
External and internal audit recommendations: progress on implementation

Report by the Secretariat

1. In resolution WHA58.4 the Director-General was requested to propose a tracking programme for external and internal audit recommendations that include time frames for implementation. At its fourth meeting, in May 2006, the Programme, Budget and Administration Committee agreed that progress on tracking audit recommendations would continue to need close monitoring. The Committee subsequently requested the Secretariat to apprise the Committee more specifically of progress made in implementation of the External Auditor's recommendations.¹
2. The present progress report is the fifth on the status and future direction of the Secretariat's work to monitor implementation of the recommendations of the External and Internal Auditors. The last progress report on this topic – submitted to the Programme, Budget and Administration Committee at its eleventh meeting in January 2010² – was the first to contain an Annex providing a detailed summary of the status of open audits. The Annex also specified follow-up actions undertaken in response to the recommendations of the relevant internal and external audit reports.
3. The present document will therefore focus on the most relevant aspects of this summary information, paying particular attention to internal and external audits that have remained open for a longer period of time. This information is also being supplied on a regular basis to the Organization's newly-established Independent Expert Oversight Advisory Committee; it is then reviewed by the Committee in conjunction with the reports prepared separately by the Office of Internal Oversight Services and the External Auditor.

ACTION TAKEN ON AUDIT RECOMMENDATIONS

Internal audit reports

4. The recommendations made in certain internal audit reports have proven difficult to implement in full; as a consequence, the reports concerned have remained open over time. However, considerable progress has now been made in response to the reports on the two internal audits conducted on

¹ Document A59/31, paragraph 6.

² Document EBPBAC11/5.

security management.¹ It should be noted that, in both cases, insufficient funding was preventing full compliance with United Nations Minimum Operating Security Standards.

5. In resolution WHA63.6, the Sixty-third World Health Assembly recognized the urgent requirements that had been identified and the associated financing needed for ensuring the safety and security of staff and premises. In the same resolution, considering the inadequate balance in the Security Fund, the Health Assembly also resolved to appropriate US\$ 10 million to the Security Fund. The Secretariat subsequently decided that US\$ 7 million in the Fund would be used to meet identified and urgent needs; the remaining US\$ 3 million will be held in reserve for unexpected needs. In addition, the Director-General decided to establish a sustainable funding mechanism for security expenditures and to ensure that such expenditures are included in workplans.

6. In response to the internal audit on enterprise risk management, the first full review of the risk register has been conducted; the register has been substantially modified and updated as a result. A first risk analysis and evaluation has also been carried out, followed by presentations of individual risks on the new list. In addition, a proposal to extend the risk management framework to the regions has been developed and discussed.

7. It has been decided to undertake the following actions to follow up implementation of a full enterprise risk management system: Directors, Administration and Finance will join the risk review committee; and regions will share their current ways of managing risk, including their respective risk registers. As a longer-term action, and based on the experiences of the regions and headquarters, some standardization will be undertaken with regard to the identification, evaluation and monitoring of risks. An initial discussion has been held on the potential integration of the risk management framework into the planning process. However, this matter will require further study.

External audit reports

8. In recent audits,² the External Auditor has highlighted risks associated with the quality of data being converted into the Global Management System when the System was rolled out to the European, South-East Asia and Eastern Mediterranean regions at the beginning of 2010. The Secretariat responded to these concerns by intensifying the cleaning, testing and validation of data from the regions that were converting to the System. In addition, lessons learnt from the initial roll-out at headquarters and in the Western Pacific Region were applied during the preparations for further roll-outs. This made it possible to reduce substantially the balances in personal accounts of staff members and in suspense accounts. The remaining balances were then reconciled before being brought into the Global Management System and incorporated into WHO's financial statements for the biennium 2008–2009. The Secretariat is actively following up on items identified as needing additional clarification, including the treatment of unliquidated obligations, the tracking of prepayments and advances, and inventory recording and monitoring.

9. The External Auditor has also focused on operations and controls put in place for the transaction processing carried out at the new Global Service Centre in Kuala Lumpur. The need for an audit trail of transactions and an appropriate segregation of duties in human resources processes, and for the verification of staff data such as dependency status, were highlighted in the Auditor's report. The

¹ See Annex 1, reports IOS 05/697 and IOS 08/778.

