

# **Report of the External Auditor**

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

The Director-General has the honour to transmit to the Seventy-sixth World Health Assembly the report of the External Auditor on the financial operations of the World Health Organization for the financial year ended 31 December 2022 (see Annex).

ANNEX

## Office of the Comptroller and Auditor General of India



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Our audit aims to provide independent assurance and to add value to the World Health Organization (WHO) by making constructive recommendations.

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## Audit of the World Health Organization (WHO) for the Financial Year ended 31 December 2022

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## **SUMMARY**

### **The report of the External Auditor**

1. The report of the External Auditor on the audit of the financial statements and operations of the World Health Organization (WHO) is issued pursuant to Regulation XIV of the Financial Regulations of WHO and is transmitted through the Programme, Budget and Administration Committee of the Executive Board to the Seventy-sixth World Health Assembly.

2. The general objective of the audit is to provide independent assurance to Member States, increase transparency and accountability as well as operational efficiency and effectiveness in the Organization, and to support the objectives of the Organization's work through the external audit process. We have detailed in this report the financial and governance matters that we believe should be brought to the attention of the World Health Assembly.

### **Overall result of the audit**

3. In line with our mandate, we audited the financial statements of WHO in accordance with the Financial Regulations and in conformity with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).

4. We concluded that the financial statements present fairly, in all material respects, the financial position of WHO for the financial year ended 31 December 2022, and its financial performance, the changes in net assets/equity, the cash flows, and the comparison of budget and actual amounts, in accordance with the International Public Sector Accounting Standards (IPSAS). Based on our conclusion, we issued an unqualified audit opinion on the Organization's financial statements for the financial year ended 31 December 2022.

5. We also concluded that the accounting policies were applied on a basis consistent with that of the preceding year, and the transactions of WHO that have come to our notice during the audit or that have been tested as part of the audit of the financial statements were, in all significant respects, compliant with the Financial Regulations and legislative authority of WHO.

6. In addition to the audit of financial statements at WHO headquarters, we also conducted audits of the WHO Regional Office for Europe (EURO), Copenhagen, and the WHO Country Office in Moldova. To add value to WHO's financial management and governance, we conducted a performance audit of the WHO Global Service Centre at Kuala Lumpur and an IT audit of the WHO Business Management System. The results of the audit on these areas and offices were communicated to WHO management through management letters and are incorporated in this report.

7. I wish to thank the Member States for giving me the opportunity of serving as the External Auditor of WHO.

### **Audit opinion**

8. We have issued an unqualified audit opinion on the financial statements for the period under review.

## EXECUTIVE SUMMARY

WHO is in the process of implementing a new enterprise resource planning (ERP) system – Business Management System (BMS) to replace the existing IT application. We undertook the IT audit of the BMS during the implementation phase itself, in order to enable WHO to take up timely mid-course corrective measures. We noted that the contributor engagement module (CEM), which was rolled out in April 2022, laid a good foundation for the change management for replacement of the legacy system (GSM). The CEM has been stabilizing, evident from the fact that the number of reported incidents by users was showing a declining trend. However, we noted that the operations and maintenance team was not able to achieve the service levels for timely resolution of incidents in the majority of incidents. Achievement ranged from 1.6% to 28% against the stipulated target of 95%. Also, the IT application to monitor the status of incidents resolution did not capture some important details. We recommend that the CEM team introduce mitigation measures to improve timeliness for resolution of incidents.

The CEM team monitored the extent of system adoption through the user dashboard embedded within the CEM application. The monitoring system would benefit from an assurance that no awards were created and managed outside CEM. We noted cases (after the rollout of CEM) in which the awards were available in the legacy GSM application, but they had not been created in the CEM application.

While the application components (other than the CEM) were in various stages of implementation, we noted that the documentation relating to the To-Be process, which lays the benchmark for what is to be achieved, primarily relating to the scope of the project and the roles and responsibilities of each party, had not been spelt out. This raises the risk of delays in the development and implementation of the project. We recommend that the To-Be process documentation should be created before the configuration/development workshops for the components/phases where the same have not been started. Any process change must be approved by the business owner before the development of the application is started.

We also examined the procurement of goods and services in the Organization and identified issues relating to objectivity in selection of the successful service provider, raising the risk of WHO not getting the best value for money. For example, in case of selection of consultants for 14 health emergency preparedness and response platforms, we noticed that new criteria/principles for evaluation of bids, which were not present in the request for proposal (RFP), were introduced at the stage of bid evaluation. Similarly, in case of selection of global freight forwarder for the sea route by the Global Services Centre (GSC), instead of accepting the outcome of the tender evaluation process done by UNICEF (lead UN Agency), GSC decided to use their own model based on the outcome of the UN tender. Additional criteria for assessing the technical capabilities of the bidders were introduced by the technical evaluation committee, even though the process of selection of best valued bid had already provided suitable weightage for the technical capabilities of the bidders. We recommend that WHO should strengthen the process of evaluation and award complex consultancy contracts within the framework of the extant guidance on procurement. Further, WHO may consider including its own requirements or criteria in advance on the new “UN freight forwarding tender” to enable the selection of the best bids for long-term agreements (LTAs) based on such objective evaluation criteria.

We noted that the management of inventory could be streamlined with effective distribution and utilization of medicines before their expiry. In 2022, medicines, vaccines and humanitarian supplies valuing US\$ 3.88 million expired before they could be utilized. We noticed cases where items were received in the inventory while their remaining shelf lives were inadequate. We recommend that WHO

lays down a mechanism to minimize controllable delays in procurements and to ensure, at the time of receipt of supplies, adequate shelf life of medicines and equipment being procured is available.

WHO GSC provides back-office support for the administrative services (HR, IT, Procurement, etc.) for the WHO offices. We noted that in certain categories of transactions such as those pertaining to procurements, temporary appointments and extension of fixed-term contracts, the GSC could not achieve the stipulated benchmark performance (turn-around time to process). The IT application to measure the compliance with required service levels did not have a module to monitor and flag the delayed cases in real time. We recommend that GSC should adopt and report on the Key Performance Indicators for HR (GHR) and IT (IMT) functions. Steps should also be taken to achieve the benchmarks for cost reduction in GPL and GPAY functions. We acknowledge the value addition brought out by the establishment of Compliance and Risk Management (COR) team at GSC, which performs additional checks to ensure compliance, particularly in travel and procurement services transactions.

In order to ensure the highest standards of integrity and public confidence in the WHO functioning, WHO employees are required to disclose any circumstances that could give rise to conflict of interest. We noted that there is a scope for improvement in the process of collection and tracking of declarations of interest (DoIs). Further, there is a need to introduce a mechanism for tracking information regarding compliance with the ethics advice issued by the Office of Compliance, Risk Management and Ethics (CRE) in the identified cases of conflicts.

## **A. MANDATE, SCOPE AND METHODOLOGY**

1. The Seventy-second World Health Assembly through resolution WHA72.11 (2019) appointed the Comptroller and Auditor General of India as the External Auditor of WHO for the four-year period 2020–2023. Regulation XIV of the Financial Regulations of WHO and the Appendix elaborate the terms of reference governing the external audit. The regulations require that the External Auditor report to the World Health Assembly on the audit of the annual financial statements and on other information that should be brought to its attention with regards to Regulation 14.3 and the Additional Terms of Reference.

2. Our audit is an independent examination of the evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of WHO's compliance with the Financial Regulations and legislative authority.

3. We also carried out a review of WHO operations consistent with Financial Regulation 14.3, which requires the External Auditor (EA) to make observations with respect to the efficiency of the financial procedures, accounting system, internal financial controls, and in general, the administration and management of WHO operations.

4. Likewise, we conducted an audit on the financial statements and operations of the five WHO hosted entities, namely, the Joint United Nations Programme on HIV/AIDS (UNAIDS); the United Nations International Computing Centre (ICC); the International Agency for Research on Cancer (IARC); Unitaids; and the Staff Health Insurance (SHI) Fund. Separate reports on these entities are issued to the governing body.

5. Overall, the audit intends to provide independent assurance to Member States, increase transparency and accountability as well as operational efficiency and effectiveness in the Organization, and support the objectives of the Organization's work through the external audit process.

6. With respect to the review of WHO operations based on our risk assessment, we focused on the assessment of risk controls in the operational and functional processes in the audited areas and offices. We also reviewed the governance arrangements, implementation of risk management including the internal control systems and processes, to determine their effectiveness.

7. During the financial year 2022, aside from the audit of the financial statements at headquarters, we audited the Regional Office for Europe, Copenhagen, and the WHO Country Office in Moldova as well as conducted a performance audit of the WHO Global Service Centre, Kuala Lumpur and an IT audit of the WHO Business Management System.

8. This report does not include any comments on the financial statements of the Pan American Health Organization (PAHO), the Regional Office for the Americas, which are being audited by the National Audit Office (NAO) of the United Kingdom. We placed reliance on their audit based on the Comfort Letter dated 30 March 2023. The National Audit Office of the United Kingdom informed us their audit of 2022, thus far, has not detected any material errors, misstatements or any other matters that would adversely affect the audit opinion on the PAHO financial statements.

9. We coordinated with the Office of Internal Oversight Services (IOS) on the planned audit areas to avoid unnecessary duplication of efforts. We also collaborated with the Independent Expert Oversight Advisory Committee (IEOAC) to further enhance our audit work.

10. We continued to report the audit results to WHO management through audit observation memoranda and management letters containing detailed observations and recommendations. We issued eight audit management letters to the WHO heads of offices and hosted entities during the financial year 2022. The practice provides a continuing dialogue with WHO management.

## **B. AUDIT FINDINGS AND RECOMMENDATIONS**

### **1. Status of implementation of previous external audit recommendations**

11. There were 62 outstanding recommendations up to the period ending 31 December 2021, of which management proposed 19 for closure. We examined and noted that 12 recommendations had been implemented, two were overtaken by events and others were either pending to be implemented or under implementation. At the end of 31 December 2022, a total of 48 old recommendations were outstanding. Details of the recommendations are given in Appendix 1.

### **2. Financial Overview**

12. WHO's revenue has been steadily increasing over the last five years, from US\$ 2.90 billion in 2018 to US\$ 4.35 billion in 2022. Revenue for 2022 saw an increase of US\$ 287.3 million as compared to 2021 (US\$ 4.066 billion). The increase in revenue was mainly due to the increase in voluntary contributions by US\$ 291 million.

13. Assessed contributions have however shown a declining trend, from being 17% of the revenue<sup>1</sup> in 2018 to 11% of the revenue in 2022. On the other hand, voluntary contributions have increased steadily from 79% of the revenue in 2018 to 84% of the revenue in 2022.

14. Expenses were 88% of revenue in 2022 as compared to 91% in 2021. Contractual Services, which constituted the biggest item of expense, showed a decrease from 33% of the total revenue in 2021 to 31% of the total revenue in 2022. Staff costs, which constituted the second highest item of expense, showed a slight decrease from 29% of total revenue in 2021 to 27% in 2022. The expenses on travel increased by 106% to US\$ 161 million in 2022 from US\$ 78 million in 2021.

15. As at 31 December 2022, the total assets of WHO were US\$ 7.81 billion, an increase of US\$ 598 million as compared to 31 December 2021. Asset categories which showed major increase during 2022, were short-term investments, cash and cash equivalents and current receivables. Short-term investments increased by US\$ 354 million, cash and cash equivalents increased by US\$ 92 million and current receivables by US\$ 274 million. As a percentage of the total assets, they remained at a similar level as the previous year.

16. Liabilities of WHO decreased by US\$ 1.02 billion, mainly due to a reduction in the accrued staff liabilities by an equivalent amount. The decrease in the accrued staff liabilities was due to a significant change in the financial assumptions (discount rate and inflation rate) used for actuarial valuation in this year.

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<sup>1</sup> The figures are based on common size analysis of the financial statements. For comparison, all items of the statement of financial performance and financial position are taken as a percentage of revenue and total assets respectively.

### 3. Financial management

17. The following ratio analysis was used to assess the financial management of WHO:

#### Short term solvency

18. We analysed the liquidity position of WHO to assess its ability to meet its short-term commitments or operating needs and observed that it has been sound in the last four years. The quick ratio and current ratios have been showing a comfortable position with both being more than three times their current liabilities.

**Table 1**

	2022	2021	2020	2019
Quick ratio (quick assets/current liabilities)	3.58	3.32	2.93	2.75
Current ratio (current assets/current liabilities)	3.68	3.48	3.05	2.82

#### Operating cycle efficiency

19. The operating cycle efficiency was assessed in terms of how fast WHO was able to:

- collect its contribution receivables.
- utilize its inventory or materials purchased.

20. The contribution receivable ratio for the last four years is shown below:

**Table 2**

	2022	2021	2020	2019
Contributions recognized <sup>1</sup> (US\$ million)	4 152.34	3 914.52	4 170.17	2 982.11
Average contribution receivables (current) {(opening + closing)/2}	1 424.34	1 304.62	1 244.88	1 153.89
Contribution receivable ratio	2.92	3.00	3.35	2.58
Number of days taken to encash receivables	125	122	109	141

21. The decrease in receivable ratio indicates that the collection of contributions was slower compared to previous years. The time to collect receivables was 125 days in 2022 as compared to 122 in 2021. This is further corroborated by the fact that current receivables as at 31 December 2022, have increased in the last four years. Current receivables were 20% of total assets as on 31 December 2022, as compared to 18% in 2021.

<sup>1</sup> Excluding voluntary contributions in-kind and in-service.

22. Inventory turnover ratio and days in inventory for the last four years is shown below:

**Table 3**

Sl No	Description	2022	2021	2020	2019
(1)	Procurement of materials (US\$ million)	511.08	497.30	523.59	259.39
(2)	Inventory opening balance (US\$ million)	190.43	144.32	59.19	37.47
(3)	Inventory closing balance (US\$ million)	178.29	190.43	144.32	59.19
(4)	Average inventory (US\$ million) [(2) + (3)]/2	184.36	167.38	101.75	48.33
(5)	<b>Inventory turnover ratio (1)/(4)</b>	<b>2.77</b>	<b>2.97</b>	<b>5.15</b>	<b>5.37</b>
(6)	<b>Days in Inventory 365 days/(5)</b>	<b>132</b>	<b>123</b>	<b>71</b>	<b>68</b>

23. Expenditure on “medical supplies and materials” saw a slight increase in 2022 as compared to 2021. Average inventory held by WHO as on 31 December 2022 was higher compared to previous years. The average number of days for which the materials were in inventory was 132 days in 2022 as compared to 123 days in 2021. This was primarily because of procurement of medicines and vaccines for stockpile and slow and non-moving inventory.

#### **4. Changes made in the financial statements at the instance of Audit**

24. The following observations were accepted by management and necessary adjusting entries/disclosures were made in the financial statements:

- (i) Adjustment of prepayments of material/services valuing US\$ 35.05 million.
- (ii) Misclassification of an investment of US\$ 4.99 million as short-term investment.
- (iii) No-booking of expenses related to compensation payments of US\$ 1.73 million.

#### **5. Areas for potential enhancements in accounting systems, policies and practices**

25. We noted the following areas which merit a review for effecting improvements in accounting systems, policies and practices being followed presently.

##### **5.1 Processing of in-kind contributions**

26. WHO receives in-kind contributions from different donors, which include medicines and other supplies. These contributions are recorded as revenue at an amount equal to their fair market value at the time of acquisition and a corresponding entry for recording expense is also carried out. WHO had accounted for in-kind contributions amounting to US\$ 146.3 million during the year 2022, which included in-kind medical supplies and materials amounting to US\$ 109.9 million.

27. We noticed that in-kind contributions of surgical and medical masks valuing US\$ 61.10 million and serology kits valuing US\$ 1.43 million were accounted as in-kind contributions during the year 2022. The dates of receipt and distribution were not available with WHO. At the instance of Audit WHO has included a disclosure regarding this in the financial statements for the year ended at 31 December 2022.

28. Management acknowledged that there was no standard operating procedure (SOP) on steps to be taken at different stages, as it involved multiple individuals and geographical regions across the Organization, with fragmented responsibilities and use of multiple IT/data platforms outside the (GSM) for different parts of the entire process.

**Recommendation 1: WHO integrates different systems dealing with in-kind contributions across the Organization, facilitating timely recording, tracking, accounting and reporting of in-kind contributions. (High)**

29. Management accepted the recommendation.

## **5.2 Inventory valuation**

30. Paragraph 19 of IPSAS 12 provides that cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. WHO applies a uniform rate for packaging, freight and insurance (PFI) charges for addition to the cost of material. These charges were fixed at 10% of the value of material for the year 2022.

31. As on 31 December 2022, total WHO inventory was US\$ 178.29 million, which included US\$ 90.8 million (55%) of vaccines procured from UNICEF. We noticed that for procurement of vaccines from UNICEF, WHO was paying handling fees of 4% of value of procurement to the supplier for warehousing, management and supply of vaccines to respective countries. Hence, charges on accounting of PFI were already included in the 4% handling fee.

32. WHO did not include the 4% handling charges for the calculation of PFI charges but applied the uniform PFI rates of 10% in valuation of these vaccines. This led to overvaluation of WHO inventory by US\$ 4.89 million.

**Recommendation 2: WHO reviews its policy of applying uniform PFI charges in inventory valuation of the vaccines, where handling charges are separately paid by WHO. (High)**

33. Management accepted the recommendation.

## **5.3 Fair valuation of voluntary contributions receivable**

34. Paragraph 42 of IPSAS 23 provides that voluntary contributions receivable are to be recorded at their fair value. As per the accounting policy in WHO, voluntary contributions receivable are not discounted as the effect of discounting is considered immaterial.

35. As per paragraph 37 and 39 of IPSAS 3, estimates may be required of the fair value of the financial assets/liabilities and an estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. The accounting policy of WHO also provides for periodic review of decisions taken involving the materiality of information.

36. We noted that since 2012, WHO had not reviewed the materiality of the effect of discounting as per fair valuation of voluntary contributions receivable, despite changes in the magnitude of multi-year voluntary contribution and discounting rates over the last decade. We noticed that the difference between

nominal and discounted value<sup>1</sup> for non-current voluntary contributions receivable valuing US\$ 381.59 million for the year ending 31 December 2022 was US\$ 23.71 million.

