
Report of the Office of Internal Oversight Services

INTRODUCTION

1. The general plan of work of the Office of Internal Oversight Services for the year 2011 is set out below for the information of the Programme, Budget and Administration Committee of the Executive Board.
2. The mission of the Office is to provide independent, objective assurance and advisory services designed to add value to and improve the Organization's operations. It helps the Organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of processes for risk management, control, and governance.

ORGANIZATION AND SCOPE

3. The Office is based at headquarters as a function of the Director-General's Office in order to ensure its independence. The Office is responsible for oversight of all levels and offices of the Organization. Its work is distributed between headquarters and regions in approximately the same proportion as the overall distribution of resources, i.e. headquarters and regions, after taking into consideration risks related to common global functions, such as the Global Service Centre and the Global Management System.
4. There are 17 posts (15 professional and two general services) within the Office, of which three professional posts are not staffed currently. The skills mix of its staff (including in the fields of medicine, public health, accounting, finance, information technology, evaluation, law, business administration) enables the Office to undertake both programmatic and operational reviews. Work is performed by teams that have a profile of skills relevant to each project review.
5. Work is conducted in accordance with the International Professional Practices Framework promulgated by the Institute of Internal Auditors. The standards provided by the Institute have been adopted for use throughout the United Nations system and provide independent, authoritative guidance designed to ensure an effective oversight function.

6. Reporting directly to the Director-General, the Office conducts internal audits, investigates alleged wrongdoing, and performs programme evaluation. The Office has full and prompt access to all records and personnel of the Organization, and can review all systems, processes, operations and activities within the Organization.

BUDGET

7. For the biennium 2010–2011, the budget of the Office was set at US\$ 7 400 000. Ninety-four per cent of the funds were released at the beginning of the biennium. At the time of writing, there is a funding gap of US\$ 378 000, which will be covered by savings gained through efficiencies and/or through recovery of costs for services provided.

AUDIT AND EVALUATION

8. The principle of results-based management guides the managerial process at WHO. The Eleventh General Programme of Work 2006–2015 and the Medium-term strategic plan 2008–2013 provide the agenda and strategic direction according to which WHO will operate and be held accountable for achieving results. The Office will continue to evaluate and improve processes for risk management, control and governance through conduct of audits and evaluations in the context of a results-based management framework.

9. WHO is decentralized with varied, geographically dispersed, responsibility and accountability centres, and this is taken into account when planning and prioritizing the work of the Office. Flexibility is necessary as unexpected events can interrupt or delay scheduled work.

10. The Office will focus on the structure, systems and processes that provide the basis for the delivery of results. This approach can be divided broadly into programme performance and operational support and evaluation.

11. The Office has developed an overall risk assessment model. This supports the professional judgments made in the prioritization of the annual plan of work. The model has three basic components to identify the areas of highest relative risk. It firstly establishes the audit universe drawing on the Global Management System database. A set of weighted risk parameters (see Annex) are then consistently applied to the database to arrive at a relative ranking of the risk attributable to the auditable entities in the universe. Finally, once an initial risk ranking has been achieved, the auditable entities are further screened against specific risk factors such as known events of error/fraud, management requests, or participation in the “Delivering As One” pilots. This assessment enables the Office to ensure that its available resources are allocated to, and focus on, the highest risk areas.

12. **Programme performance.** The Office uses criteria such as organizational and partner priority, resource allocation, internal control environment, geographical balance, performance assessments and specific management requests when selecting programmes for audit. On this basis, the Office plans to conduct performance audits of selected programmes during 2011 at headquarters and in regional offices. In the case of country offices, because they are discrete accountability units, performance audits will be combined with a review of operational support. This integrated approach takes into account the programmatic and operational risks and other issues that may hinder delivery of country office-specific expected results.

13. The workplan of the programme or country office under review serves as the starting point for the audit of programme performance. Using the risk-based approach mentioned above, the Office identifies performance issues that could impede the achievement of results, and assesses what needs to be put in place to manage such risks.

14. **Operational support.** Various administrative, financial, logistical and information systems operate within the Organization to support programme delivery. Such systems need to operate within an internal control structure comprising rules, regulations, policies and procedures. At the same time, the components of the structure need to operate efficiently, effectively and economically in order to facilitate the Organization's primary task of programme delivery.

15. In establishing priorities for 2011, the Office will monitor the roll-out to other areas of the Organization of the enterprise risk management exercise performed by the cluster for General Management and the risk management framework and incorporate the results from this exercise into the Office's selection of operational support activities for audit. The scope of work for each audit is determined by an engagement risk assessment tailored to the specific area. That assessment also provides an assurance that risks have been recognized and managed.