² See documents A62/29 and A63/37.

Secretariat has responded by making procedural changes to clarify roles and responsibilities, document all approvals, and increase oversight so that anomalies are discovered and resolved before processing is complete. As a result, improvements have been recorded in efficiency and service levels; these have also benefited from organizational adjustments at the Service Centre and operational experience gained since the Global Management System was first introduced in July 2008. However, work continues with regard to some of the areas for improvement identified by the External Auditor; these include timely recovery of travel advances, clearing invoices that are on hold, and maintaining sufficient controls on personal accounts.

10. In audit reviews of country office operations, the External Auditor highlighted concerns regarding controls on contracting, including the need to produce good-quality adjudication reports and to ensure receipt of the final reports required upon the completion of contracts. The need was also identified for better controls and documentation of imprest account transactions. In addition, low programme implementation was an issue in nearly all countries reviewed in 2009. The Secretariat expects that many of the weaknesses in the control of contracting and imprest will be improved through the in-built controls of the Global Management System. In addition, the System enables WHO offices at country level to perform live transactions, rather than operating offline and being consolidated after the event, which is the case in the old system. This will also allow better global monitoring of implementation at country level.

11. Further details on the status of the audit reports that remain open are provided in Annexes 1 and 2 below.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

12. The Committee is invited to note this report.

ANNEX 1

SUMMARY OF OPEN AUDIT STATUS: REPORTS BY THE OFFICE OF INTERNAL OVERSIGHT SERVICES

Subject/Audit number/ Responsible party	Update on implementation
<p>Security at headquarters</p> <p>IOS 05/697</p> <p>Director, Operational Support and Services</p>	<p>Date audit issued to management: 24 June 2005.</p> <p>The main obstacle to the closure of this audit, as with the audit on security in the WHO regions, was the fact that the available funding was not sufficient to ensure the full compliance of all WHO offices with United Nations Minimum Operating Security Standards. The funding gap for this was estimated at US\$ 48.5 million (all WHO locations). In view of the magnitude of this gap, the closure of this audit mainly hinged on the approval of additional funding on the part of WHO's governing bodies. In resolution WHA63.6, the Health Assembly recognized the urgent requirements that had been identified and the associated financing needed for ensuring safety and security of staff and premises.</p> <p>In the same resolution, considering the inadequate balance in the Security Fund, the Health Assembly resolved to appropriate US\$ 10 million to the Security Fund. The Secretariat subsequently decided that US\$ 7 million in the Fund would be used to meet identified and urgent needs; the remaining US\$ 3 million would be held in reserve for unexpected needs. In addition, the Director-General decided to establish a sustainable funding mechanism for security expenditures and to ensure that such expenditures are systematically included in workplans.</p> <p>WHO's Regional Office in Brazzaville has been certified as being compliant with the Minimum Operating Security Standards by the compliance and evaluation monitoring unit of the United Nations Department of Safety and Security. The Office obtained a rating well above that achieved by the majority of United Nations agencies in the country. This has enabled another outstanding recommendation to be settled.</p> <p>The only remaining outstanding audit recommendation concerns the use of non-WHO vehicles by WHO staff. The Department of Operational Support and Services has drafted an Information Note to all staff to complement the guidelines addressed to Directors, Administration and Finance on 22 April 2010. On 9 August 2010, the Office of Internal Oversight Services confirmed that, assuming this Information Note can be issued as recommended, the Office will be able to close the audit report.</p>