**Recommendation 3: WHO reviews the policy of valuation of long-term voluntary contributions receivable, in view of changes in the circumstances on which these estimates are based. (High)**

37. Management stated that they would take this item forward for consideration together with the new IPSAS standard.

## **5.4 Inventory management**

38. WHO held inventory of US\$ 178.3 million as at 31 December 2022, which mainly consisted of medicines, vaccines and other humanitarian supplies. We noted the following in respect of inventory management:

### ***5.4.1 Slow-moving and non-moving inventory***

39. We noted that medicines, vaccines and humanitarian supplies valuing US\$ 89.36 million (50% of total inventory) had not been utilized for more than one year from the date of their receipt. This included US\$ 1.41 million value of items not utilized for more than three years and US\$ 87.96 million value of items not utilized from one to three years. This is evident from the inventory turn-around ratio also.<sup>2</sup>

40. Management informed us that inventories consisted of preparedness stocks for emergency response and global polio vaccine stockpile. Further, they were implementing new measures to improve utilization of kits.

41. We recognize the fact that adequate stock of inventories is critical for emergency response preparedness. However, assessing optimum level of inventory holding, taking into consideration all the factors, is important for an effective inventory management system.

### ***5.4.2 Expired inventory***

42. A significant portion of inventory in WHO consisted of items with limited shelf life. We noted that medicines, vaccines and humanitarian supplies valuing US\$ 3.88 million expired during 2022. We could not find any guidance/instruction that addressed the requirement of utilizing inventory items before they expire or ensuring that adequate remaining shelf life should be there at the time of acquiring the items.

43. We noticed that the shelf life of novel oral poliomyelitis vaccine type 2 (nOPV2) polio vaccine was prescribed as 24 months and these vaccines were procured by WHO for emergency stockpile. We noted that WHO procured 216 million doses of nOPV2 polio vaccines during April 2022 to December 2022. At the time of addition in inventory, the remaining shelf life ranged from 8 months to 11 months in respect of 135.20 million vaccine doses (valuing US\$ 22.31 million). Similarly, the shelf life of “Filariasis Test Strips” was 12 months from the date of manufacture. At the time of their procurement

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<sup>1</sup> Fair value has been worked out based on discount rates as applied by the actuary in respect of actuarial valuation of employees' liability for the 2022.

<sup>2</sup> The average days in inventory have increased to 132 days in 2022 from 68 days in 2019.

in 2022, the remaining shelf life of 51% stock was below six months at the time of their dispatch by the vendor.

44. We understand that some shortfall in shelf life may occur due to delays in delivery and other logistic constraints. However, it is important to identify the reasons for receiving items with very limited remaining shelf life for a large quantum.

**Recommendation 4: WHO lays down a mechanism to minimize controllable delays in procurements and to ensure at the time of receipt of supplies, adequate available shelf life of medicines and equipment being procured and supplied. (Medium)**

**Recommendation 5: WHO strengthens management of inventory for efficient utilization of procured items. (Medium)**

45. Management informed that adequate measures were being taken to extend the life of some expired items and to ensure optimum use of the stockpile of emergency kits especially with respect to “soon to expire” items. Management also stated that it had taken steps to address the internal delays. They also agreed with the above recommendations.

## 5.5 Grant management

46. Transfers and grants to contractual partners by WHO include grants provided to national counterparts (direct financial contribution (DFC)) and letters of agreement signed with other counterparts (grant letter of agreement (GLOA)) to perform activities that are in line with Organization’s objectives. During the year 2022, WHO incurred an expense of US\$ 194.88 million towards DFC and US\$ 136.42 million towards GLOA.

### *Assurance activities*

47. Assurance activities are to be carried out during and after implementation of activities to monitor the progress made in implementation of planned activities and to draw assurance that funds are used for the intended purpose. Our observations on assurance activities carried out by WHO are summarised below:

**Table 4**

Stage	Activity	Issues noticed
During implementation	Interim reporting (technical report and financial statements)	<ul style="list-style-type: none"> <li>Though WHO has a SharePoint database to consolidate information related to assurance activities, it does not contain information related to tracking of interim reporting and on-site verifications.</li> <li>Interim reports were to be submitted in all the four selected GLOA cases. In three of the cases, reports were not submitted in one case, reports were submitted with delays in one case and financial statements were not submitted in another case.</li> <li>As per the provision of standard operating procedures (SOP), on-site verification must be conducted on all GLOAs unless there was a valid justification. Out of four sample GLOAs, requirement for on-site verification was not included in the justification memorandum and agreements of two sample selected GLOA cases.</li> </ul>
	On-site verifications	
After implementation	Spot checks	<ul style="list-style-type: none"> <li>As per e-manual, DFCs and GLOAs were to be reviewed on a spot-check basis to ensure that supporting documentation was adequate and that expenditure reporting was in accordance with WHO rules and procedures.</li> <li>Information regarding targets for spot checks was not available. However, WHO conducted spot checks for 89 GLOA cases in four regions and 173 DFC cases in two regions in 2022.</li> </ul>

Stage	Activity	Issues noticed
		<ul style="list-style-type: none"> <li>In two out of four selected GLOA cases, provision for spot check was not included in the agreements. The other two GLOAs where provisions for spot check was included were ongoing, hence, spot-check activity was not due.</li> </ul>
	Post facto verifications <sup>1</sup>	<ul style="list-style-type: none"> <li>Post facto verification missions were to be conducted by regional/global assurance teams.</li> <li>Though WHO has SharePoint to consolidate information related to assurance activities, it does not contain information related to tracking of post facto verifications.</li> <li>In two out of four selected GLOA cases, provision for post facto verification was not included in the agreements. The other two GLOAs where provisions for spot check was included were ongoing, hence, spot check activity was not due.</li> </ul>
	Final reporting – technical report and FACE <sup>2</sup> report	<ul style="list-style-type: none"> <li>The partner was required to submit final reports within three months of activity completion date.</li> <li>Final reports were overdue ranging up to 191 days in 23 GLOAs and 154 DFCs where grant of US\$ 3.88 million and US\$ 11.30 million respectively were given.</li> <li>In 7 GLOAs and 221 DFCs, final reports were submitted with delays ranging up to 111 days.</li> </ul>

48. Management stated that regular follow-ups were being made for obtaining the final reports.

49. Management informed us of some initiatives to strengthen the present assurance mechanism which included formulation (December 2022) of new SOP on risk assessment and assurance activities; setting up global assurance hub for coordinating and carrying out assurance activities and; creation of separate fund for funding assurance activities.

50. We took note of the efforts being made to strengthen the assurance mechanism over transfers and grants. We are of the view that present status of management of grants merits better cohesiveness; greater clarity of responsibilities across Organization levels; more specific requirements relating to assurance activities in the governing framework; and creation of a mechanism to monitor preparation and implementation of assurance plans.

**Recommendation 6: WHO accelerates implementation of the envisaged improvements in transfers and grants, including strengthening of the assurance mechanism. (Medium)**

51. Management accepted the recommendations.

## **5.6 Procurement of materials and supplies**

52. During the year 2022, WHO placed purchase orders valuing US\$ 223.42 million on emergency basis and valuing US\$ 12.99 million on standard procurement basis. During the review of emergency and standard POs, we noted the following:

53. In the case of procurement of medicines and medicinal items, timely delivery of material is very important. We reviewed the status of delivery during 2022; our observations are tabulated below:

<sup>1</sup> Risk based analysis was done to identify the countries where verification missions should take place as a priority, as well as certain recipients of WHO grants who would be subject to post-facto verifications.

<sup>2</sup> Final technical report and financial certification report.

Table 5

Type of procurement	Delivery in 2022 in total POs	Status of delivery	POs with delayed delivery			
			0–30 days	31–90 days	91–180 days	>180 days
Emergency procurements	907 POs	Delayed deliveries in 87% of cases	384	292	85	25
Standard procurements	1028 POs	Delayed deliveries in 72% of cases	457	219	53	15

54. Further examination of POs with delayed delivery showed that there were delays in payment of advance by WHO, delays in issue of purchase order by WHO and other internal factors including discrepancies in shipping documents, input error in POs, errors in documentation and capacity assessment of the supplier, etc.

55. Management acknowledged the internal delays while clarifying that in some cases, there were external delays also due to the surge in worldwide demand and ongoing crisis, impacting sourcing of raw material.

56. We are of the view that delays in the majority of emergency procurements merit a thorough examination to identify controllable factors, and should be followed by identifying actions to improve timely delivery of items procured.

**Recommendation 7: WHO identifies mechanisms to minimize controllable delays in procurements. (Medium)**

## 5.7 Procurement of services

### *Health emergency preparedness and response platforms*

57. WHO invited RFP in May 2021 for development of 14<sup>1</sup> different health emergency preparedness and response platforms. The scope of work for each functional platform included a landscape analysis; an assessment of each platform's maturity; definition of a vision for the future of each platform; and the development of a road map to achieve that vision, including the establishment of a project team and governance structure, and a detailed forecast of the resources and investments required. After the completion of evaluation of bids, the contracts were awarded at an estimated cost of US\$ 6.15 million.

58. As per WHO e-manual, the overall guiding objective for all WHO procurement is to obtain the best value for money for the Organization. "Best value for money" is defined as the responsive offer that is the best combination of technical specifications, quality, and price. Further, paragraph 8.1 of the WHO Procurement Handbook provides that the evaluation criteria are established in the solicitation documents, which cannot be changed during the evaluation process.

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<sup>1</sup> (1) Preparedness assessment; (2) Capacity building and training; (3) Risk and vulnerability mapping; (4) Knowledge and expertise; (5) High threat pathogens; (6) Epidemic-prone diseases; (7) Biosafety and biosecurity; (8) Research and innovation; (9) One Health; (10) Early warning and alert; (11) Emergency management; (12) Global health emergency workforce; (13) Global health emergency supply chain; (14) Risk communication and community engagement.

59. The project RFP provided that for evaluating the bids and selection of successful bidder, 70% of the points were attributed to the technical aspect of the offer, and 30% to the financial aspect. We noted the following in the bid evaluation process:

(a) A total of six bidders participated, out of which one bidder submitted the proposal for two platforms specifically, while the remaining five bidders submitted the proposals for all 14 platforms.

(b) During the technical evaluation process, all the six participating bidders were initially awarded technical scores as per the criteria laid down in the RFP. The technical evaluation panel later recorded that the initial technical scores awarded to the participating bidders were disproportionately high vis-à-vis their technical capabilities. The panel decided to lower the technical scores for all the six bidders by 15% in absolute terms. This flat reduction in technical scores for all bidders led to the disqualification of two of the bidders, since the technical marks scored by them were now below the specified technical qualification threshold.

(c) During the financial evaluation process, the financial scores were to be calculated using the United Nations development method (lowest price offered/price offered x100). The panel considered the financial proposals of the four technically qualified bidders. While calculating the financial score, the lowest price across platforms was offered by that bidder, who had submitted technical proposal for two platforms only. The panel, rather than scoring the financial proposals for each platform individually, used this lowest financial offer as benchmark for all the 14 platforms.

(d) During the final evaluation process (combined score for technical and financial), the panel introduced new “principles for selection”. These new principles were not mentioned in the RFP document. These principles for selection of bidder (as considered by the Panel) were as follows:

(i) *“If there is a bidder who has received the best (or tied for best) overall score AND the best (or tied for best) technical score, then that bidder is a “clear top choice”.*

(ii) *If there is no “clear top choice”, then a “top choice” would be a bidder with:*

(a) *the best overall score AND the 2nd best\* technical score; OR*

(b) *the 2nd best\* overall score AND the best technical score.*

(iii) *If a bidder has the best overall score AND a 2nd best technical score which is significantly lower\*\* than the top technical score, then the panel may opt to assess the suitability of the bidder and propose to select the bidder with the 2nd best overall score AND the best technical score based on their expert judgement.*

*\* A 2nd best score should be  $\leq 2\%$  lower than the best score (overall or technical).*

*\*\* A 2nd best technical score which is  $\geq 10\%$  lower than the best technical score.”*

60. In this respect, we observed:

(a) The process of selection of successful bidder was specific to each platform. For the purpose of reducing administrative overheads, the proposals for all 14 platforms were bunched. The panel

also evaluated each proposal (technical and financial) and recommended the successful bidder for each platform separately.

(b) In the case of technical evaluation, we observed that the RFP had laid down objective criteria for awarding marks to the bidders based on their technical proposals. The panel had recorded that the initial technical scores awarded to the participating bidders were disproportionately high vis-à-vis their technical capabilities, thus warranting this reduction in technical marks. This revision of technical scores had a direct impact, i.e., leading to the disqualification of two bidders for all 14 platforms. In our opinion, this reduction of technical scores of all the six bidders by flat 15% (in absolute terms) did not follow the scoring methodology as laid down in RFP.

(c) In case of financial evaluation, we observed that the bidder with the lowest financial bid across 14 platforms had submitted the proposals for two platforms only, and the remaining three technically qualified bidders had submitted the proposals for all 14 platforms. Thus, there were three effective technically responsive bids for 12 platforms and four effective technically responsive bids for the remaining two platforms. The panel's approach of using the lowest financial bid across 14 platforms and using this lowest price for benchmarking the financial scores for all 14 platforms was not appropriate, especially considering that this lowest price was offered by the bidder who had submitted technical proposals for two platforms only. This method of common benchmarking of financial bids resulted in the reduction<sup>1</sup> of the financial scores of all the three effective bidders for the 12 platforms. In our opinion, the bid evaluation for each platform should have been done as a separate entity, i.e., using the lowest financial bid price for each platform as benchmark for calculating the financial scores of the other bidders for that platform.

(d) Management stated that the lowest financial proposal across platforms was seen as a good yardstick for all platforms on the assumption that the work would be divided and awarded to the best scoring/lowest costs vendors for each platform/subsystem. We are of the view that since separate technical and financial evaluation was made in respect of each platform and, accordingly, bidders participated in the process for individual platforms, awarding of financial score for all platforms on the basis of offer of one bidder, who participated only for two platforms, was not appropriate.

(e) Further, for the final evaluation process, we noted that the weightage for technical and financial proposals was clearly communicated in the RFP. We did not see any reason why the panel introduced the new "principles of selection" (as detailed above) for the successful bidders at the bid evaluation stage. The process of selection of the best bidder through the highest overall score already accounts for the proportional weightages for technical and financial aspects of the bid. The new principles, which were specific in nature, were not in line with the provisions of the procurement handbook, nor with the principles mentioned in the RFP.

61. We recalculated the financial scores and combined scores for all 14 platforms and noticed that the successful bidder in one platform (platform no. 5) would have been different on account of issues related to benchmarking of financial scores; and for two platforms (platform Nos 3 and 8) would have been different on account of the introduction of new "principles of selection".

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<sup>1</sup> No bidder scored 100% financial score in 12 platforms. The maximum financial score for these platforms was 67%.

62. We feel that it is important to have pre-defined criteria for the evaluation of the offers, which should be known to the bidders in advance. This will enhance objectivity as well as attract the best-valued bids.

**Recommendation 8: WHO strengthens the process of evaluation and award for complex consultancy contracts and also ensures that provisions of procurement manual are complied with at all stages of the procurement process. (High)**

## 5.8 Accountability systems

### 5.8.1 Managing conflict of interest

63. WHO's Code of Ethics and Professional Conduct (2017) provides basic principles of ethical behaviour and standards of conduct applicable which include integrity, accountability, independence and impartiality, respect and professional commitment. The code, inter alia, provides a framework of identifying and dealing with conflict of interest and identifies mechanisms to facilitate seeking advice and bringing forward observed wrongdoing.

64. To ensure the highest standards of integrity and public confidence in the independence and impartiality of WHO and its workforce, WHO is required to disclose any circumstances that could give rise to a conflict of interest, i.e., any interest that may affect, or may reasonably be perceived to affect, the individual's objectivity and independence in relation to the work to be done for WHO or which may be perceived as contrary to the principles of independence and impartiality.

65. WHO undertakes a rigorous annual declaration of interest exercise whereby staff members in designated<sup>1</sup> employment categories are required to submit a declaration of interest (DoI) form upon recruitment and thereafter, annually. The conflicts of interest<sup>2</sup> can be of financial nature, arising from personal relationships/family members, or take the form of intellectual bias, generating unfair or competitive advantage.

66. The interests disclosed must be assessed by WHO before the expert/consultant's work can be confirmed. We noted that in WHO:

- (a) Designated employment categories had to participate in annual staff DoI exercise, managed by the Ethics Unit in the Office of Compliance, Risk Management and Ethics (CRE). These DoI were to be assessed to ensure there were no conflicts of interest against the post description.
- (b) DoIs for experts are handled by concerned technical units; for non-staff workforce, these are handled by technical units and HR.
- (c) CRE/Ethics Unit was to be consulted, when the technical units did not know how to address the disclosed interest.

67. We noticed that the status of submission of DoIs in the last two years was as follows:

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<sup>1</sup> Grades P5 and above, and staff members involved in specific functions such as procurement.

<sup>2</sup> Links to the tobacco, the arms industry, and other potential conflicts of interest must be disclosed.

Table 6

Category	Status	2021	2022
Staff members	DoIs due	No set number	No set number
	DoIs received in CRE	3 699	4 018
	DoIs assessed by CRE	93	102
	Potential conflicts identified	93	102
	Action recommended	Ethics advice	Ethics advice
Non-staff	DoIs due	-	-
	DoIs assessment requests received in CRE	73	186
	DoIs assessed by CRE	73	186
	Potential conflicts identified	73	186
	Action recommended	Recommendation to not hire in three cases and mitigation measures in rest	Recommendation to not hire in six cases and mitigation measures in rest
Experts	DoIs due	Information not available	Information not available
	DoIs received (received through two parallel streams, i.e., CRE email and online independent expert system-IES)	2 960	1 928 (194 directly and 1 734 through IES)
	DoIs assessed by Ethics Division (IES system flags potential conflict)	Information not available	194 directly received
	Potential conflicts identified	960	194 directly received and 510 flagged by IES
	Action recommended	Information not available	Mitigation measures

68. We noted that the number of DoIs receipts showed an increase with respect to staff and non-staff members. Further, the Office of Compliance, Risk Management and Ethics (CRE) could not assess a substantial number of DoIs during the years 2021 and 2022. Status of assessment of submitted DoIs for the experts was not available for the year 2021.

69. The cases identified as conflicts for staff members included holding of shares in pharmaceutical companies, having relatives that worked in pharmaceutical companies or other organizations that may interact with WHO, having relatives that owned companies that had dealings with WHO and staff being founders of commercial companies. Ethics advice was given in the identified conflicts, which mainly recommended the individual to recuse or not to participate in advice or decisions relating to the area of conflict. Similarly for non-staff and experts, the mitigation measure in cases of conflict included limiting scope of work, conditional participation, partial/full exclusion from meetings/work and being released from current employment.

