WHO's work, impact and needs to achieve the triple billion goals.

26. In May 2021, the triple billion showcase involved 29 donors, representing 61% of the financing of the base segment of the WHO Programme budget, who were engaged to enhance their understanding of WHO's achievements across the triple billion targets, highlighting areas of innovation and impact.

27. Targeted efforts are being made to enhance both the quality and quantity of funding from philanthropic partners for the base Programme budget, shifting away from transactional relations to more deliberate, strategic and forward-looking partnerships that leverage the distinct value-added of each organization in order to maximize public health impacts.

28. The increased capacity and training of WHO staff at regional and country levels has introduced a new network of external relations/resource mobilization officers to share information on key donors and partners, including priorities, processes and best practices. This network and capacity-building will be further expanded in the next biennium.

29. In addition, the Working Group on Sustainable Financing, which was established by the Executive Board in decision EB148(12) of 25 January 2021, has drawn attention to the challenge of highly earmarked and short-term voluntary contributions, especially for country offices.

STRENGTHENING RISK MANAGEMENT

30. The Secretariat has been reviewing its risk management, internal controls and compliance processes to take stock of the achievements to date and identify areas for improvement. The Global Risk Management Committee continues to ensure proper governance of the risk management process and meets regularly to ensure progress is made in this direction.

31. An assessment of WHO's risk management maturity level was completed, in line with the recommendations of the Joint Inspection Unit,¹ and the results are being incorporated into a risk management strategy that will address the Organization's latest risk profile. In addition, the Secretariat, under the leadership of the Global Risk Management Committee, is developing a risk appetite framework to promote consistent attitudes to risk-taking across the Organization for maximized health impact.

¹ Document JIU/REP/2020/5.

32. The Secretariat has developed a global risk management training programme to continue raising awareness among staff. As part of the replacement of its enterprise resource planning system, it is also developing a new corporate risk management tool, which will be embedded into the Organization's planning system to ensure alignment with the programme management processes across the three levels of the Organization, as well as fit-for-purpose reporting for informed decision-making.

33. Building on the lessons learned from the Independent Commission on Allegations of Sexual Exploitation and Abuse during the tenth outbreak of Ebola virus disease in the North Kivu and Ituri provinces of the Democratic Republic of the Congo,¹ while following the principles of the risk assessment tool developed for sexual exploitation, abuse and harassment risks, the Secretariat is also developing mechanisms to supplement its policies and further guide staff in relation to the identification and active management of the Organization's principal risks.

34. Furthermore, the Secretariat acknowledges that improving WHO's maturity in risk management at the three levels of the Organization is a journey that requires prioritization and adequate resourcing in order to capacitate the three levels of the Organization sufficiently and remains fully committed to continue working in this area.

35. Finally, the Secretariat is poised to launch the new anti-fraud/anti-corruption policy that will strengthen fraud prevention and contribute to the fraud risk management cycle (i.e. prevent, deter, detect, sanction), while introducing a more contemporary definition of fraud that goes beyond strict financial perimeters and considers diverse aspects of corruption.

ASSURANCE ACTIVITIES (direct financial cooperation, grant letters of agreement and direct implementation)

36. The Secretariat acknowledges the need for improved assurance activities concerning direct financial cooperation (DFC), grant letters of agreement (GLOA) and direct implementation (DI), as well as the importance of carrying out timely assessments of implementing partners for direct financial cooperation.

37. In this context, the Global Assurance Hub was established in 2021 with the aim of helping the regional offices to align and harmonize their assurance activities with those undertaken by all offices of WHO. At the same time, the COVID-19 pandemic greatly limited the possibility of carrying out physical visits to implementation sites and following up effectively with the Organization's counterparts in ministries of health or other implementing partners.

38. As the COVID-19 travel restrictions have started to be lifted, the regional offices are currently working closely with the Global Assurance Hub to finalize their plans for assurance activities.

OUTCOME OF INVESTIGATIONS

39. With regard to the investigations described in the report of the Internal Auditor for the calendar year 2021, the Secretariat confirms its commitment to timely action and would like to provide the following update on the outcome of the investigations.

¹ See document EB150/33.

40. An overview of cases and related actions with respect to the 21 investigation reports of substantiated allegations summarized in Annex 6 to the report of the Internal Auditor is provided below.

41. Two cases concerned fraudulent medical insurance claims (IR2021/01; IR2021/02) concerning, respectively, a contractor working operationally for WHO and a support staff member. The cases are still under review by the competent office for appropriate administrative and disciplinary action.