Subject/Audit number/ Responsible party	Update on implementation
<p>Enterprise risk management</p> <p>IOS 06/727</p> <p>Assistant Director-General, General Management</p>	<p>Date audit issued to management: 12 August 2006.</p> <p>Considerable progress has been made following a detailed study that included the classification of existing risks, which was carried out by a leading firm of management consultants in early 2009. In addition, a first full review of the risk register was conducted, following which the register was substantially modified and updated. A first risk analysis and evaluation was also carried out, followed by presentations of individual risks on this new list. In addition, a proposal to extend the risk management framework to the regions has been developed and discussed. In terms of initial follow-up action, it was decided that:</p> <ul style="list-style-type: none"> (a) Directors, Administration and Finance would join the risk review committee; (b) the WHO regions would share their current ways of risk management, including their respective risk registers; (c) as a longer-term action, and based on the experience of the regions and headquarters, some standardization would be developed in the identification, evaluation and monitoring of risks. <p>Finally, a first discussion on the potential integration of the risk management framework into the planning process took place. However, this matter will require further study.</p> <p>Additional monitoring by the Office of Internal Oversight Services of the effectiveness and longer-term sustainability of the new risk management systems and related efforts is to be carried out as a precondition for closing this audit.</p>
<p>Bank accounts of associations and other entities established by WHO staff at headquarters</p> <p>IOS 07/735</p> <p>Director, Human Resources Management</p>	<p>Date audit issued to management: 4 May 2007.</p> <p>The recommendations to strengthen controls over the existing bank accounts of the associations have been implemented. However, it has not been possible to implement the recommendations to create guidelines for the establishment and operation of WHO-related associations and other entities and their bank accounts, as these are concerned by broader negotiations that are continuing between WHO's management and the WHO staff associations regarding WHO's statutory staff welfare provisions.</p>

Subject/Audit number/ Responsible party	Update on implementation
<p>WHO Research Ethics Review Committee</p> <p>IOS 07/753</p> <p>Director, Research Policy and Cooperation</p>	<p>Date audit issued to management: 10 January 2008.</p> <p>A detailed response to the audit was provided in November 2008, enabling the Office of Internal Oversight to close 10 of its 25 recommendations. A second response to the Office, dated 12 May 2009, provided an update on the implementation status of the remaining open recommendations; it included details on the issuing of the revised Rules of Procedure of the Review Committee. Following this, in its memorandum of 28 May 2009, the Office of Internal Oversight Services announced the full or partial closure of another four recommendations.</p> <p>On 2 September 2009, a third response was provided to the Office, giving a detailed account of the status of the audit recommendations. In its communication of 9 September 2009, the Office closed another four recommendations, either fully or partially. A fourth round of communications concerning this audit (an update to the Office, 10 November; a response from the Office, 17 November 2009) led to the partial closure of a further two recommendations. This latest exchange left seven recommendations fully or partially open, with actions still being evaluated by the Office of Internal Oversight Services. A reminder was sent by the Office on 5 May 2010.</p>
<p>Risk assessment of the Memorandum of Understanding with the International Drug Purchase Facility, UNITAID</p> <p>IOS 07/755</p> <p>Executive Secretary, UNITAID</p>	<p>Date audit issued to management: 10 December 2007.</p> <p>A comprehensive response to the auditors' recommendations – in the form of a joint memorandum from the Secretariat and UNITAID – is still outstanding. The memorandum will focus on the five most serious risks identified in the executive summary of the audit report. This response is planned for mid- to end-November 2010. Meanwhile, in preparation for its next detailed audit plan for UNITAID, the Office of Internal Oversight Services has also carried out a comprehensive risk analysis for UNITAID in collaboration with the latter. Furthermore, following a first external audit conducted in 2010 in respect of the biennium 2008–2009, a second, interim external audit of UNITAID for the year 2010 has been scheduled to begin in February 2011.</p>