70. The submission of DoIs has to be done at the time of recruitment and annually. Yet, the status of DoIs due to be submitted during the year was not available with CRE. Thus, there was no mechanism to track whether all the DoIs had been submitted and assessed. Further, there was no mechanism to capture and track information regarding compliance with the ethics advice and identified mitigation measures recommended by CRE and concerned technical units. In the absence of any such mechanism, it was not feasible to review the status of implementation of this important accountability mechanism.

71. We also took note of the fact that IOS had highlighted issues relating to non-compliance with the DoI requirements and had flagged systemic issues in the area of DoI requirements for experts, at

different organizational units in WHO. Management informed that a guidance has been published for issues highlighted by IOS.

72. We were informed that monitoring of actions taken at CRE would require an updated ethics charter, case management system and standard operating procedure which were currently planned to be performed, subject to team being fully staffed and adequate resources. An exercise to update the code of ethics was underway with the objective of making it more user-friendly and accessible to the workforce.

73. Proper management of conflict of interest constitutes an important part of the accountability framework in WHO and also contributes towards strengthening of confidence in independent and impartial working of the Organization. We are of the view that the present status of planning for and working of this mechanism would need focused action to bridge the existing gaps.

**Recommendation 9: WHO implements a system for recording and monitoring of submission of declaration of interests across the Organization; and identifying appropriate level of resources for the ethics function to strengthen the accountability structure in the Organization. (High)**

**Recommendation 10: WHO creates a mechanism for monitoring of action taken on the ethics advice and mitigation actions in a phased manner, starting at the headquarters and regional level and explores feasibility of including this element in the internal control self-assessments of the concerned Organization units. (High)**

#### *5.8.2 Status of investigation function*

74. Timely investigation accompanied by prompt and proportionate corrective action is an important aspect of the accountability system of the Organization. Office of Internal Oversight Services (IOS) provided investigation services in WHO. The complaints or “reports of concern” received from staff and/or various other sources are first examined by the intake committee, followed by preliminary review, full investigation depending on the case. The investigation report is submitted to the administrative authorities for necessary action.

75. IOS maintains a case management system (CMS) to record and monitor the progress made on the complaints/reports. We reviewed the complaints data from the CMS for the last five years and noted that a total of 1107 complaints<sup>1</sup> were recorded in years 2018 to 2022. Out of these 634 complaints were pending at different stages. (Appendix 2)

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<sup>1</sup> Harassment, fraud, irregularities in recruitment, abuse of authority and complaints of sexual nature, etc.

76. We noted with satisfaction, that an SOP on prioritizing cases had been put in place. The prescribed timeline to close the complaint was seven months from its receipt.<sup>1</sup> The review of the case details showed:

- For 75 cases with “high priority” and “priority” which were received during 2018–2022 and closed during the year 2022, the average time<sup>2</sup> to complete the investigation was 136 days, ranging from 15 days to 1379 days.
- Out of the 246 pending cases which were found fit for investigation, 147 cases were yet to be assigned for investigation. It implied that the investigation process was yet to start in these cases.

77. We noticed that WHO did not have any provision for linking the pendency of any allegation and/or allegation being at any stage of investigation, with the staff separation process. Management stated that the development of such provisions is currently being discussed.

78. Management informed that a new structure with additional investigator posts to address identified gaps and help clear the investigation case backlog was approved in November 2022 and was expected to be largely implemented in 2023. Taking note of these efforts, we are of the view that investigation is an important aspect of accountability mechanism in the Organization. The present status of investigation function, along with the increasing number of reported allegations, should be noted by the management. Further, cases which are found fit for investigation but have been pending for years, would potentially impact the very objective of carrying out the investigation itself.

**Recommendation 11: WHO accelerates the implementation of the identified action plan to improve the investigation structure and capacity, as a matter of priority. (High)**

**Recommendation 12: WHO establish a mechanism to record and track status of action taken on investigation reports; and establishment of a formal mechanism, where fact of a case being open for investigation is an input in the separation process of a staff and non-staff member. (Medium)**

## **5.9 Management of heritage assets**

79. As per WHO Financial Regulations, the Director-General is delegated the authority to accept gifts and bequests, either in cash or in kind. SOP on management of heritage assets defined official gifts as a transferable asset (painting, statue, ornament or other item) received by WHO and given to WHO as an expression of support or appreciation to WHO’s mission and programmes.

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<sup>1</sup> Excluding cases relating to misconduct against property.

<sup>2</sup> “Median” was taken as the most suited measure for calculating statistical averages.

80. We noted that WHO carries a large number of official gifts, with many of the items having significant financial value and being received through multiple channels in the Organization. We observed:

(a) The details of existence of regular physical verification were not available. During the physical verification in 2022, 12 items were noted as missing. SOP did not provide any guidance on action to be taken in case of items found missing in physical verification.

(b) Data and information of present inventory of official gifts was maintained in different formats and in different types of database platforms across WHO. Further, these databases had gaps including missing information (serial numbers, etc.), lack of giving unique numbers and lack of timely updating of information.

(c) In the SOP document, the responsibility lines and controls over management of official gifts were not clearly defined.

(d) The heritage assets committee had pointed out that lack of suitable storage facilities, as well as sub-optimal display areas and inappropriate protection measures had contributed to worsening condition of many previously donated artwork. In addition, materials in which some artworks were produced had deteriorated, potentially requiring additional storage and repair costs. Therefore, it was important to improve the system of maintenance and upkeep of the official gifts received throughout the Organization.

81. Management responded that work on revising the SOP on management of official gifts was underway, with an objective to improve the management of gifts given through different channels to the Organization.

82. We are of the view that heritage assets are important due to their cultural, educational or historical importance, coupled with the fact that they are often irreplaceable and have immense inherent value. Therefore, having a robust system of controls over the same is very important for the Organization.

**Recommendation 13: WHO significantly strengthens the management framework and processes within all organizational units receiving and managing heritage assets, including official gifts. (Medium)**

**Recommendation 14: WHO puts in place a robust internal control system over heritage assets, including official gifts, in a time-bound manner. (Medium)**

83. Management agreed with the recommendations and stated that it would update policies and guidelines for all WHO and would prepare an implementation plan.

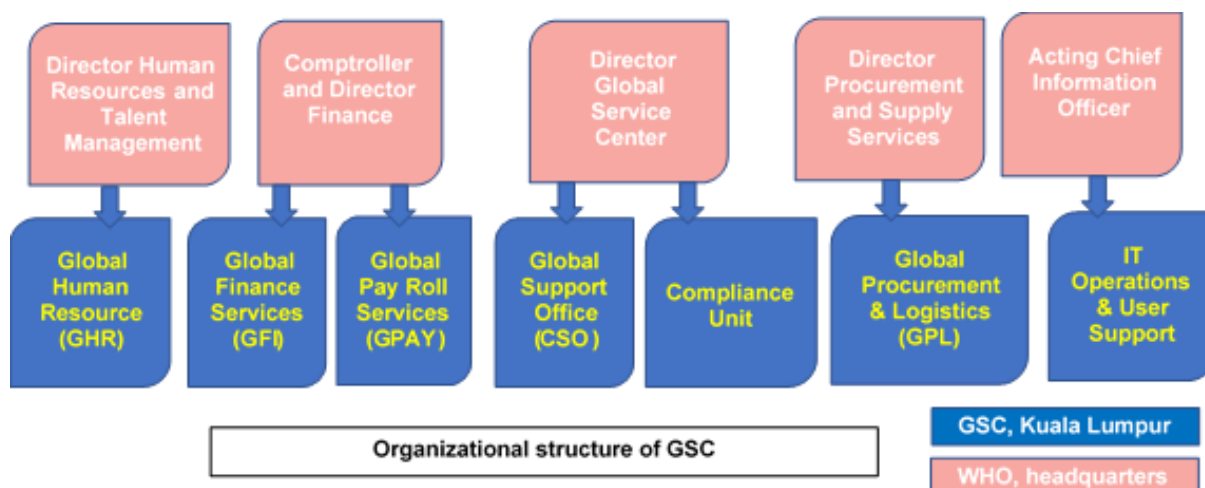
## **C. PERFORMANCE AUDIT OF WHO GLOBAL SERVICE CENTRE**

### **1. About WHO Global Service Centre**

84. The World Health Organization established the Global Service Centre (GSC) at Kuala Lumpur in 2008. GSC provides administrative services to all staff and all WHO offices worldwide (except WHO region of the Americas) in the areas of finance, human resources, information management and technology, payroll and procurement and logistics. The business objective of GSC is achieving cost reductions and efficiency gains in the delivery of administrative services for WHO. Later, as mentioned

in GSC Governance Board meeting (2022), the primary goal of GSC was to create efficiencies and generate added value beyond financials, such as standardization and centralization of services.

## 2. Organigram

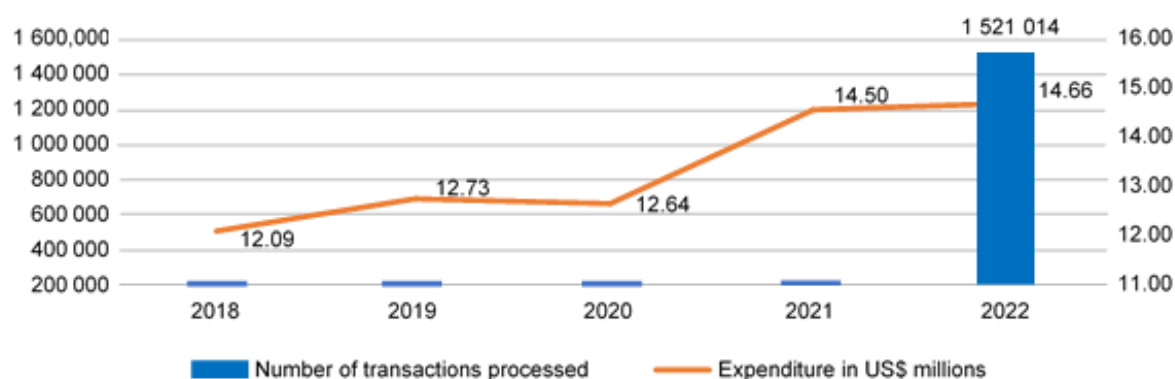


85. The GSC Advisory Group (AG) serves as the strategic linkage between the supported WHO partner entities' offices (shared-service customers) and the Global Service Centre (shared-service provider), to ensure that GSC service delivery is aligned to customer needs and priorities. It is the governance mechanism to provide strategic oversight to the Centre in the areas of responsibility such as strategic direction, functional, structural and operational issues, performance and evaluation of GSC.

86. In January 2020, the Global Service Centre was restructured to have the functional teams, viz., Global Human Resources (GHR), Global Finance (GFI), Global Payroll (GPAY) and Global Procurement and Logistics (GPL) reporting directly to their functional directors in headquarters, Geneva. The functional units are supported by the Centre Support Office (CSO) and Compliance and Risk Management (COR) to carry out their operations. GSC has employed 330 personnel by the end of 2022, to carry out its operations.

87. The volume of transactions handled by GSC increased by 39% from an average of 273 000 per quarter in 2018 to 380 000 in 2022. The per annum expenditure of GSC increased by 21% during the same period, from US\$ 12.09 million in 2018 to around US\$ 14.66 million in 2022, mainly on account of increase in the staff cost.

**Chart 1 – Number of transactions processed, and expenditure<sup>1</sup> incurred by GSC in the last five years**



Source: Information furnished by GSC

### 3. Audit objectives

88. The audit objectives of this performance audit are to assess whether: the planning for providing timely and quality services was in place, the coordination of GSC with stakeholders was effective; services provided by GSC were efficient and cost-effective; and internal control and monitoring mechanism was effective.

### 4. Audit findings and recommendations

#### 4.1 Performance analysis

##### 4.1.1 Achievement of targeted turn-around time in certain processes

89. Global Service Centre (GSC) commits to process 90% of all transactions (except for information technology related transactions) and 95% of the transactions pertaining to information technology end user support within the stipulated turn-around time (TaT). We noted that GSC could not achieve the benchmark performance in certain categories of transactions. Details are given in **Appendix 3**. We further observed:

- (a) Global Procurement and Logistics (GPL) unit could achieve the TaTs for all types of transactions.
- (b) Under Global Human Resources (GHR), the HR unit of GSC, 92% of transactions were delayed in the “administer extension process (temporary appointments)” and 71% of transactions were delayed in the “extension fixed-term” process. Similarly, in the “administer recognition of child”, “dependency status for child (0–18)” and “dependency status for child (18–21)” processes, the delays in processing were 43%, 36% and 43% respectively.<sup>2</sup>

<sup>1</sup> Expenditure includes amounts pertaining to “office rental in-kind.”

<sup>2</sup> Data is as per the HR case management application.

90. We observed that the IT application on which the GSC processes the transactions, does not have any module to monitor and flag the delayed cases as per the defined service level indicator (SLI). This is monitored through monthly reports prepared by the respective units and reviewed by GSC management. We further observed that the Organization was managing the data regarding the compliance to SLIs through MS Excel files downloaded from the IT application. The unavailability of real-time SLI-related information at the transaction-level reduces the scope for prioritization of work at the staff-level and continuous monitoring at the management-level. Also, we noticed that in GPL, the allocation of cases to staff for processing was done manually.

91. GPL stated that TaTs have never been possible to be achieved, as they are not realistic, and set wrong expectations to GPL clients and put the team under undue burden. GFI acknowledged the importance of having an IT performance tracking system to improve the ways in which the performance is currently monitored. GHR stated that they were in the process of creating personalized dashboards through which the individual HR associates could monitor their own performance.

**Recommendation 15: GSC may implement an appropriate IT application system to monitor the performance of each of the processes. (Medium)**

**Recommendation 16: GHR may consider imparting training to staff in the activities where achievements of TaT are less. (Medium)**

92. The GSC stated that GPL was in the process of reviewing its TaTs, together with key stakeholders with an aim of having the revised parameters endorsed by the GSC Advisory Group. The delays reflected in GHR TaT performance were partially due to limitations within its work tracking tool (HR case management). Some of the limitations had already been fixed and the remaining were in the process of getting fixed.

#### 4.1.2 Cost per transaction of GSC

93. The GSC's performance inter alia contains KPIs on cost parameters, i.e. cost per transaction<sup>1</sup> against the benchmark. The cost per transaction reported by GSC functional wings is as follows:

**Table 7: Cost per transaction of GSC**

KPI	Benchmark	2019 achievement	2020 achievement	2021 achievement	2022 (Half Year ending 30 June achievement)
GPL – Cost per purchase order	US\$ 6.8	US\$ 14.1	US\$ 17.0	US\$ 16.5	US\$ 15.7
GFI – Cost per invoice processed	US\$ 2.3	US\$ 1.5	US\$ 1.9	US\$ 1.8	US\$ 1.8
GHR – Cost per HR transaction	Not established	US\$ 14.3	US\$ 14.4	US\$ 10.7 <sup>2</sup>	US\$ 9.5
GPAY – Cost per pay slip	US\$ 3.0	US\$ 5.5	US\$ 5.3	US\$ 5.2	US\$ 5.2

Source: KPI dashboards/Information furnished by the Global Service Centre

94. We observed:

<sup>1</sup> Cost per transaction is defined by total cost for employees in the unit/number of transactions processed.

<sup>2</sup> The methodology for calculating the cost per transaction in GHR was revised in 2021.

- (a) GPL and GPAY have not been able to achieve the per transaction targeted costs in the years reviewed by audit. The per transaction cost for GPL was more than double the benchmark.
- (b) Information Management and Technology (IMT) wing has been a part of GSC since GSC was established in 2008. However, the performance for IMT unit has not been evaluated.
- (c) The benchmark for GHR has not yet been established.

**Recommendation 17: GSC may consider adopting and reporting the benchmarking of GHR and IMT functions. Steps should also be taken for further optimization of processes for achieving the benchmark for GPL and GPAY functions. (High)**

95. GSC replied that it is already working on revisiting/reviewing its benchmarks and performance indicators as proposed by GSC Management and recommended by GSC Advisory Board. Relevant process optimization will be considered, particularly in the context of the upcoming ERP system (BMS).

#### ***4.1.3 Cost/benefit analysis of Global Service Centre***

96. GSC was established to process the transactions centrally from Kuala Lumpur instead of the same functions to be carried out by the WHO regional/country offices, with an objective to achieve cost reductions. The GSC Advisory Group (AG) had directed in 2014 to carry out analysis to determine the cost savings generated through the establishment of the GSC. In 2015, it further directed to “define the methodology to carry out the GSC cost saving analysis”. In 2017, the AG discussed and agreed to replace the cost-saving methodology with a cost/benefit review. Further in 2022, the AG decided to carry out the analysis of the benefits brought forward by the introduction of GSC.

97. We noted that the envisaged benefits of “cost reduction and efficiency gains” through establishment of GSC have not been established since its inception.

**Recommendation 18: The benefit of establishment of the GSC should be assessed under a prescribed time frame. (Medium)**

98. GSC stated that it intends to incorporate a cost-saving analysis and also document the benefits on establishment of the Centre. It will propose its Governance body to expand upon the in-house cost saving estimation of GSC to address the recommendation.

## **4.2 Internal control and system deficiency**

### ***4.2.1 Transactions returned due to non-affixing of requisite documents/information***

99. We collected the details and analysed transactions returned from GHR to headquarters/regional offices and country offices in year 2022,<sup>1</sup> due to non-affixing of requisite supporting documents/information.

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<sup>1</sup> January to September 2022.

100. We observed that there was a total 47 502 transactions/cases received in GHR during January to September 2022. During the audit in November 2022, out of these 47 502 cases, a total of 2920 cases<sup>1</sup> (6.1%) were in the “suspended state” on account of cases returned to headquarters/regional and country offices user due to insufficient documentation/information. The details are as follows:

**Table 8**

	Total HR cases	Number of cases in suspended state	Percentage of cases
Appointing processing	8 473	385	4.5%
Temporary appointment/extension/renewal processing	4 435	130	2.9%
Entitlements processing	13 130	998	7.6%
Job status change process	1 783	131	7.3%
Leave management processing	5 677	183	3.2%
Personal status change processing (HR portion)	4 883	447	9.2%
Separation processing	1 384	446	32.2%
Others	7 737	200	2.6%
<b>Total</b>	<b>47 502</b>	<b>2 920</b>	<b>6.1%</b>

101. The percentage of return cases in separation processing, which pertains to the processing of separation of staff after their leaving the Organization, was high (32.2%) followed by personal status change processing (HR portion) (9.2%) and entitlement processing (7.6%). We observed that these cases were returned primarily due to non-availability of complete documentation. This led to delays in finalization of cases and also affected the delivery of quality services.