42. Three cases were related to conflict of interest, outside activity and bribery. One case (IR2021/03) concerned a former local staff member who was found to have falsified documents and provided inflated rates in order to award a contract to a company that he owned. A disciplinary process has been initiated with the issuance of a charge letter, and the Organization is considering all available means to recover the misappropriated funds from the former staff member, including referring the case to the national authority. The second case concerned a staff member who engaged in unauthorized activity by awarding management contracts to a company owned by her spouse under false identities (IR2021/04). The staff member was dismissed as a result of a disciplinary process. The third case concerned a staff member who did not disclose that prior to joining WHO he held the position of director of a company that was awarded with procurement contracts (IR2021/05). A disciplinary process has been initiated for this case with the preparation of a charge letter.

43. One case (IR2021/06) concerned the unauthorized access by a WHO contractor to staff members' offices, drawers and personal belongings. The contractor's employer was informed of the case and asked not to assign the contractor to WHO premises in the future.

44. With respect to the case of abuse of authority (IR2021/07), it concerned a staff member who accumulated large amounts of irregular debts and failed to comply with her private legal obligations. In addition, the staff member obtained loans from WHO personnel under her authority or power of influence. The staff member was dismissed as a result of disciplinary action. Separation entitlements have been withheld pending the resolution of outstanding debts with other staff members.

45. Three cases concerned fraud. In one case (IR2021/08), it was found that before joining WHO, a staff member had previously engaged in fraudulent activities to the prejudice of other United Nations organizations in his capacity as director of a nongovernmental organization. The staff member also retained executive management of the same nongovernmental organization during his employment with WHO without proper authorization. The staff member was separated from the Organization after his temporary appointment came to an end. A charge letter has been issued against the staff member and the final decision is pending on this case. A second case (IR2021/09) concerned a travel assistant who created a duplicate supplier account by using his personal bank account number and obtained payment of undue daily subsistence allowance. This case concerned a former staff member who has been already separated from the Organization as a result of a separate misconduct (fuel theft). A disciplinary process has been initiated in this case with the issuance of a charge letter. A third case (IR2021/10) concerned a local staff member who received kickbacks from suppliers. This case is under review for disciplinary action. The matter was also referred directly to the competent office that took mitigating actions to ensure that the suppliers would not engage in any additional undue payment to WHO staff members.

46. One case (IR2021/11) concerned a former staff member's failure to fulfil her private legal obligations and to cooperate with an investigation. Since the staff member has been already separated for a previous misconduct, a note to the file was added to her personal file.

47. Two cases related to sexual harassment. One case (IR2021/12) concerned a staff member who obtained and disseminated intimate pictures and private communications of another WHO staff member

without consent. The case has been reviewed by the Global Advisory Committee in accordance with the applicable policy and is under consideration for disciplinary proceedings. The other case (IR2021/13) concerned a staff member who forcefully pulled another staff member of another Organization into his hotel room, causing fear and distress to the victim. Disciplinary action was taken that resulted in the dismissal of the staff member.

48. Eight inter-related cases concerned cronyism, procurement fraud, negligence in procurement, misrepresentation, theft and failure to act. With respect to the cases of cronyism, one case (IR 2021/14) concerned a senior staff member who initiated a supposed “informal” selection process of “candidates” who did not apply for the job and had no qualifications, with the purpose of recruiting a person who was recommended to him. A staff member also produced false documentation for and participated in the “informal” selection process (IR2021/21). A second case (IR2021/15) concerned a staff member who recruited an acquaintance based on a consultant selection report falsely documenting a supposed competitive selection process. In another case (IR2021/16), a staff member formed a selection committee and signed a consultant selection report with “candidates” who were unqualified and had not applied to the position with the purpose of recruiting an acquaintance. A disciplinary process has been initiated in those cases.

49. Two cases related to procurement irregularities. In one case of negligence in procurement (IR2021/17), a staff member obtained offers from a limited number of suppliers with vague terms of reference, authorized pre-payment contrary to the contractual agreement and failed to monitor deadlines and to obtain full delivery of the procured goods. Another case of procurement fraud (IR2021/18) concerned a senior staff member who preselected a supplier personally and favoured a culture of tolerance for simulating competition by producing deceitful documentation. A disciplinary process has been initiated in both cases.

50. With respect to the case of theft (IR2021/19), it concerned a staff member who obtained a fuel card for work purposes and used it for personal use. Another case, of failure to act (IR2021/20), concerned a senior staff member who failed to initiate corrective measures regarding the allegations of abuse of fuel cards. A disciplinary process has been initiated in those cases.

51. Since 2014, the Secretariat has published an annual circular informing staff members of concluded disciplinary proceedings. This circular raises awareness of violations of standards of conduct and the action taken by the Administration to address those violations. The circular on disciplinary cases concluded in 2021 will be published shortly.

ACTION BY THE HEALTH ASSEMBLY

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

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