16. **Enterprise Resource Planning.** The Global Management System became active in July 2008 at headquarters and the Regional Office for the Western Pacific. In January 2010, the European, Eastern Mediterranean and South-East Asian regions joined the community. The roll-out of the Global Management System in the African Region is anticipated for 2011. These steps will represent new challenges for these regions and countries and an additional transaction processing workload for the Global Service Centre in Kuala Lumpur. In 2011, the Office will continue to seek assurance that significant risks have been identified and that the key controls are in place and functioning effectively as part of the overall control environment.

17. **Evaluation.** The Office is reviewing its evaluation guidelines to further clarify roles, responsibilities and utilization of evaluation products into an Organization-wide evaluation policy framework. The topics for evaluations to be conducted by the Office in 2011 will be selected using quantitative and qualitative criteria. The Office will consult as widely as possible before selecting a topic. The selected evaluations will cover programmatic and thematic topics, generally at a global or regional level, and will result in an analysis of outcomes and lessons learnt. Standard criteria such as relevance, efficiency, effectiveness and sustainability will be used in determining the terms of reference of an evaluation.

INVESTIGATIONS

18. The Office carries out investigations of suspected wrongdoings and other irregular activities, as and when they occur. This sometimes requires scheduled audit work to be interrupted or deferred. Although resources are available to perform these investigations, the introduction of a revised Policy on the Prevention of Harassment at WHO in September 2010 will place additional demands for financial and human resources on the Office that will need to be taken into account for the 2011 plan of work.

19. The revised policy provides for formal complaints (in cases where informal resolution is not feasible or appropriate) to be submitted to the Director of the Office who will determine whether an investigation should be undertaken. Such investigations will be carried out by the Office, in accordance with the Investigation Process, drawing upon external expertise as and when required. The results of the investigation will be reported to the Director-General or Regional Director, who will forward the report to the Global Advisory Committee for its views on the course of action to be taken.

IMPLEMENTATION

20. The Office monitors the implementation of all its recommendations in order to ensure either that action has been taken effectively by management or that senior management has accepted the risk of not taking action. In 2011, a modified database will be operational, and maintained in collaboration with general management, to ensure a closer individual monitoring of each recommendation and its effective implementation.

COORDINATION

21. The Office will continue to maintain close contact with the External Auditor. Periodic meetings are planned to coordinate audit work and to avoid duplication of efforts. The Office also interacts with other United Nations Agencies and International Organizations through the Meeting of Representatives of Internal Audit Services, the United Nations Evaluation Group and the Conference of International Investigators.

22. The Office will offer full cooperation to the Independent Expert Oversight Advisory Committee in providing details of the Office's annual plan of work and copies of requested audit and evaluation reports. The Committee was established in May 2009¹ and held its first meeting in April 2010. The Independent Expert Oversight Advisory Committee's role is to advise the Programme, Budget and Administration Committee of the Executive Board, and upon request, the Director-General on oversight matters. As such, the Independent Expert Oversight Advisory Committee shall have full access to WHO files and archives.

EXTERNAL REVIEW OF THE OFFICE

23. The Office underwent a performance review by the External Auditor during September 2010. The scope of the review of the Office included the mandate, audit planning, audit execution, reporting, resource management and follow-up activities. The External Auditor's report was not yet available at the time of drafting this document; however, the recommendations made to improve the efficiency of the oversight function will be taken into consideration and implemented, as appropriate.

¹ Resolution EB125.R1.

CONTINUOUS OPERATIONAL IMPROVEMENT

24. The Office will continue the efforts, initiated in 2010, to improve its operational performance through a number of internal projects focusing on staff development, related policies and guidelines, as well as improved methodologies and procedures. Periodic internal meetings are planned to coordinate audit work and continuous improvement projects to optimize efforts and use of resources.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

25. The Programme, Budget and Administration Committee is invited to note this report.

ANNEX

RISK ASSESSMENT MODEL PARAMETERS

The following oversight related risk factors have been selected and weighted by the Office of Internal Oversight Services as being the most relevant parameters for the assessment of the impact of an individual auditable entity on the risk to the Organization in the achievement of its objectives:

- Planned costs for 2010–2011
- Award budget for 2010–2011
- Award budget implementation rates for 2010–2011 (to date)
- Expenditure for 2008–2009
- Previous reviews by internal and external audit
- Approved WHO Programme budget priorities
- Support for Millennium Development Goals
- Number of staff in relation to Programme budget
- Number of workplan top tasks in relation to Programme budget, as available*
- Variation in award budget over last two bienniums

Additional parameters applied to WHO country offices include:

- Corruption Perception Index
- Length of time in position of key staff
- Number of sub-offices
- Participation in multi-donor trust funds
- Country in conflict/Fragile country

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* Not yet available from the Global Management System for the Regional Office for Africa.