**Recommendation 19: Steps should be taken for sensitization of users especially in the area/process where return rates are very high to avoid multiple iterations causing unnecessary workload. (Medium)**

102. Management replied that GHR will work on additional communication with WHO regional counterparts where return rates are high and arrange briefing/training sessions for its clients to increase awareness of the required documentation. The GHR is in the process of preparing the audiovisual aids which will help users to minimize the rejections and returns for correction.

#### **4.2.2 Writing off pending recoveries in separation cases**

103. As per e-manual provision II.12.2 (Personal accounts – advances and holds) one month’s salary of separating employees could be withheld by GPAY for recovery of extra amounts paid to employees.

104. We noted that US\$ 213 480 was approved for write-off during the period from 2018 to 2021. This amount was written off since certain dues such as education grant, travel claims, and leave without pay (LWOP), etc. could not be recovered from the separating employees. We observed that the main reasons for such non-recovery were delayed communication from regional and country offices to GSC for staff proceeding on leave, unauthorized absence, staff resignations, etc.

<sup>1</sup> These 2920 suspended cases did not include the cases which had been returned earlier and stood resolved till November 2022.

**Recommendation 20: GSC (GPAY) should set up a mechanism for timely reporting by RO/CO regarding cases of staff resignations, LWOP cases to ensure prompt recovery of excess payment, if any. (High)**

#### ***4.2.3 Delay in dependency status review***

105. As per WHO Manual Part II Section 2 staff members must provide satisfactory evidence of dependency to establish that they are eligible for dependency-related allowances. Dependency status review is a yearly activity. GHR reviews staff member submission, its supported documents and administers dependency status in GSM.

106. We observed that there were recoveries in 64 cases (out of 944 cases) in 2018 and 56 cases (out of 1049 cases) in 2019 in the review process of GHR, in which staff members' submissions were found to be inadmissible.

107. We noticed that GHR launched the dependency review for the year 2020 on 1 August 2022 with closure date 16 October 2022 and which was further extended to 6 November 2022. Thus, despite being a yearly activity, there was delay in dependency status reviews for 2020 and 2021. To avoid the situation of recovery cases and consequent delayed recovery due to prolonged payment of ineligible allowances, it is advisable to complete the dependency review every year in a time-bound manner.

108. Management replied that GHR was aiming to conclude the dependency verification exercise for year 2020 by end of the year 2022,<sup>1</sup> and that GHR should be back on track in terms of cyclical dependency verification by third quarter of year 2023.

**Recommendation 21: Dependency verification exercise should be expedited followed by prompt recoveries wherever applicable. (High)**

#### ***4.2.4 Selection of freight forwarder***

109. As per WHO e-manual, the overall guiding objective for all WHO procurement is to obtain the best value for money for the Organization. "Best value for money" is defined as the responsive offer that is the best combination of technical specifications, quality, and price.

110. Global Shipping of GSC covers establishing and managing the WHO corporate freight forwarding long-term agreements (LTAs) and related carrier agreements, including performance management, contract renewal, etc. The expense on freight through the sea and air route was around US\$ 92.68 million in four years (2018–2021).

111. WHO as a participant of "United Nations freight forwarding tender" process led by UNICEF decided to piggyback on UNICEF contracts for Long Term Agreements (LTA's) for freight forwarding service. The rationale recorded by the Organization for piggybacking was: (i) The joint United Nations tender was comprehensive, well-designed, and the selection process was conducted in a very careful, transparent and fair manner; and (ii) the scope of joint tender covered WHO's needs and requirements.

112. UNICEF used a tender evaluation methodology in which 65% of the points are attributed to the technical aspect of the offer, and 35% to the financial one. Further, the technical criteria had specific sections related to air freight and sea freight. UNICEF concluded the tender evaluation process and

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<sup>1</sup> The status is as on the date of Audit (November 2022).

awarded highest marks to Vendor “A”, followed by vendor “B” and vendor “C” for the air-route; and vendor “D” followed by Vendor “E” and vendor “B” for the sea route.

113. The GPL, instead of accepting the outcome of the tender evaluation process done by UNICEF, decided to use their own model based on the outcome of the United Nations tender. WHO selected vendor “A” (primary) and vendor “B” (secondary) as freight forwarders for air-route and vendor “B” (primary) and Vendor “E” (secondary) as freight forwarders for sea-route.

114. Thus, in the case of air-route, the contract was awarded to best valued bidder (vendor “A”), however in case of sea-route, the bidder with least total marks (vendor “B”) was selected as primary freight forwarders.

115. The rationale recorded by the Committee to select the freight forwarder in sea-route was “As for sea shipments, we recommend giving the priority to technical evaluation over financial evaluation because sea shipment represents only 10–15% numbers of WHO total shipments”. We observed that the expenditure on shipments was around 35% for the sea-route and nearly 76% of the total volume of shipments were carried through the sea-route in the last five years. Further, the same criteria for giving priority to the technical evaluation only was not followed in the case of air route. The selected bidder for the air route (vendor “A”) had scored the second-highest marks in the technical evaluation. Moreover, the process of tender evaluation by UNICEF had already attributed 65% weightage to the technical aspect of the offer.

116. We further noticed that the Committee had recorded an additional criterion for the selection of freight forwarder in the sea route, namely – according preference to vendor “B”’s experience in handling shipments in the Eastern Mediterranean Region. We observed that it is important to define objective criteria for the evaluation of the offers. The selection criteria should be known to the bidders in advance in order to attract the best-valued bids.

**Recommendation 22: WHO may consider including its own requirements or criteria in advance on the new “United Nations freight forwarding tender” to enable the selection of the best bids for LTAs based on such objective evaluation criteria. (High)**

117. Management accepted the recommendations and informed us that it has initiated the work for selecting new United Nations freight forwarding tender.

#### **4.2.5 Supplier data management:**

118. WHO e-manual<sup>1</sup> requires that supplier master data records in GSM should be maintained in a timely and accurate manner since it is critical for processing supplier transactions inter-alia, the issuance of contracts, purchase orders and travel authorizations, the processing of invoices, the execution of payments and related notifications. Further, as per Standard Operating procedure (SOP), every active supplier’s data should be verified at regular intervals. The minimum period of inactivity to trigger the end-dating process has been kept at 12 months. Global Finance (GFI) is the custodian of supplier data of WHO.

119. We analysed the active suppliers’ list and observed that there were 4027 active suppliers including 3098 ex-employees whose suppliers’ data was created during 2008 to 2010. There were no pending

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<sup>1</sup> X.2.1 Commitments and encumbrances.

cases of any recovery/dues for these suppliers, thus as per the WHO manual, these inactive suppliers should have been deactivated.

120. Management replied that responsibility of maintenance of employee-related data does not rest with GFI but with GHR. However, we observed that no action was taken on this issue by GHR also. GSC, therefore, needs to deactivate the inactive ex-employees in the supplier master database.

**Recommendation 23: WHO should develop a procedure to fix the end-date of ex-employees/employees on conclusion of their engagement with WHO. (Medium)**

#### ***4.2.6 User Support by Information Management and Technology (IMT)***

121. The WHO's global cybersecurity policy establishes three pillars for cybersecurity – confidentiality, integrity and availability. Information Management and Technology (IMT's) Global Service Desk (GSD) provides incident management and request management for global and headquarters applications.

122. We observed that there are few applications in WHO that are not supported by IMT such as In-Tend (e-tendering system). It is also pertinent to mention that IMT does not have an inventory of all the IT applications in-use by WHO. Availability of list of applications is the foundation for management of IT applications and the absence of IT inventory is a threat to information security.

123. IMT in its reply agreed with the observation and stated that it is currently working on a global application lifecycle policy.

**Recommendation 24: IMT should maintain an inventory of all software applications being used in WHO along with details of services being provided. (Medium)**

#### ***4.2.7 Extension of new services***

124. GHR functional wing has introduced some new services in the last two years for improvement of HR Management, like entitlement induction service,<sup>1</sup> staff on-boarding service<sup>2</sup> and step determination process.<sup>3</sup> At present, these services are rendered only to headquarters fixed-term staff members. Since GHR of GSC had gained considerable experience in these new services, GSC may explore expanding these services to newly recruited in regional and country offices.

**Recommendation 25: GSC may explore the possibility of expanding the new services of GHR to all regional and country offices to ensure consistency and improvement in HR Management. (Medium)**

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<sup>1</sup> The service provides accurate and personalized entitlement information to newly joined staff members.

<sup>2</sup> The service ensures the duly complete transaction, with minimum to no iteration between selection and contract processing team.

<sup>3</sup> The main feature of this initiative is analysis of candidate qualifications and experience to determine the grade step upon appointment.

### 4.3 Compliance and Risk Management

125. The Compliance and Risk Management (COR) team was established in November 2019 at GSC as an additional check to ensure compliance of WHO global major offices and particularly headquarters, business operations, particularly in travel and procurement services transactions, and to assist in quality assurance in managing the risk in adherence to WHO internal controls, policies, procedures, rules and regulations. The COR carries out post-facto checks of selected duty travel and home leave travel claims, procurement and logistics transactions to ensure compliance with stipulated WHO policies.

126. We observed that the scope of COR team was limited to duty travel and home travel claims and certain procurement transactions. During the years 2019 to June 2022, based on the COR team findings, an amount of US\$ 1 130 741 was recovered while processing employees travel claims.

127. Out of the total 127 308 cases, the COR has conducted checks in 27 092 cases (21%), of which 5963 (22%) were found to be non-compliant. In view of significant non-compliant cases, we felt that there is a need to expand the number of cases to be checked by the COR team. We also noticed that the recurring deficiencies observed by COR team were partially communicated back to user entities for bringing efficiency in the system. We further acknowledge the value addition brought out by the establishment of COR.

**Recommendation 26: The scope of compliance checks carried out by COR be expanded to include other functional areas of GHR and GPAY transactions. (Medium)**

**Recommendation 27: For putting in place a methodology to communicate the recurrent deficiencies observed by COR team to user entities, bringing in necessary validation checks in the system to avoid such lapses. (Medium)**

128. Management in its reply stated that COR has already begun exploring the expansion of its scope with GHR and GPAY.

## D. INFORMATION TECHNOLOGY AUDIT OF THE BUSINESS MANAGEMENT SYSTEM (BMS)

### 1. Introduction

129. The IT landscape before BMS mainly included a Global Management System (GSM – Oracle ERP), Value for Money (Programme Management Tool) and legacy systems. KPMG conducted a gap analysis (September 2019) and recommended the following:

- The key specific characteristics found in WHO may need to be closely addressed when choosing a new IT landscape; these may not readily be available in a plain vanilla ERP solution.
- For applications relating to business processes where specificity is higher, WHO may invest in a low code platform to “build” (rather than buy) best-of-breed applications.

130. Accordingly, WHO undertook the Business Management System (BMS) programme to replace GSM and other legacy systems. It was intended to strengthen critical systems and processes to optimize organizational performance.

131. The BMS comprised 6 components, viz., system for programme management (SPM), human capital management (HCM), finance and accounting, procurement and supply, travel and meeting and events. The components were to be interoperable and be integrated through an application programme interface (API) management platform (MuleSoft). WHO chose Appian as the low code platform to develop features which are not available as out-of-the-box features of the selected off-the-shelf products. In addition, WHO had selected Lemon Learning to integrate with application modules and aid in providing step-by-step guide to the users.

132. The functionalities of each of the sub-modules are explained in **Appendix 4**. The implementation of BMS is in progress, scheduled for completion by the first quarter of 2024.

## **2. Audit objectives, scope and methodology**

133. Since the implementation of Business Management System was under progress, it was important to measure whether WHO was on the right path of achieving its objectives of this intensive project. The lessons learned can be used in course correction. Hence, our audit was geared “to ascertain whether the implementation initiative to replace existing ERP, including BMS programme, was in alignment with its objectives of building an enterprise-wide, fully integrated, agile system.”

134. Each component of the application was at different stages of design, development and roll-out. Our audit covered activities as on 31 December 2022 for the components – the contributor engagement module (CEM), system for programme management (SPM), human capital management (HCM), supply and finance. The activities relating to travel, meeting and events were not covered in this audit. WHO had already rolled out the CEM module for its users.

135. Apart from scrutiny of records, we conducted two surveys and interviews. The first survey was to measure the extent of awareness about BMS project in WHO user community. The second survey was to measure user satisfaction on the CEM project. We also interviewed employees of WHO, who were nominated as the subject matter experts (SMEs) across various modules and BMS team members. The team selection ensured representation from both business and technical units.

## **3. Audit findings and recommendations**

### **3.1 Achievement and good practices**

136. We observed that the contributor engagement module (CEM) laid a good foundation for the change management for replacement of the legacy system (GSM) with the BMS. The number of reported incidents in the CEM module was declining, which indicated that the application was stabilising. Most of the application users found the application easy to use and were satisfied with the quality of training.

### **3.2 Contributor engagement module**

137. The CEM system envisages systematic information and intelligence gathering, and centralized coordination resource mobilization across WHO. It is also intended to bring coherence and coordination at all the three levels<sup>1</sup> and cross-functional units across WHO. WHO selected “Salesforce” off-the-shelf components for the CEM module. The design and development of CEM application started April 2019. It was rolled out in phases, starting June 2021. The roll out of CEM in all the regional and country

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<sup>1</sup> Headquarters, regional offices and country offices.

offices was completed in December 2021. An info-note (SOP) was issued in April 2022 declaring CEM as standard practice for use and discontinuing the prior manual processes.

### ***3.2.1 Monitoring of implementation***

138. The CEM team monitored the system adoption through a user dashboard embedded within the CEM application. We noted that while the administrator dashboard showed indicators for usage such as number of registered users etc., it did not really provide an assurance that no awards were created and managed outside CEM. The success of the CEM implementation will be when CEM becomes the single source of truth for contributor accounts, opportunities, awards and award requests.

139. We collected information regarding WHO awards from two sources – the legacy GSM and CEM. We observed that there were 17 007 awards pertaining to legacy data which had not been migrated to CEM. We recommend migration of legacy data relating to awards into CEM. Further, the analysis of user master from the CEM showed that 401 users out of 2296 users (17%) have never logged on to CEM. We recommend the CEM team to undertake a clean-up activity and remove user accounts which are not relevant.

### ***3.2.2 Extension of use of CEM to its hosted entities***

140. We noted that CEM application had not been extended to hosted entities (UNAIDS and UnitAids). The hosted entities had requested CEM licenses and onboarding in June 2021 but as of January 2023, the CEM team could provide only a demonstration of the CEM application. We recommend WHO to extend the CEM platform to hosted entities, and the modalities of onboarding may be worked out by collaborating with the hosted entities.

### ***3.2.3 Operations and maintenance***

141. An incident is an event that is not part of normal operation and disrupts business operations performed in a software application. The L1<sup>1</sup> support is provided by CEM team and GSC team in WHO internally. The contract for incident management and resolution for L2 and L3 was awarded to Wipro. The support operating guide defines the processes and facilitates communication between the Wipro support team and WHO. WHO has selected “ServiceNow” for registering an incident and tracking its lifecycle till its resolution. The following service level agreements (SLAs) have been defined in the support operating guide and the monitoring of SLA enforcement date will start from 31 March 2023.

**Table 9: SLA targets identified for response and resolution of incidents (priority-wise)**

Application Support	Response		Resolution	
	Turn-around time	Target	Turn-around time	Target
<b>Critical – P1</b>	15 minutes	100%	4 hours	97%
<b>High – P2</b>	2 hours	97%	1 business day (8 hours)	95%
<b>Medium – P3</b>	1 business day	95%	2 business days	95%
<b>Low – P4 &amp; below</b>	2 business days	95%	10 business days	95%

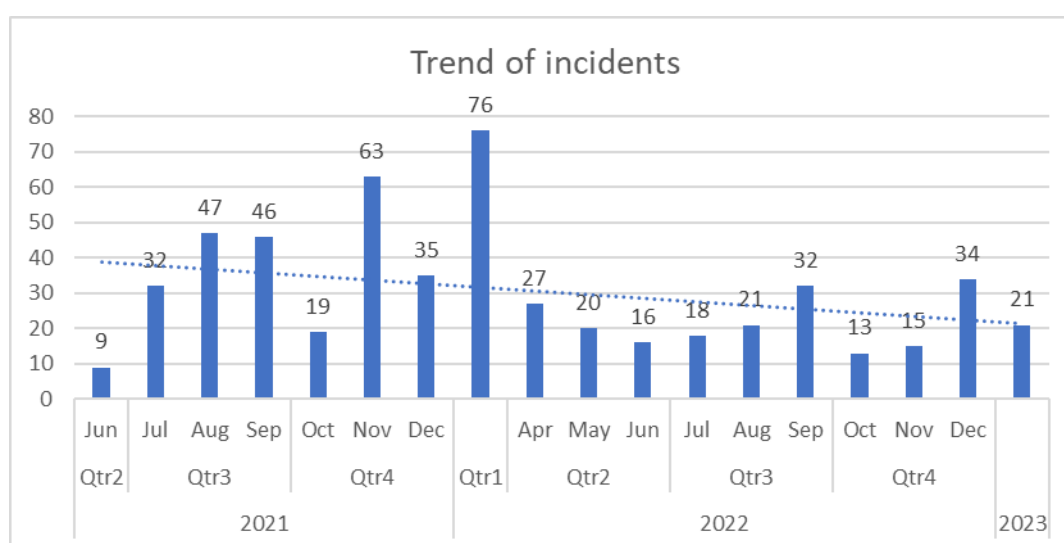
<sup>1</sup> Level 1 support is the first line of support which is responsible for basic trouble shooting and resolution, call routing and escalation. Level 2 support handles complicated problems and covers in-depth application and system incident resolution. Level 3 support is the last line of support and typically consists of a development team that deals with technical problems.

We analysed the data extract of incidents from the portal and observed:

### *Occurrence of incidents*

- The incidents have declined since June 2021 and indicate stabilization of the IT application. This finding was validated in the survey responses on the users' need to reach out to the IT support team.<sup>1</sup>

**Chart 2**



### *Disposal of incidents*

- We observed that out of the 544 incidents raised between June 2021 and December 2022, only 38 (7%) were pending. An age analysis showed that resolution of four incidents was pending for more than three months, and 16 incidents were pending for resolution for more than a month. We recommend the CEM team to work on speedy disposal of these incidents.
- While noting that the enforcement date of SLA was scheduled to begin from 31 March 2023, we analysed the extent of achievement of SLA for resolution during June 2021 to January 2023 and the results are given in the following table. This is in-line with the survey responses regarding satisfaction of service for support.<sup>2</sup>

**Table 10: SLA targets and achievement (before enforcement)**

Application Support	Resolution Time	Target	Achievement
<b>Critical – P1</b>	4 hours	97%	1.6%
<b>High – P2</b>	1 business day (8 hours)	95%	28%
<b>Medium – P3</b>	2 business days	95%	22%
<b>Low – P4 &amp; below</b>	10 business days	95%	13%

<sup>1</sup> 37% of the users never needed to reach for the IT support team and 49% had to occasionally reach for the support from IT team.

<sup>2</sup> Only 20% of the users liked the service provided as part of IT support.

- Further analysis of the incident data revealed:
  - Around 108 out of 544 incidents (20%) did not have a priority associated with it.
  - The date of closure was blank despite the incident being closed for 6 out of 544 incidents.
  - The timer for the SLA was not paused and unpaused automatically when status is set to “awaiting implementation” and “awaiting user info”.
  - The priority of the incident could be changed without the consent from the WHO business team.
  - The important details<sup>1</sup> regarding the incidents were not captured.
- The tool for incident management (ServiceNow) can be appropriately configured to monitor the status of incident resolution. We recommend that the CEM team should bring in suitable mitigation measures before the SLA enforcement starts.

### 3.2.4 User satisfaction survey

142. We targeted the survey to all the 2294 registered users of CEM across the regional offices, country offices as well as WHO headquarters to assess the experience of users in using the CEM application. We received 886 responses, out of which 466 responses were complete and 420 were incomplete.<sup>2</sup>

143. The summary of survey results is depicted in the following table. The satisfaction score has been calculated and presented on a scale of 1 to 10. Score of seven and above is considered satisfactory (green) and score between 4 and 6 is considered as an area for possible scope for improvement (orange).

**Table 11**

		1	2	3	4	5	6	7	8	9	10
<b>1</b>	<b>Ease of use of application</b>										
1.1	Ease of logging into the CEM										
1.2	Ease of navigation										
1.3	Ability to complete the task										
1.4	Availability of the CEM application										
<b>2</b>	<b>Capacity building and hand holding</b>										
2.1	Quality of training										
2.2	Quality of product support documentation										
2.3	Necessity to seek support										

<sup>1</sup> Additional information relating to date of request, date of assignment to L1, Resolved by L1 (Yes/No), Date of assignment to L2, Resolved by L2 (Yes/No), Date of assignment to L3, Resolved by L3 (Yes/No), Date of communication to OEM, Date of communication (from L3 to L2), Date of communication (from L2 to L1), Date of communication (from L1 to Requestor) and Date of resolution may be incorporated.

<sup>2</sup> Incomplete responses were not taken into consideration.

		1	2	3	4	5	6	7	8	9	10
2.4	Quality of support										
<b>3</b>	<b>Overall achievement of objectives</b>										
3.1	Enhance contributor engagement										
3.2	Aid in securing enhanced contributions										
3.3	Better management of contributor funds										
3.4	Increase transparency of fund management										
<b>4</b>	<b>Overall satisfaction level</b>										

144. The summary of users' survey showed the following:

- **Ease of use of application:** The users were satisfied with the ease of logging into the application. Most users were able to complete their tasks in CEM. The CEM application has been available without glitches in most cases. However, navigating through the application was not always easy and sometimes the users forgot the steps to work on the application. We recommend expediting implementation of the digital adoption platform, viz., Lemon Learning, which will aid in providing a step-by-step guide.
- **Capacity-building and handholding:** Most of the users were satisfied with the quality of training. However, there is scope for improvement in making the user guides and other documentation available to the users after their training. This is another area, where adoption of Lemon Learning will help. In respect of the necessity to seek support, there is a stabilization trend of incidents, which reflect that the quality of application is steady, and this has reduced the necessity to seek support. However, when the users seek support, the resolution time has scope for improvement.
- **Achievement of objectives:** The users' satisfaction level was high for the objectives of the CEM application viz., improved contributor engagement, securing enhanced contributions, better management of contributor funds and increased transparency.

145. We observed that the users like the fact that all opportunities and awards are accessible on one platform. The users felt that it was a "one stop shop" for all documents and information for contributions, donation funds, awards which brings transparency in the processes. The users also felt that there was a reduced need to do multiple initiations at various levels of the Organization and hence, the clearance process for agreements was faster, clearer and better recorded.

146. The users desired simplification of user guides, improved synchronization of the CEM and GSM, improvements in features relating to exchange rates and disallowing documents from being updated after approval without notification. The users desired improvement in integration of BMS and CEM and delegation of authority functionality. They also desired additional training with step-by-step guide.

### **3.2.5 Future of the contributor engagement module (CEM)**

147. In our opinion, CEM has laid a good foundation for change management in the direction of replacing the legacy GSM system with a new-age system. As substantiated by the user satisfaction survey, CEM is a key component not only to be integrated in the system for programme management (SPM) module but also finance module. The need for integration with CEM and other functional

submodules has also been identified during preparation of solution design of SPM module. So, it is important to consider CEM and its further enhancements and integration as an integral part of the BMS project.

**Recommendation 28:** We recommend that CEM, SPM and ePQS should be considered a cohesive bundle in the BMS project. The SPM is already part of BMS and given the fact that CEM and ePQS are operational they would need to be integrated to BMS when ready. (High)

**Recommendation 29:** We recommend leveraging Lemon Learning to address capacity-building risks in CEM. (Medium)

**Recommendation 30:** We recommend the CEM team to undertake a clean-up activity and remove user accounts which are not relevant. (Low)

**Recommendation 31:** We recommend the CEM team to extend the CEM platform to hosted entities as well, so that they can also derive the same business transformations that WHO has achieved. Further modalities may be worked out by WHO by collaborating with the hosted entities. (High)

**Recommendation 32:** We recommend that the CEM team should bring in identified mitigation measures in quality of service for incident resolution before the SLA enforcement starts. (High)

148. WHO accepted all the above recommendations.

### **3.3 Business Management System**

#### **3.3.1 Overall strategy**

149. The Business Management System (BMS) is intended to replace the existing ERP solution (GSM). We observed that WHO has not conducted any study of the As-Is process to identify the weaknesses of the legacy GSM application. Neither has it taken nor built a systematic mechanism for business process re-engineering (BPR). There was no To-Be process documentation which can become the base document at every stage during the project implementation.

150. The As-Is and To-Be documents should have the details regarding the study of the current systems and processes. It should be followed by preparation of a business process map by breaking down the process/sub-process into activities. The roadmap for re-engineering is worked out based on the process map. A market study of available solutions for the process is conducted to identify further possible scope of business re-engineering. A document containing the new refined, efficient process is prepared and circulated for feedback from necessary stakeholders.

#### ***How will this impact WHO's project implementation?***

- One of the goals of BMS charter is to move towards lower customization of the selected solution and invest in bringing process efficiencies. However, there are some functional requirements which cannot be fulfilled by off-the-shelf solutions. This was pointed out in the KPMG report also. The To-Be process documentation is an instrument which helps the Organization in visualizing the new process and provides clarity on what the business wants,

where they can re-engineer processes and where they cannot. In the absence of proper documentation, there was no clarity in the decision-making process and the subject matter experts (SMEs) are unable to visualize the road map.

- Contractors rely on the To-Be process documentation. Such a documentation aids in understanding the macro picture of how different processes/sub-processes interact with each other. Further, the contractor will also make realistic compliance evaluation to RFP, resource planning and deployment. In the absence of “To-Be process” document, contractor was unable to clearly understand the effort required, estimate the complexity of work involved and the resources required for completing the project (application development) in time. This was evidenced from the change orders relating to SPM. This led to doubling of time taken by the developer to understand the requirement and design and develop the application. This had a commensurate impact on project costs also.
- Further, documentation is key to knowledge transfer for resources especially in view of turnover in IT resources (both WHO and contractor personnel). In its absence of documentation, the BMS team/SMEs are burdened with repeated explanations of the same requirements and continuity of decisions already made leading to time overruns.
- Inadequate documentation leads to a lack of clarity in the scope of the project and the roles and responsibilities of each party.

151. We evaluated the components of BMS along the following four aspects – 1. Quality of documentation; 2. Product fitment; 3. Orientation towards success of business unit; and 4. Project risk management.

### 3.3.2 Supply

152. **Quality of documentation:** The risk of absence of To-Be process documentation was eased by the BMS-supply team by converting the system requirement specifications (SRS) document from a technical document into a techno-business document. The BMS supply team continuously interacted with the business owner and their feedback was also incorporated. The SRS document as replacement of To-Be process document did not include the provision for future processes, particularly relating to integration of One Network and Workday, thus leading to technical issues at a later stage.

153. **Product fitment:** With respect to product fitment, even though selection of One Network carried its own risk,<sup>1</sup> and the contractor did not have any prior experience of integration with Workday, the BMS-supply team could work with the tool especially in Phase 1. While there was clarity in the design of features to be implemented using One Network, features which are to be implemented in the Workday are still unclear. We noted that Workday is still to propose any clear solution in the functional areas such as procurement.

154. **Orientation toward success of business unit:** The business owner takes weekly status meetings. The outreach initiatives have been good.

155. **Project risk management:** There is a risk of time and cost overrun because WHO would not be able to use strategic sourcing component of Workday for implementing Procurement sub-module. This

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<sup>1</sup> The Gartner peer ratings for One Network were lower.

is because Workday does not support the WHO's functional requirement of "double envelope bidding". At present, WHO has not worked out any alternative solution.

### 3.3.3 *System for Programme Management*

156. **Quality of documentation:** The absence of documentation relating to the To-Be process created challenges. The change of contractor from Acumen Solutions to Salesforce suffered from issues relating to knowledge transfer. The user stories and sprint demonstrations alone were insufficient. We recommend preparing short documents for the To-Be process, even at sub-module level (for example, GPW translation, position planning, etc.) and the related risk can be easily mitigated.

157. **Product fitment:** The sub-modules of SPM implemented within Salesforce are compatible with one another. However, the functional requirements of one "operational implementation" sub-module to be implemented through another off-the-shelf solution Workday, were not included. The solution design for this sub-module was not yet finalised; thus, we rate the project risk as high.

158. **Orientation towards success of business unit:** In the case of SPM, the number of stakeholders to be engaged is large, as they include at least one or two representatives from headquarters, regional and country offices. We recommend considering having a lean team interact with the internal stakeholders and vendors separately for better coordination.

159. **Project risk management:** There is a risk of time overrun due to change of contractors; the roll out for 2024–25 seems to be at risk. This can be addressed by preparing documentation relating to sub-modules.

### 3.3.4 *Human capital management*

160. **Quality of documentation:** The absence of To-Be process documentation or even alternative documentation, such as SRS or user stories, has a high impact on the HCM module. WHO already has SOPs with regard to HCM. We recommend leveraging the SOPs as a base document to work out the strategy for business process reengineering.

161. **Product fitment:** The out-of-the-box features of Workday alone could not fit WHO's requirements. The decision to buy the "Workday Extend" – containing a "rule engine" may help in mitigating this risk. We recommend leveraging the SMEs as the business administrators/rule managers. This would help mitigate both the risks of lack of clarity and insufficiency of consultants of Workday.

162. **Orientation towards success of business unit:** We observed that there was lack of clarity of extent of change in business process re-engineering.

163. **Project risk management:** We observed that the scope for time and cost overrun was high in HCM. However, after the finalization of process documentation by WHO, the risk may be mitigated.

### 3.3.5 *Finance*

164. **Quality of documentation:** The To-Be process documentation has not been made. Since there is no business-friendly documentation of requirements, there is no clear understanding of which of the functional modules should be taken up in Workday (e.g., functional requirements relating to country office solution, procure to pay cycle, imprest in local country offices, optical character recognition (OCR) solution for invoice processing, etc.), and which are outside its scope.

165. **Product fitment:** The risks for finance and HCM are very similar, however, the impact on finance is higher as there are still unaddressed issues where Workday has not come back with a solution.

166. **Orientation towards success of business unit:** The prototype application developed by Workday needs to be tested by SMEs. However, we noted that the SMEs did not have access to the prototype. Further, the SMEs' feedback was not properly documented. The SMEs have a fragmented view of the requirements communicated to the Workday team and were not included in test case preparation.

167. **Project risk management:** There are two key resources – one in WHO and another in Workday. They have been changed recently. This would have an impact on the project momentum, especially in the absence of documentation. Currently, the probability of cost and time overrun is high in the finance module. This risk can be mitigated by preparing the To-Be process documentation and by leveraging SMEs to do the configurations in “Workday-Extend”.

**Recommendation 33:** We recommend that the IT landscape covered under BMS be divided into meaningful business processes, sub-processes and activity. (Medium)

**Recommendation 34:** We recommend that To-Be process documentation should be created before the configuration/development workshops for the components/phases where the same have not been started. This documentation must be prepared by the BMS team, business owner and SMEs in collaboration and published. Any process change must be approved by the business owner before the design of the application is started. (High)

**Recommendation 35:** We recommend that To-Be process documentation for components/phases where design workshops are in progress or completed should be created right away. This documentation must be prepared by the BMS team, business owner and SMEs in collaboration and published. Any process change must be approved by the business owner before the design of the application is started. (High)

**Recommendation 36:** We recommend that detailed documentation along the lines of either SRS or user stories need to be created for all modules implemented under Workday. (High)

**Recommendation 37:** We recommend that integration dependencies and data migration dependencies may be drawn out based on the To-Be process documentation and gaps in the existing strategy may be filled. (Low)

**Recommendation 38:** We recommend that irrespective of the methodology followed, there must be a scope sign-off between WHO and the contractor based on the To-Be process documentation. Any additional time taken by the contractor to achieve the To-Be process should be penalized and cost relating to the same should be borne by the contractor. (High)

**Recommendation 39:** We recommend that WHO should make efforts to engage with hosted entities periodically. (Medium)

**Recommendation 40:** We recommend that an overall solution road map needs to be created, considering all the processes holistically instead of component-wise. (Low)

**Recommendation 41:** We recommend improving the quality of communication between the BMS team and business team, especially in HCM and Finance module. (Medium)

**Recommendation 42:** We recommend that for HCM and finance module, the business administrators may be identified and leveraged in configuring the rules relating to WHO. This will help in building the capacity of WHO, increasing the level of engagement with SMEs and confidence and trust about the component. (High)

**Recommendation 43:** We recommend that crucial project risks need to be identified on a timely basis and formally communicated to the programme board. (High)

168. WHO accepted all the above recommendations.

### 3.4 Acquisition of BMS Application

169. The RFPs were prepared with inadequate mapping of the functional (FR) and non-functional requirements (NFR) for the modules and sub-modules. The consultant had recommended conducting a *proof of concept* (POC), however WHO did not follow this approach in the interest of time. We opined that bypassing these steps may actually lead to the contrary, and result in time and cost overruns at the time of implementation.

170. We reviewed the Request for proposal (RFP) for design and development of BMS application. The RFP document for the selection of solution for HCM, supply and finance, in its paragraph 4.4, stated that *“the proposals must offer the total requirements”*. Further, paragraph 4.5 stated that *“Two or more entities may form a consortium and submit a joint proposal offering to jointly undertake the work. Such a proposal must be submitted in the name of one member of the consortium – hereinafter the “lead organization”. The lead organization will be responsible for undertaking all negotiations and discussions with and be the main point of contact for WHO. The lead organization and each member of the consortium will be jointly and severally responsible for the proper performance of the contract.”*

171. We observed that Workday and One Network submitted independent technical compliance sheets for the NFR. Notwithstanding the RFP provisions, WHO evaluated the two bids as a single bid by allocating 70/30 weightage respectively. Workday was selected as the main vendor, and Workday took One Network onboard, since certain NFRs were not available in Workday. Furthermore, individual contracts were signed with each one of them. Also, a tripartite agreement was also signed with the two suppliers. Thus, the RFP requirement to have one supplier to lead the implementation was not followed.

**Recommendation 44:** WHO should monitor closely, the risk arising out of two different contracts having been signed with the core ERP vendors (Medium).

### 3.5 Project budget monitoring

172. The project consultant Ernst & Young’s report on total cost of ownership (TCO) estimated costs pertaining to project duration and the run duration for five years for each of the components. The TCO cost estimates were broken into two parts – one-time (project duration) and recurring cost (run duration – post go live). Project duration of SPM and API were estimated at 1.5 years and the corresponding run duration was 3.5 years each. Similarly, the project duration of ERP was estimated at 2.5 years and the corresponding run duration was 2.5 years.

173. We observed that SPM was initially estimated to be implemented in eight months. There is already a time overrun of one year – which is a total of 1.7 years. Despite these significant time overruns in the project, the consequent impact on the budget – particularly on the recurring cost have not been

updated on a concurrent basis. We opined that the TCO recurring cost should be integrated into the main budget, especially for the running period, in order to provide a clearer picture of the project progress.

174. WHO responded that the original one-time implementation budget for BMS was approved by the IT steering committee. The total cost of ownership estimates were used for reference only. WHO took note of the recommendation to present and monitor recurring costs along with implementation costs at the Programme Board level. However, it suggested that there was no impact on overall costs or BMS timeline. WHO would, however, closely monitor the risk of time and cost overruns in conjunction with the Programme Board.

**Recommendation 45: In the project budget expenditure statement, the recurring cost (run period) should be integrated and the overall BMS project cost and time overrun be reported to the Programme Board regularly. (High)**

**Recommendation 46: The perceived high risk of time and cost overrun in case the project rollout is delayed, compared to phases and options presented to the December 2022 Programme Board, be monitored closely and the anticipated time and cost overrun be reported to the Programme Board on a more frequent basis than the current bi-monthly schedule. (Medium)**

## **E. WHO REGIONAL OFFICE FOR EUROPE (EURO)**

175. Audit reviewed the transactions of WHO Regional Office for Europe (EURO) for the period 1 January to 30 September 2022.

### **1. About EURO**

176. WHO prepares a General Programme of Work (GPW), which is a five-year plan for the Organization. Currently the 13th GPW is in place. GPW 13 is focused on the three interconnected strategic priorities to ensure healthy lives and promote well-being for all at all ages: achieving universal health coverage (UHC), addressing health emergencies and promoting healthier populations. The priorities of GPW 13 guide the decisions pertaining to resource allocation.

177. The European programme of work is specific to the European Region, and it spells out WHO's vision for the realization of GPW at regional level. It provides information on the strategic direction, priorities and deliverables of the WHO Regional Office for the European region. Regional plans for implementation (RPIs) are based on the WHO Programme budget for the Region. Further, WHO prepares a Country Cooperation Strategy (CCS) for each country, which serves as the strategic plan to guide WHO's work in the country. In case there is no CCS, Member States sign a biennial collaborative agreement (BCA) at the country level. BCAs are based on the priorities defined in the EPW/RPI. WHO country workplans should flow from the CCS's/BCAs in line with the priorities, outcomes and outputs defined in the GPW. EURO had CCS/BCAs in place for 27 out of 54 Member States.

178. The EURO Regional Plan for Implementation (RPI) for the Programme budget 2020–2021 outlines the European Region's contribution to the global outputs defined in the Programme budget. It provides information on the strategic directions and priorities for the EURO, global and regional public health goods and the expected country support. The RPI forms the principal means of programmatic and budgetary accountability of EURO for the Biennium 2020–2021. For the biennium 2020–2021, WHO headquarters allocated the budget of US\$ 277.90 million to the Regional Office for Europe. Out of

which, the Regional Office allocated US\$ 166.70 million for the Regional Office and US\$ 111.20 million for country offices under its jurisdiction.

## 2. Audit findings and recommendations

### 2.1 Performance evaluation

179. Each budget centre, using the output scorecard tool, has to evaluate each output in a workplan with planned cost. The scoring has to be done for the dimensions in respect of all the outputs with planned costs, and the same is overseen by the Programme and Resource Management Unit at the EURO. The finalized approved scores are then aggregated at WHO headquarters to depict the overall performance of WHO for the entire biennium.

180. With reference to the award of scores for outputs 3.2.1 and 3.2.2, we observed that the country offices awarded scores even in those cases where no product/service deliverables were undertaken or where no activity against the plan was carried out. For instance, the country offices were awarded scores in the following cases, even though no activity was carried out.

**Table 12**

Country office	Output <sup>1</sup>	Dimension (out of a score of 4)					
		Technical support	Leadership	Global goods	Gender, equity, human rights and disability	Value for money	Results
Kosovo (Pristina)	3.2.2	2.58	2.83	--	3.33	3.00	--
Latvia	3.2.1	4.00	4.00	--	4.00	4.00	--
Turkmenistan	3.2.2	3.00	3.00	3.00	3.00	3.00	--

181. We observed that this means of assignment of scores by country offices, leads to the impression that all the product/service deliverables for these outputs were undertaken even though no activities were engaged.

**Recommendation 47: The output scorecard system may be reviewed to ensure weightage to utilization of funds against planned costs. (Medium)**

**Recommendation 48: EURO should develop a mechanism to ensure that the process of scoring for programmes is as objective as possible, especially in cases where no activities have been carried out. (Medium)**

182. EURO responded that this output scorecard tool is as per the global guidance given by WHO headquarters. Thus, there is need for WHO to revisit the methodology to make it more objective and disseminate the changed global guidance accordingly.

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<sup>1</sup> Output 3.2.1 – Countries enabled to develop and implement technical packages to address risk factors through multi-sectoral actions; Output 3.2.2 – Multi-sectoral risk factors addressed through engagement with public and private sectors as well as civil society.

## 2.2 Donor Reporting

183. According to the WHO e-manual on award reporting, final certified financial statements (FCFS) are to be issued following the donor requirements, normally between three and six months after the award end date. Review of the reports<sup>1</sup> due to donors revealed that out of 294 reports, 119 (40%) were submitted on time. We noted:

- 102 reports (35%) were submitted with delays. Out of which 62 reports were submitted with delays of 1 to 30 days; 29 reports with delays of one to three months and 11 reports were submitted with delays of more than 3 months.
- 73 reports (25%) were overdue since 10 January 2022, but not submitted. Out of which, 12 reports were overdue for less than 2 months, 31 reports were overdue for 2 to 4 months and 30 reports were overdue for more than 4 months.

**Recommendation 49: The Award Managers may address the cause for delays in submission of donor reports (financial and technical), by further strengthening the regular follow-up mechanism in order to maintain the commitments towards meeting donors' expectations. (High)**

184. The recommendation has been accepted and EURO has assured continuous monitoring and training on Workplan Management.

## F. WHO COUNTRY OFFICE, MOLDOVA

185. Audit reviewed the transactions of WHO Country Office (WCO), Moldova, for the period 1 January to 30 September 2022.

### 1. Audit findings and recommendations

#### 1.1 Assessment of the Programme Budget – 2020–2021

186. For the biennium 2020–2021, the allocated programme budget was US\$ 5.94 million. The Planned Cost was US\$ 5.03 million. The award budget and utilization were US\$ 4.29 million and US\$ 4.10 million respectively.

187. We analysed the execution/implementation of all the 48 products/services under the bilateral country agreement planned in the biennium 2020–2021 and observed:

- 24 products/services (50%) have utilized their allocated award budget indicating that the activities/tasks have been completed.
- 15 products/services (31%) have underutilization<sup>2</sup> of funds with reference to the allocated award budget indicating that the activities/tasks have not been completed. Out of these,

<sup>1</sup> For the period 1 January 2022 to 31 August 2022.

<sup>2</sup> The extent of utilization for these activities ranged between 11 and 87%.

four products/services had fund utilization less than 50%. Details of these four products/services are given in **Appendix 5**.

- In nine products/services (19%), there were no planned costs and award budgets indicating that no activity/task had been taken up against these products/services. The details are given in **Appendix 6**.

188. Out of the above nine activities, three activities<sup>1</sup> had been prioritized for the next Biennium (2022–2023). The funds had been allocated, however, there had not been any activity against these three products/services by 30 September 2022. Further, three activities<sup>2</sup> were being continued in the biennium 2022–2023 despite not being a priority item under the biennial collaborative agreement (BCA) for that biennium. This compromises other prioritized products/services, since the resources/funds required for executing activities as per BCA for 2022–2023 would have to be diverted towards the tasks committed for 2020–2021.

189. Thus, we observed that there is a gap in prioritization of allocation of funds for different activities. Consequently, certain areas of work, outlined as product/service deliverables under various outputs are either not executed or under executed.

**Recommendation 50: WCO may take steps to arrange funding for commitments made in the BCA and ensure that funds are utilized in a timely manner for achievement of the strategic priorities as envisaged in the GPW 13. (Low)**

190. WCO in its reply has stated that in principle all efforts to fully fund BCA envelope are made with the funding envelopes set by RO and that emergencies like COVID and Ukraine have led to repurposing resources in 2022. We appreciate the WCO's response, moreover, we note that separate packages have been approved and funded for handling the emergencies in the form of distinct workplans with sources other than those utilised for funding the strategic priorities of the GPW. Resource mobilization is the mandate of the regional and country offices and the Office should take steps to arrange funds for meeting the commitments as identified in the BCA.

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<sup>1</sup> (1) Road safety framework strengthening; (2) Revising legislation in relation to salt reduction and trans-fat elimination; (3) Assess the food safety component and align nutrition related national policies with existing evidence and CODEX ALIMENTARIUS.

<sup>2</sup> (1) WCO to set up norms and standards for transformation of residential care facilities; (2) Assess water sanitation and hygiene (WASH) in health care facilities; (3) Institutionalization of health promoting schools (HPS) initiative at the national level.

**G. ACKNOWLEDGEMENT**

191. We wish to express our appreciation to WHO, its senior management and its staff for the cooperation and assistance extended to the audit team during the audit.



**Girish Chandra Murmu**  
**Comptroller and Auditor General of India**

**15 April 2023**

## H. LIST OF ABBREVIATIONS

AFRO	Regional Office for Africa
API	Application programme interface
BCA	Biennial collaborative agreement
BMS	Business management system
BPR	Business process re-engineering
CCS	Country Cooperation Strategy
CEM	Contributor engagement management
CMS	Case management system
CRE	Office of Compliance, Risk Management and Ethics
CO	Country office
COR	Compliance and risk management
CSO	Centre support office
CSP	Country support plan
DFC	Direct financial contribution
EA	External Auditor
EURO	Regional Office for Europe
FR	Functional requirements
GAP	Global action plan
GFI	Global finance
GHR	Global human resources
GLOA	Grant letter of agreement
GPAY	Global payroll
GPL	Global procurement and logistics
GPW	General Programme of Work
GSC	Global Service Centre
GSM	Global management system
HCM	Human capital management
IMT	Information management and technology
IOS	Internal Oversight Services
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
LTA	Long-term agreement
NAO	National Audit Office
NFR	Non-functional requirements
PAHO	Pan American Health Organization

PFI	Packaging, freight and insurance
RFP	Request for proposals
RPI	Regional plan for implementation
SDG	Sustainable Development Goals
SOP	Standard operating procedure
SPM	System for programme management
SLA	Service level agreement
SLI	Service level indicator
SME	Subject Matter Expert
SRS	System requirement specifications
TaT	Turn-around time
TCO	Total cost of ownership
WHA	World Health Assembly

## APPENDICES

## Appendix 1

## STATUS OF IMPLEMENTATION OF RECOMMENDATIONS UP TO THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
1	2022	R001	WHO should review its hedging policies and procedures and update them as necessary to bring them into line with current practice.	As agreed at the time of the audit, the one action point was to update the existing SOP for the procedure of placing term deposits, FIN.SOP.X.061 Treasury Transactions, to include a description of the process of placing a non-US\$ deposit (which is identical to that for a US\$ deposit, with an additional FX swap transacted to hedge the currency risk). This SOP has been updated for this additional step for currency deposits to ensure that it is fully up to date on all details. A copy of the updated SOP is attached here.	FIN.SOP.X.061 was updated in October 2022 to include the procedure for placing funds in non-US\$ time deposits and hedge it using currency swaps, the recommendation may be considered closed.	Y			
2	2022	R002	WHO in consultations with each of the Member States may identify the specific bottlenecks in data collection and persuade the Member States to provide updated data.		Response awaited.			Y	
3	2022	R003	WHO may continue the refinement of the results framework, especially the output score card, to make it more objective, simpler and user friendly.		Response awaited.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
4	2022	R004	WHO may ensure that the Stellis system is configured to capture all key data for the main steps of the recruitment process so as to make the data more useful for tracking, necessary interventions and improvements for the recruitment function.		Response awaited.			Y	
5	2022	R005	WHO may take steps to provide funding and staffing particularly at regional offices to ensure timely implementation of the transformation of the Norms and Standards activity.		Response awaited.			Y	
6	2022	R006	WHO may address staff and funding constraints for innovation may be addressed at the earliest so as to achieve the benefits envisaged from the initiative.		Response awaited.			Y	
7	2022	R007	WHO may prioritize alignment between concept and process for Strategic Policy Dialogue and other corporate processes and strengthen country health information systems to ensure complete and updated data for the selection of countries for Strategic Policy Dialogue.		Response awaited.			Y	
8	2022	R008	WHO may continue its efforts towards instituting valid Country Cooperation Strategies in all country offices, duly aligned with country support plans, whereby the impact of technical cooperation is objectively measured.		Response awaited.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
9	2022	R009	WHO may consider completing a reassessment of the value addition of the Strategic Priority Coordination Group (Billion Network), and in the light of the result of the reassessment, an appropriate decision may be taken so that the overall objective of operationalization of new horizontal and vertical networks to support GPW 13 implementation stays on track.		Response awaited.			Y	
10	2022	R010	The Information Management and Technology Steering Committee (IMTSC) may ensure that the tools (e-Workflow and e-Signature) are utilized across all the offices and regions.		Response awaited.			Y	
11	2022	R011	WHO needs to prioritize the implementation of initiatives interlinked with the “career pathways” initiative and address the challenges/needs identified to achieve the intended benefits.		Response awaited.			Y	
12	2022	R012	The revised policy on short term development assignments may be published and implemented so as to provide WHO staff with opportunities of exposure to different work environments.		Response awaited.			Y	
13	2022	R013	WHO may follow up on the last survey of 2020 to assess the level of staff buy-in and cultural change and undertake course correction if required.		Response awaited.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
14	2022	R014	WPRO may develop a plan for updating the Country Cooperation Strategy for all the countries in its regions, considering national processes and align them with GPW 13.	<p>Since the time of audit, after extensive consultation both internally and with national counterparts, WPRO now has developed a staggered plan for updating the country cooperation strategies (CCS) in the Region, to align them the Region's "For the Future" vision and the global GPW 13. The CCSs will cover the last few years of the GPW 13, especially its extension to cover PB 2024–25. The new CCSs will maintain elements of the most recent CCSs where appropriate, but importantly improve on it with emphasis on vertical and horizontal integration for greater efficiency: i.e., a focus on systems, and common components of the health system. New CCSs will emphasize solutions that are customized to the country's unique contexts and what WHO needs to do to support the country to travel it's last mile to "reach the unreachable".</p> <p>To further secure the engagement of national counterparts and partners at strategic level, in addition to continuous dialogue at country level, during the October 2022 Regional Committee for the Western Pacific a specific update to Member States highlighting current status of CCSs and WPRO's staggered plan approach was shared during the introduction of programme budget items.</p> <p>The attached staggered plan prepared in consultation with WHO Representatives (WRs/Head of country offices) covers the countries for which we are working on new CCSs. The target is to have the renewal of 6 CCSs plus the multi-country CCS (covering 21 Pacific Island countries, territories and areas) complete – or nearly complete – by the end of 2023. The phased approach laid out in the tracker, will enable adequate engagement of the entire Secretariat in the process, as well as sufficient consultation – and further support monitoring of the progress and facilitate closure.</p>	Since WPRO has now developed a plan for updating CCS for its countries and is monitoring the same, the recommendation may be considered closed.				

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
				WPRO senior management (Cabinet/leadership team at RO and all heads of country offices) meet three times a year to review progress and provide direction on strategic matters. Two out of three meetings in 2022 considered CCS renewals and CCS renewals will remain a focus on the meetings in 2023 as well. Within WPRO there are recruitment processes ongoing for 2–3 consultants to support CCS renewals across the Region. On this basis, we request that the audit recommendation be closed.		Y			
15	2022	R015	WPRO should avoid the use of exemplar specifications or brand names for selection of a product or service in a competitive tendering process. If there is a strong justification for procuring a particular brand of a product, single source procurement may be adopted with due diligence.	WPRO has sensitized responsible teams in the region on the need to comply with the procurement principles of open competition, including the use of generic specifications through the monthly meetings of the Regional Administrative Network (group of administrative officers). Heightened attention has been raised on the issue and during WHO Representatives (WRs)/Cabinet meetings where all the Directors have been reminded to comply with the procurement policies and procedures, for adherence to best practices and to minimize the need for waivers from competitive bidding. To enhance the controls and mitigate the risks in exceptional circumstances where there may be a need to support brand specific procurement, WPRO has requested all requestors to conduct due diligence to justify such need. To facilitate and document the process of due diligence, a template was introduced together with supporting guidance on how to conduct due diligence. This template is to be approved by WHO Representative in the country prior to the issuance of the brand specific tender, for both emergency and non-emergency procurement. Copy of the guidance shared, template introduced, few examples with use of templates are attached with the response. We request that this recommendation be closed.	As WPRO has put in place guidance to avoid the use the names of brand names for selection of goods or service unless there are certain exceptional circumstances which need to be justified, we can consider closing this recommendation.	Y			

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
16	2022	R016	WPRO needs to strengthen its asset monitoring and tracking system.	<p>WPRO has implemented strong monitoring and recording of fixed assets mechanisms including yearly physical verification and regular review of items for timely disposals. WPRO analytical dashboard or GSM BI dashboards are utilized to monitor the statuses and review of compliance indicators.</p> <p>For the specific issues noted in the audit report significant progress has been made since the time of audit, to address the discrepancies noted and disposal of obsolete items.</p> <p>Discrepancies in fixed assets register (FAR):</p> <p>(1) No physical location assigned to 479 assets – all assets now have location in FAR, except for WPPH103926 as asset is already retired.</p> <p>(2) Serial numbers missing in respect of 51 items – serial numbers updated for 21 assets. serial numbers cannot be updated for 30 as assets are rack storages, benches, tables or similar category items where serial number is not available. All these assets were placed in service in 2007 or before when GSM system was not in use.</p> <p>(3) Purchase order (PO) blank for 321 items – data when interfaced, information related to PO details can no longer be added or amended. 321 items were reviewed. 80 items where PO number information is available in GSM module, retrieved from asset workbench under source lines, PO number information was appended to asset description field. 241 items where assets were procured before GSM system was launched in 2008, "No PO/Pre GSM" was added in the Asset Description (except for RO Buildings).</p>	As WPRO has taken the necessary steps for strengthening its asset monitoring and tracking system, we may consider to close this recommendation.				

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
				Disposal of items: All 217 items marked for disposal are disposed now. 187 were disposed in October 2021 and balance 30 were disposed in April 2022. Any new items marked for disposal are now being collected and will be included in the next batch disposal. Attached is the data file with different categories of data in colour coded tabs. We request that this audit recommendation be closed.		Y			
17	2022	R017	WHO may consider disclosure of the performance ratings/impact assessment report of each WHO country office as the main aim of transformation is to monitor impact at the country level		Response awaited.			Y	
18	2021	R003	We recommend that accumulation of slow-moving and expired inventories may be reduced and optimization of inventory related cost may be achieved by adopting widely accepted inventory management tools like Economic Order Quantity (EOQ).	With the implementation of the new ERP and supply chain management system, the adoption of best practices, such as EOQ, will be achievable.	No new reply furnished. Status may be kept as same.		Y		
19	2021	R004	Ensure that timely, updated and correct information is available in GIMS at any point of time.		Response awaited.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
20	2021	R006	Clarify in the solicitation of offers whether the price bids would be evaluated on a lump-sum or item-wise basis.		Response awaited.			Y	
21	2021	R007	WHO should maintain complete documentation of the whole procurement process as laid down in Clause 2.5 of the WHO Procurement Handbook, in order to uphold the principle of transparency and enable the verification of the procurement.	In the Procurement Handbook, there are two distinct aspects related to documentation: (1). The procurement file which must be maintained and should contain all documentation relating to the procurement process, i.e. the full tender process, including the evaluation, the proposals, the CRC review, ADG approval, etc. (2). The documentation attached to each purchase order. Only the documents relevant to the particular PO are attached by the requesting unit. For example, Supply does not ask requesting units to attach all the documentation related to an ITB when they are raising a Purchase Requisition for a catalogue item, this would add unnecessary administrative burden on Requesting Units and will not improve compliance. In addition, supporting documents for LTAS are uploaded on the e-Tender contract management portal (Intend). GSM does not support document upload for LTAs however this is a requirement for the new ERP. Thus the future BMS system will enable and support a more centralized management and collation of documents.	No new reply furnished. Status may be kept as same.		Y		
22	2021	R008	WHO should put in place a supply chain system which can be activated to cater for emergency. Modalities for emergency operations along with suitable incentives should be incorporated in the contracts with the suppliers and shipping and logistics contractors	The new ERP system will drive us to adopt a supply chain model that is more integrated than currently. WHE and BOS are working together to design the supply workstream and the current deployment plans foresee new functionality coming online in 2023 to manage logistics, shipping and warehousing. These new functionalities will support emergency operations and enhance an integrated supply approach.	No new reply furnished. Status may be kept as same.		Y		

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
23	2021	R012	WHO should request UNICEF to raise invoice as and when partial deliveries are made and WHO should duly adjust the prepayment.		Response awaited.			Y	
24	2021	R013	To address the increasing trend of cases of misconduct, WHO should enhance its punitive as well as preventive approach. Delays in investigation and disciplinary action should be reduced so that prompt and proportionate disciplinary action acts as a deterrent.	It would be helpful if the recommendation could be rephrased to allow for attribution of clear ownership for the recommendation. Feb 2022: As has been stated in Governing body meetings, increasing capacity and strengthening and streamlining the mechanisms for investigation is an ongoing initiative. The review/audit that has been commissioned under the IEOAC's governance to conduct an "end-to-end" review of the SEAH cases should provide further insights as to how the complete system can be improved.	No new reply furnished. Status may be kept as same.			Y	
25	2021	R014	WHO needs to adopt a risk-based approach to prevention by identifying the offices and units with high risk of misconduct and focus on outreach and strengthening of controls in these in these offices. Since, largest number of cases pertain to fraud, efforts should be made to increase awareness of fraud and preventive fraud controls. WHO may strengthen preventive measures like checking of antecedents before recruitment, integrity vetting for promotions, and rotation of staff in sensitive positions.	It would be helpful if the recommendation could be rephrased to allow for attribution of clear ownership for the recommendation. DEC 2021: WHO has had an external global compliance review conducted to take stock of its compliance landscape across the three levels of the Organization, through the establishment of a risk based assurance map across the three levels, also introducing a methodology to identify countries exposed to higher risk levels, including fraud and corruption. The compliance programme would then be tailored to the country's risk profile which would include, amongst underlying criteria, exposure to fraud and corruption risks.	No new reply furnished. Status may be kept as same.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
26	2021	R015	Ensure the formulation of new CCSs for Afghanistan, Ethiopia, Iraq and South Sudan at the earliest in accordance with the new guidelines issued.	The 2021–2025 Country Cooperation Strategy has been finalized and launched. It can be accessed via WCO website link Ethiopia Country Cooperation Strategy 2021–2025   WHO   Regional Office for Africa	As CO Ethiopia has prepared and launched its 2021–2025 Country Cooperation Strategy, (as available on its website), the recommendation for Ethiopia CO may be closed while this recommendation is proposed to remain open for Afghanistan, Iraq and South Sudan Country offices.			Y	
27	2021	R016	Ensure that the results framework is completed and implemented at the WCOs in Afghanistan, Ethiopia Iraq and South Sudan at the earliest.	WHO Afghanistan completed the implementation of WHO result framework and reported to regional office on the related outputs, KPIs and completed the scorecard for 2020 and 2021 attached is the supporting documents	As WCO Afghanistan has implemented the Results framework and reported to Regional Office on the related outputs, KPIs for 2020 and 2021, the recommendation for Afghanistan CO may be closed, while this recommendation is proposed to remain open for Iraq and South Sudan Country offices.		Y		
28	2021	R018	For purchasing several items in bulk price evaluation should be done on the basis of lump sum price and this should be clearly stated upfront in the solicitation of offers. Splitting of orders among the bidders should be undertaken only if the selected vendor does not have the capacity to supply the quantities required.	We disagree with this recommendation. Splitting of supplies amongst different suppliers is undertaken mainly for cost saving reasons. Different suppliers quote different prices for different items/brands and as such, we undertake an item-by-item cost comparison to select the lowest cost by supplier after confirmation that quoted brand meets our specification. This has resulted in substantial savings in many instances.	Response awaited.			Y	
29	2021	R019	Before starting a limited competitive bidding process, WCO should adopt a formal method for identifying potential vendors by assessing them against a predetermined criterion and duly record it.	We disagree with this recommendation. The WCO has invested in the development of a comprehensive supplier database (refer to attached) to ensure credible suppliers are always engaged. The suppliers in the database were included after a detailed solicitation and vetting process (advertisement in national newspapers and vetting of submitted credentials) and recommendations from other UN agencies with established LTAs.	Response awaited.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
30	2021	R020	Use of brand name for procurement should not be permitted.	The procurement sample selected was processed by the procurement unit of the Global Service Centre in Kuala Lumpur (based on a request for price estimate) submitted by the WCO. As such, we propose that this audit recommendation is addressed to the GSC. However, we duly accept the recommendation of not proposing brand names in most cases and the WCO already adheres to this. However, in cases where there is already a standard adopted by the Organization (e.g in this case, Thuraya satellite phones are accepted as a standard for WHO), any related procurement would have to specify the standardized brand name. Hence, exceptionally, there would be occasions where we cannot avoid specifying brand names.	As WHO has put in place guidance in the WHO Procurement Manual to avoid the use the names of brand names for selection of goods or service unless there are certain exceptional circumstances which need to be justified, we can consider to close this recommendation.	Y			
31	2021	R021	Bid evaluation method to be followed, in terms of whether lump sum or item wise basis will be adopted, should be clearly stated in invitation to bid and consistently adhered to during evaluation.	The procurement sample which this recommendation was based on was handled by the procurement unit in the Global Service Centre (GSC), Kuala Lumpur and not by the WCO. The WCO only raised the request for price estimate in GSM and the bidding and adjudication process is handled by the GSC. We propose that this audit recommendation is addressed to the GSC.	No new reply furnished. Status may be kept as same.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
32	2021	R024	Before starting a limited competitive bidding process, WCO should adopt a formal method for identifying potential vendors by assessing them against a predetermined criterion and duly record it.	Following EMRO SOPs on supplier solicitation, an intensive exercise is undertaken by issuing expression of interest (EOI) through UNGM, newspaper announcements, and email sharing to our list of suppliers, to conduct a market search and enrich the supplier list with competent evaluated suppliers. Three EOIs were announced on 23 February 2021, and closed on 10 March 2021 to cover 3 categories of suppliers: (1) printing services; (2) IT equipment and services; and (3) medicines and medical equipment. Evaluation is ongoing and due diligence visits will take place before finalization of the new list. Planned to be finalized by end of July 2021. (EOIs – copy attached.) After finalization, more categories of supplies will be approached.	Updated on 5/1/23: EOIs are attached. However, the recommendation discusses the prequalification that must be done of suppliers' before a limited tender is initiated. This process may be explained.			Y	
33	2021	R025	Update WCO information security policy from time to time, conduct periodic disaster recovery drills and assess the vulnerability of ICT assets and applications.	Disagree with this recommendation. We have severally explained to the auditors that IT Security policy is Global and not decentralized at WCO level (WCO Ethiopia Response to ML, 2021, p. 4).	As WHO IS wing has shared its updated Global Cyber Security Policy, last updated on 11.07.22, which has also been embedded in its e-Manual, we can consider closing the recommendation (raised for Country offices of Ethiopia and Iraq).	Y			
34	2021	R029	It may be further ensured that all medical inventories have expiry dates mentioned with the ultimate aim of having no items without expiry dates in the inventory through better procurement planning and allocation.	Agree with the Recommendation (WCO Ethiopia Response to ML, 2021, p. 3). The inventory records for emergency stocks are now updated on a monthly basis with full details including expiry dates (please see attached example of report). These monthly reports are shared with programmes flagging near expiry items to facilitate decisions on distributions and use before expiry date. This has drastically reduced incidents of expiring items in our warehouse (though it is almost impossible to fully eliminate).	Inventory items were created as expiring or non-expiring in GIMS. Medicines and vaccines are among the items classified as expiring and their expiry dates were found recorded in 2022. The recommendation can be considered closed.	Y			

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
35	2021	R031	We recommend that WHO finalizes the GPW 13 impact framework, as part of the WHO results framework, on priority basis with defined timelines to enable WHO to describe its contribution to outcomes and impacts.		Response awaited.			Y	
36	2021	R032	We recommend that WHO prescribe timelines for the submission, processing and/or validation of data on triple billion dashboard and ensure adherence to the timelines.		Response awaited.			Y	
37	2021	R033	We recommend that WHO should review the interaction between the three indices that make up to the Health Emergencies Protection Index (HEPI), and recalibrate them to ensure that their impact on the Health Emergencies Protection (HEP) Billion and the HEP index is correlated, to convey reliable and meaningful information.		Response awaited.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
38	2021	R034	WHO may address the baselines and targets of the programme budget output indicators on priority.	WHO may address the baselines and targets of the programme budget output indicators on priority. In May 2022, WHO reported on Programme budget 2020–2021 to the World Health Assembly, including progress made on output indicators (referred to as “leading indicators”). <a href="https://apps.who.int/gb/ebwha/pdf_files/WHA75/A75_32-en.pdf">https://apps.who.int/gb/ebwha/pdf_files/WHA75/A75_32-en.pdf</a> The output indicators were reported with baselines, targets, and achievements ( <a href="https://open.who.int/2020-21/indicators">https://open.who.int/2020-21/indicators</a> ). In addition, they contributed to the reporting in two ways: (1) assessing the work of the Secretariat as the “results” dimension of the output scorecard (example of outputs leading to outcome 1.1); and (2) identifying key achievements (such as the progress in implementing mandatory policies to prohibit trans fatty acids). Looking forward, the setting of baselines and targets for output indicators is part of the development of the next programme budget (as can be seen in the draft Proposed programme budget 2024–2025 being presented to the Executive Board in January 2023).	As for many output indicators, baselines and targets have not been set or are stated to be in progress, the recommendation may be considered as under implementation.			Y	
39	2021	R035	WHO may ensure strengthening of existing processes and introduction of new processes delineated in the update (EB 148/27) to ensure improvement of the funding situation and achievement of the projected implementation of the planned expenditure during and by the end of the biennium.		Response awaited.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
40	2021	R036	WHO may ensure that the instructions in the roll-out guidance for mid-term reporting on the Programme budget 2020–2021 are fully adhered to, in order to ensure better transparency and measurement of results accountability.	The guidance for the mid-term results report are available on the WHO intranet site under PRP. Through review of the material submitted and interaction with the concerned technical divisions at headquarters and regions PRP has ensured that sufficient controls were put in place for the collection and validation of the results report. <a href="https://intranet.who.int/homes/prp/">https://intranet.who.int/homes/prp/</a> .	As the MTR 2020–21 reports on all the output scorecards are available, as per the guidance note, we can consider this recommendation as implemented.	Y			
41	2020	R001	Encourage the personnel handling procurement processing functions, as well as project approvers at HQ, regional and country offices, to complete the relevant sections of the procurement iLearn curriculum, and to periodically revisit the curricula to refresh themselves and fully appreciate the processes to minimize, if not eliminate, the possible processing errors resulting in the misclassification of the accounts in the financial statements.	So far, all personnel holding “procurement requestor” role in GSM are requested to take the administrative curriculum training to retain this responsibility. The enforcement was slightly delayed due to COVID-19 crisis, but an admin note is pending ADG's approval and will set the new final deadline for completion to 30.09.2020. As regards the other functions (Technical/Responsible Officers, Quality Check/Project Approvers 1 and Managers/Project Approvers 2–6), dedicated curricula are ready and fully available in the corporate platform iLearn. Supply submitted a request to make the completion of the different curricula mandatory for staff members holding or requesting the corresponding roles in GSM. Further discussions will be held with ADG/BOS regarding implementation. It is important to flag that the Supply Department alone cannot make those trainings mandatory. It has to come from Senior Management.	No new reply furnished. Status may be kept as same.		Y		
42	2020	R002	Account and report the effects of the prior period errors in accordance with IPSAS 3 to avoid distorting the balance of revenue and ensure fair presentation of the account in the reporting period.	Based on the recommendation, IPSAS 3 has been added to the Financial Regulations for any future adjustments relating to prior periods. Since, in the last 2 years there have been no such events, we propose to close this recommendation.	We have noticed cases of prior period error of revenue in the year 2022, which have not been accounted for as per IPSAS 3. Hence, the recommendation is pending.			Y	

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
43	2020	R003	Apply in the newly developed feature in GSM a quality assurance (QA) check up-front to DFCs and DIs, and should be adopted in all regions so that DFC and DI PO requirements are fully adhered to.	EMRO has implemented a quality assurance process, and related supporting documents are provided for your action.	We note the action taken by the management to introduce quality assurance checks for DFCs/DIs/GLOAs in all regions except the Americas. The status of implementation of recommendation in the Eastern Mediterranean may please be furnished along with the supporting documents.		Y		
44	2020	R004	Give importance and strictly follow at the country office level as well as at the GSC level (the unit assigned to process and issue the DFC POs and DI POs) the relevant provisions requiring the exceptional approval from the Comptroller.	The requirement is that for DI and DFC, if using a PTAE0 that does not belong to the implementing CO is proposed to be used, either DAF or Comptroller approval has to be obtained (not just Comptroller). COs have been reminded of this. There is a reminder “pop-up” in the GSM that reminds the submitter of this requirement. Also since May 2020, an up-front QA check has been put in place for DFC, DI and GLOA in all regions (except the Eastern Mediterranean, which will be implementing this shortly), which checks that the SOP requirements are fulfilled before the project approvers approve the PRs. If this approval is not attached, the PR is rejected. Therefore, instances where no such approval is obtained has reduced to a minimum of cases.	We note the action taken by the management to introduce quality assurance checks for DFCs/DIs/GLOAs in all regions except the Americas. The status of implementation of recommendation in the Eastern Mediterranean may please be furnished along with the supporting documents.		Y		
45	2020	R007	Establish a robust performance tracking system within the Global Procurement & Logistics and Global Finance for a comprehensive picture of the performance of key services that would provide insights for management to make more informed decisions and identification of key areas for improvement and further improve the quality and timely delivery of the services to WHO and partner organizations.	We suggest to close this recommendation as this will be addressed more broadly through a fresh recommendation issued in the context of the GSC Performance Audit, which reads: “We recommend GSC to implement an enterprise service management platform for monitoring of TaTs and address recurrent issues resulting in delay of payment processing.”	It may be closed as the action recommended to be taken has been included in the current year’s audit recommendation.				Y

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
46	2020	R008	Conduct a feasibility study or analysis with a view of developing an automated workflow system for the separation payment process that will provide relevant users, both within and outside GSC the necessary functionalities.	<p>End to end automation of separation workflow has been provided as an input during the BMS requirement gathering phase. Enhanced performance of separation process in terms of turn-around-time and efficiency is one of the identified KPI for BMS project for future system development and monitoring.</p> <p>BMS team comments: The analysis will be covered within the context of the implementation of WHO's new Business Management System (GSM replacement project) under the business process optimization (BPO) phase. Along with other HR streams, the separation and off-boarding business processes and functionalities will also be reviewed, with a view to develop the required flexible, agile, streamlined and efficient business process within the new system.</p>	No new reply furnished. Status may be kept as same.		Y		
47	2020	R009	Revise the Human Resource Strategy aligning it to the WHO transformation agenda.	25/10/2022 – This recommendation will be addressed in 2023 to take advantage of the inputs from the HR-related transformation initiatives that were concluded in 2022.	As reply is pending, the recommendation is not implemented.		Y		
48	2020	R010	Revise the framework for learning and development, responding to transformation as anchored to human resource strategy thus, optimize overall staff capacity and talent.	25/10/2022 – This is a long-term project which is being addressed by HR through the Career Management and Development initiative, in coordination with the WHO Academy.	As reply is pending, the recommendation is not implemented.		Y		
49	2020	R012	Review the harmonized selection process to allow further customization of screening questions to improve the utility of the preliminary screening procedure	<p>7/11/2022 – The review of the harmonized selection procedures has been shifted to 2023.</p> <p>2/11/2022 – BMS team comments: The review and update of the selection process is planned for 2023. Given the move to Workday and the new BMS system, further changes will be needed in relation to the implementation of business process optimization in some of these areas.</p>	As reply is pending, the recommendation is not implemented.		Y		

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
50	2020	R013	Consider the review and, moving forward, the acceptable revision of the evaluation parameters comprised in both the preliminary screening and in-depth evaluation steps of the process, with the goal to ensure that redundancy is controlled.	This is being reviewed and will also be the subject of the business process optimization for the BMS design and implementation.	As reply is pending, the recommendation is not implemented.		Y		
51	2020	R014	Provide feedback of the final selection decision results to SRs and other SP members, and that it be consistently applied and provided for all completed recruitments.	This is now being done on a more systematic basis and we will continue to ensure that all recruitment teams are instructed accordingly.	No new reply furnished. Status may be kept as same.		Y		
52	2020	R015	Establish a registry/coordinator that receives, maintains, refers and will coordinate the staff concerns to the respective office in the internal justice system.	7/11/2022 – On 20 October 2022, Judge Teresa Bravo presented to the Global Staff Management Committee, which included the Director-General, her report on recommended improvements to the internal justice process. Her recommendations included consideration of a “staff relations specialist” with the role of “coordinating the employee-Agency relations activities and for the management of HR processes related to staff grievances, disciplinary cases, appeals and rebuttals.” HRT is including this position (s) in the report’s implementation plan and report on the status again in 2023.	No new reply furnished. Status may be kept as same.		Y		

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
53	2020	R016	Devise a mechanism to monitor the conduct of all the staff survey and the corresponding after-survey activities and initiatives. Moving forward, conduct staff satisfaction survey every other year, bench marking on the UN system practice, especially with regards to the policies introduced and revised through the Organization's transformation agenda.	7/11/2022 – Organization-wide survey is being launched in early 2023, in line with the UN best practice, and will thus be repeated every two years. HRT will rely on the platform of third-party provider (Agenda Consulting) that include the dashboard and action plan module to produce customized reports for every business unit. HRT will coordinate the Organization-wide surveys on a bi-annual basis followed by more frequent pulse surveys for selected topics and/or offices, to monitor the extent to which progress has been made through the implementation of the bi-annual survey response action plans. In October 2022, HRT advertised RFP to select provider/s to support administration of workforce survey for the next 7 years. The policies introduced and revised through the transformation agenda are also reviewed and discussed during annual GSMC events by GSMC members representing administration and staff associations in all regions and HQ locations.	No new reply furnished. Status may be kept as same.		Y		
54	2020	R017	Clarify and streamline programme accountabilities and coordination in relation to its transformation initiative as it transitions into the new general programme of Work and Programme budget, to ensure that programme outputs are delivered as planned and support programme results reporting.	See guidance notes on programme budget development, operational planning in 2020–2021, 2022–2023. We have also established the ODTs (please see PRP intranet site for the document) to coordinate the work on programme budget, delivery, monitoring and reporting of outputs. Accountabilities and coordination are clarified. Please also refer to the WHO E-Manual and SOPs on monitoring and reporting. <a href="https://intranet.who.int/homes/prp/">https://intranet.who.int/homes/prp/</a>	As guidance notes have been prepared on programme budget development and operational planning and also ODT's have been established, we can consider closure of this recommendation.	Y			
55	2020	R018	Include outputs reporting in its MTR as these are the results that the WHO has full accountability in the implementation of the PB, for better transparency and measurement of results accountability.	This is done. Please see Results Report for MTR, 2020 and Results Report 2020–2021 <a href="http://open.who.int/2020-21/home">http://open.who.int/2020-21/home</a>	As output reporting is a part of MTR and Results Report 2020–21, the recommendation may be considered closed.	Y			

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
56	2020	R019	Enhance the PB implementation performance reporting by providing more focus on progress of outputs delivery and ensuring that related activities are closely monitored to exact better accountabilities and improve PB implementation reporting process	The Organization continues to improve the monitoring and reporting of the outputs of the Organization. The Organization, in the last 2 years has focused on output monitoring (see mid-term results report 2020 and results report 2020–2021). See also SOPs and e-manual regarding efforts made to monitor and report against output delivery. The implementation of the output scorecard has been enhanced across the Organization. Reporting of outputs has also been improved as you will note in output scorecard tool and results report. However, for the monitoring of 2020–2021, the senior management feedback has been limited due to time constraints. This is something that we need to improve more in the next phase.	As progress on various output indicators is being reported in the MTR Report 2020–21 for better accountability and improved PB performance reporting, we can consider the recommendation as implemented.	Y			
57	2020	R020	To harmonize programme-level monitoring mechanisms to establish specific responsibilities and mechanisms to track and monitor programme deliveries for more streamlined information management in support of organizational learning and future decisions	Current corporate monitoring is done based on the GPW 13 results framework, which is based on output, outcome and impacts (triple billion targets with corresponding indices). This has replaced the category and programme area reporting under GPW12. It has to be asked what the rationale for a “programme” monitoring is when the policy of the Organization is report against the programme budget that is based on the results framework. Departments that deal with specific diseases, e.g., TB, malaria, HIV, do monitoring and reporting, but that is done to contribute to the overall corporate reporting against the results framework.	In view of shift of the Organization from programme level monitoring to monitoring the results framework based on output, outcome and impact, the recommendation may be considered to be closed.				Y

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
58	2019	R029	Report to WHA72 – 2019 Enforce the timely receipt of the deliverables as well as the completion of supplier performance report on service contracts agreements for performance of work (APWs) and non-grant LOAs above US\$ 50 000 to properly recognize prepayments and accruals.	8 DEC 2020: We hope to be able to implement the extension of this system to all the regional offices and service contract types in 2021. Implementation could not take place in 2020 due to conflicting priorities. 20 SEP 2019: In progress: An electronic workflow was released in June 2019 to enforce the timely receipt of APWs (to companies) above US\$ 50 000. This e-Receipt is currently in use in HQ as a pilot, and it is now stable. We would like to extend its use to other service types (non-grant LOAs, TSAs, GES) and to all major offices earliest in 2020. This requires a straight forward set up of the system (since we designed the functionality for this from the very beginning), as well as change management, communication and maintenance, and will be done in 2020 with the support of IMT and the IT Fund. February 2022: The e-workflow remains in use in HQ and in the African region. This Region had implemented the supplier performance evaluation and electronic e-Form process in 2020 with an approval that generates data for KPI and a dashboard for countries/RO (budget centres) monitoring practices and ranking. This has since been updated using an e-Assessment tool which will be deployed in Q1 2022.	No new reply furnished. Status may be kept as same.		Y		

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
59	2019	R030	Report to WHA72 – 2019 Adopt a change management strategy to support the implementation of the redesigned resource mobilization process and related systems along with the organizational structure to ensure effective delivery of the new resource mobilization (RM) model.	10.02.2021: On going: The CEM system along with related RM process is currently in project status and the project will be going live in March 2021 with roll out to HQ and AFRO offices first and then roll out to all other offices by May–June 2021. 25.03.2020 In Progress: Having undertaken a rigorous request for proposal process, the Secretariat is investing in a proven CEM system that will allow the Organization to better manage the end-to-end resource mobilization and grants management process. The main objectives of such a system include: (i) to facilitate the management of contributor relationships and intelligence and help capture funding opportunities to improve visibility on pipeline funding; (ii) to allow for the development of customized workflows to enable the clearance of documents; (iii) to help facilitate and monitor the implementation of distributed funds in line with the terms and conditions of the respective agreement (e.g. level of earmarking, timeline and reporting requirements); and (iv) to manage reporting and visibility more consistently across WHO, thus better meeting contributor expectations. Work is under way across the three levels of the Organization to define standard operating procedures, supported by colleagues specifically recruited for their experience of similar systems and ensure that effective change management practices are put in place to leverage this new system. The Secretariat expects to begin rolling out the use of this new system towards the end of 2020.	As CEM has now been rolled out from August 2021 and made mandatory from April 2022, the recommendation may be considered closed.	Y			

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
60	2019	R031	Report to WHA72 – 2019 Consider with utmost urgency the immediate development and completion of the contents that are the core of Emergency Operations in the e-Manual for Health Emergencies (Part XVII), complete with Standard Operating Procedures , to ensure transparency, consistency and uniformity in interpretation and application of pertinent policies.	Latest update: 3 November 2021: All OSL SOPs are completed. All e-Manual sections are filled. This recommendation can be closed.	No new reply furnished. Status may be kept as same.		Y		
61	2019	R032	Report to WHA72 – 2019 Enhance the current policies on the recruitment and selection process, building on lessons learned, to limit the extension of posting of the vacancy notice; reconciliation of the e-manual with the related SOPs; requiring on the face of the selection report the name and position as well as the signature of the person delegated by the approving authority; disclosure on the selection report of the date it was signed by the selection panel; and inclusion of a paragraph informing the interviewed applicant on the availability of feedback upon request to HR.	Recommendations are under review and given the limitations of the current Stellis tool, some may only be possible to take into account with the implementation of the new BMS platform and capabilities. The elements have been noted and will be part of the business process optimization discussions taking place towards the end of 2021 and into 2022.	No new reply furnished. Status may be kept as same.		Y		

Serial No.	Audit year	WHA Rec ID	Recommendation	WHO response	Audit response	Implemented	Under implementation	Not implemented	Overtaken by events
62	2017	R026	Report to WHA 70 – April 2017 Further address inventory issues across the Organization through the evaluation of existing inventory control mechanisms on valuation and reporting, followed by the development of a global policy for supply chain and inventory management which would provide the basis for the development of the standard operating procedure on the management of expired inventories.	12 Nov 2018: In the past few months supply chain and procurement end-to-end process is being re-designed as a part of business process review of WHO transformation initiative, with direct involvement of WHE OSL leadership. The vision and deliverables are outlined in the attached PPT. In the proposed four supply chain initiatives, warehouse standard operating procedure is considered one of the building blocks. Specifically, it is planned to define top ten rules for warehouse standard operating procedures and design change management framework to support implementation. Implementation of these deliverables is anticipated as a part of GPW 13 implementation.	No new reply furnished. Status may be kept as same.		Y		
	<b>Total</b>	<b>62</b>				<b>12</b>	<b>19</b>	<b>29</b>	<b>2</b>
	<b>Percentage of recommendations</b>					<b>19.35</b>	<b>30.65</b>	<b>46.77</b>	<b>3.23</b>

## Appendix 2

**STATUS REGARDING PENDENCY OF INVESTIGATION PROCESS**

<b>Nature of allegation</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
Abuse of authority				7	70	77
Corruption	5	9	7	2	10	33
Discrimination					3	3
Failure to comply with professional standards	11	12	13	11	30	77
Fraud	55	61	41	54	64	275
Harassment	25	28	28	32	101	214
Other	27	25	24	21	29	126
Recruitment irregularity	8	14	12	8	42	84
Retaliation	4	2	2	9	22	39
Sexual exploitation and abuse	3	5	8	6	71	93
Sexual harassment	10	5	8	16	46	85
(blank)		1				1
<b>Grand total</b>	<b>148</b>	<b>162</b>	<b>143</b>	<b>166</b>	<b>488</b>	<b>1107</b>

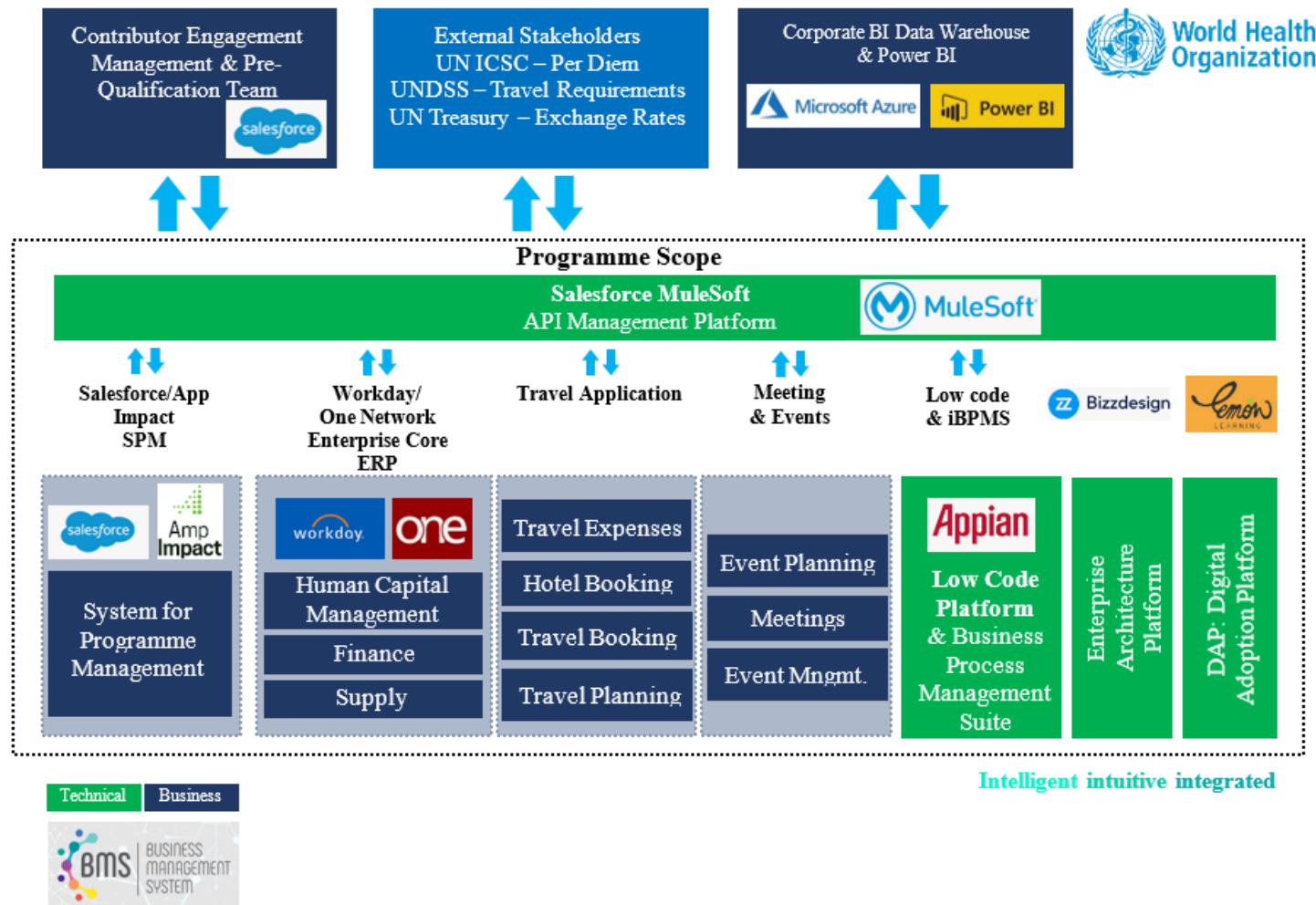
## Appendix 3

**PROCESSES IN WHICH TURNAROUND TIME WAS NOT ACHIEVED BY GSC**

Process description	TaT	Percentage of achievement of TaTs				
		2018	2019	2020	2021	2022 (Q2)
Global Procurement and Logistics (GPL)						
Process and Approve Draft POs for Catalogue Goods	6 working days	60%	66%	65%	48%	42%
Distribute Catalogue Goods POs	2 working days	-	73%	65%	57%	54%
Process, Approve & Distribute Emergency Catalogue Goods POs	24 hours	43%	33%	33%	28%	39%
Request for Price Estimates (RPEs) without tendering process	1, 3 or 5 working days	25%	31%	24%	16%	65%
Request for Price Estimates (RPEs) with fresh tendering process	10, 15 or 20 working days	39%	45%	54%	33%	16%
Global Finance						
Award Creation	2 working days	1 to 47 days of delay				
Global Human Resources						
Appointment of conference Staff	6 working days	74%				
Administer extension Fixed term	3 working days	29%				
Administer Extension – (Temporary Appointments)	4 working days	8%				
Administer Recognition of Child	3 working days	57%				
Administer Dependency Status for Child (0-18)	4 working days	64%				
Administer Dependency Status (in full time schooling) for Child (18–21)	4 working days	57%				

## FUNCTIONAL FEATURES OF BUSINESS MANAGEMENT SYSTEM (BMS) SUB-MODULES

### BMS Technology Landscape



**Figure 1: Proposed landscape of BMS and its components**

The functionalities of each of the sub-module is explained below.

Name of the component	Contributor Engagement Module (CEM)	System for Programme Management (SPM)	System for Programme Management (SPM)	Human Capital Management (HCM)	Finance	Supply
<b>Solution selected</b>	Salesforce	Salesforce	Workday	Workday	Workday	One Network
<b>Key functions</b>	Funding opportunity Award approval Award update	General Programme of Work General Programme of Work Translation (Country Support Plan)	Operation planning Project WBS Resource planning	Recruitment to retirement/severance Leave module	Payroll Treasury Accounting	Warehouse management Supply chain Inventory Procurement
<b>User community</b>	HQ, RO and CO	HQ, RO and CO	HQ, RO and CO	GSC	GSC	Warehouses, HQ, RO and CO
<b>Status</b>	Live 100% from April 2022, O&M has started but SLA enforcement is from 31-03-2023	UAT will begin soon	Design & development	Design & development	Design & development	Phase 1 UAT will begin soon
<b>Methodology</b>	-	Agile	Workday	Workday + Workday extend	Workday + Workday extend	Waterfall

## Appendix 5

**DETAILS OF PRODUCTS/SERVICES WHOSE UTILIZATION AGAINST  
PLANNED COST IS LESS THAN 50%**

Sr.	Strategic Priority	Outcome	Output	Activity	Fund Utilization
1.	1 – One billion more people benefiting from Universal Health Coverage	1.1 Improved access to quality essential health services	1.1.5 Countries enabled to strengthen their health force	Institutionalizing best practices on Human Resources for Health (HRH) management in line with National HRH Strategy	Utilization of funds (US\$ 78 659) was 35% of Planned Cost (US\$ 226 590), and 52% of Award Budget (US\$ 151 763).
2.		1.2 Reduced number of people suffering financial hardship	1.2.1 Countries enabled to develop and implement more equitable health financing strategies and reforms to sustain progress towards UHC	Comprehensive Health Financing Policy support in lieu with UHC reforms	Utilization of funds (US\$ 73 743) was 38% of Planned Cost (US\$ 193 590), and 94% of Award Budget (US\$ 78 126).
3.			1.2.2 Countries enabled to produce and analyse information on financial risk protection, equity and health expenditures and to use this information to track progress and inform decision making	Develop the Financial Protection Concept	Utilization of funds (US\$ 15 647) was 46% of the Planned Cost (US\$ 34 070) and 56% of the Award Budget (US\$ 28 122).
4.	3 – One billion more people enjoying better health and well being	3.1 Determinants of health addressed	3.1.1 Countries enabled to address social determinants of health across the life course	Revise National Framework on Nutrition in Educational Facilities	Utilisation of funds (US\$ 5730) was 11% of Planned Cost (US\$ 50 000) but 100% of the Award Budget (US\$ 5 730)

## Appendix 6

### DETAILS OF PRODUCTS/SERVICES WITH NO PLANNED COST AND AWARD BUDGET

Sl. No.	Strategic Priority	Outcome	Output	Activity
1.	1 – One billion more people benefiting from Universal Health Coverage	1.1 Improved access to quality essential health services	1.1.1 Countries enabled to provide high quality, people centred health services, based on Primary Health Care (PHC) strategies and comprehensive essential service packages	Development of the National Rehabilitation Strategy
2.			1.1.3 Countries enabled to strengthen their health systems to address population specific health needs and barriers to equity across the life course	WCO to set up norms and standards for transformation of residential care facilities
3.	3 – One billion more people enjoying better health and well being	3.1 Determinants of health addressed	3.1.1 Countries enabled to address social determinants of health across the life course	Road Safety Framework strengthening
4.				Addressing gaps in the Vaccine Action Plan (VAC) implementation framework
5.				Revising legislation in relation to salt reduction and trans-fat elimination
6.			3.1.2 Countries enabled to address environmental determinants of health, including climate change	Assess Water Sanitation and Hygiene (WASH) in health care facilities
7.		3.2 Risk factors reduced through multi-sectoral action	3.2.1 Countries enabled to develop and implement technical packages to address risk factors through multi-sectoral action	Assess the food safety component and align nutrition related National Policies with existing evidence and CODEX ALIMENTARIUS
8.		3.3 Healthy settings and Health-in-All Policies promoted	3.3.1 Countries enabled to adopt, review and revise laws, regulations and policies to create an enabling environment for healthy cities and villages, housing, schools and workplaces	Institutionalization of Health Promoting Schools (HPS) initiative at the national level
9.	4 – More effective and efficient WHO providing better support to Countries	4.1 Strengthened country capacity in data and innovation	4.1.1 Countries enabled to strengthen data, analytics and health information systems to inform policy and deliver impacts	Development and implementation of eHealth Road Map

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