Subject/Audit number/ Responsible party	Update on implementation
<p>Audit of the WHO Regional Office for Africa, Brazzaville</p> <p>IOS 07/757</p> <p>Regional Director for Africa</p>	<p>Date audit issued to management: 12 February 2008.</p> <p>A memorandum issued by the Office of Internal Oversight Services, dated 5 July 2010, indicated that only three audit recommendations remain open. A further response from the Regional Office, dated 20 October 2010, has been sent for review by the Office.</p>
<p>Assessment of the control readiness of the Global Management System's Global Service Centre</p> <p>IOS 07/758</p> <p>Director, Global Service Centre</p>	<p>Date audit issued to management: 15 January 2008.</p> <p>An initial response to the audit was provided in July 2009. Further consideration and analysis have been deferred pending the results of a new audit review of controls at the Global Service Centre, undertaken by a leading international audit practice on behalf of the Office of Internal Oversight Services. That audit may mean that no further response is needed to the earlier audit.</p>
<p>Office of the WHO Representative, Pretoria</p> <p>IOS 08/767</p> <p>WHO Representative, South Africa</p>	<p>Date audit issued to management: 23 May 2008.</p> <p>A response received in December 2008 confirmed the effective implementation of certain recommendations. Further documentation was requested by the Office of Internal Oversight Services. Partial responses were received on 24 May and 14 September 2009; however, additional follow-up will be needed.</p>
<p>Performance audit of WHO's collaboration with the private sector</p> <p>IOS 08/768</p> <p>Director, Partnerships and United Nations Reform</p>	<p>Date audit issued to management: 24 June 2008.</p> <p>This audit reviewed guidelines on working with the private sector to achieve health outcomes, WHO's increasing collaboration with the private sector, and associated risks. An initial response was received on 20 August 2009, enabling some recommendations to be closed. However, work is reported to be continuing in response to other substantial recommendations.</p>

Subject/Audit number/ Responsible party	Update on implementation
<p>Alert and response operations, Department of Epidemic and Pandemic Alert and Response at headquarters</p> <p>IOS 08/773</p> <p>Director, Global Alert and Response</p>	<p>Date audit issued to management: 20 August 2008.</p> <p>An initial response was received on 19 August 2009, indicating that work had begun. The Office of Internal Oversight Services issued a memorandum in response, dated 3 September 2009, requesting further information on the status of implementation. A reply to the Office was issued on 7 January 2010, which enabled the Office to close five of its recommendations in its response dated 26 February 2010. A further update was provided to the Office on 22 July 2010, together with a detailed implementation matrix. This response is still being evaluated. However, recent changes in the Alert and Response Operations and Global Alert and Response programmes may require the Office to revisit some of its recommendations, or even the whole audit.</p>
<p>Office of the Special Representative of the Director-General in the Russian Federation, Moscow</p> <p>IOS 08/775</p> <p>Special Representative of the Director-General in the Russian Federation</p>	<p>Date audit issued to management: 14 October 2008.</p> <p>An initial response was sent to the Office of Internal Oversight Services on 27 October 2009. The Office replied on 20 November 2009, attaching its detailed comments on each of the updates provided. A further update on implementation efforts was transmitted in a memorandum to the Office, dated 20 July 2010. In its response of 28 July 2010, the Office was able to close 12 of its 20 recommendations.</p>
<p>Security in the WHO regions</p> <p>IOS 08/778</p> <p>Director, Operational Support and Services</p>	<p>Date audit issued to management: 19 November 2008.</p> <p>A comprehensive response was sent to the Office of Internal Oversight Services on 10 August 2010; it provided details, region by region, on the implementation work that had been carried out on the audit. Most of the subjects raised mirror those covered in the earlier audit report on security at headquarters (see relevant comments above). This response is still being evaluated by the Office.</p>

Subject/Audit number/ Responsible party	Update on implementation
<p>Global insurance coverage at headquarters</p> <p>IOS 08/779</p> <p>Comptroller</p>	<p>Date audit issued to management: 28 November 2008.</p> <p>An initial response to the audit report was sent to the Office of Internal Oversight Services in November 2009. In addition, a wholesale review of WHO's insurance needs and financing arrangements, with an initial focus on personnel-related insurances, is now under way, and will be completed in 2011. The findings of a recent study of service-incurred insurance needs for the United Nations system are also being considered within this review.</p>
<p>Office of the WHO Representative, Islamabad</p> <p>IOS 08/780</p> <p>Regional Director for the Eastern Mediterranean</p>	<p>Date audit issued to management: 27 November 2008.</p> <p>A memorandum dated 1 December 2009, which provided details of the status of implementation, was transmitted to the Office of Internal Oversight Services. This enabled some of the recommendations from this audit to be closed. The remaining open findings were communicated by the Office in a memorandum dated 5 January 2010. A further response to the Office, in the form of an update by e-mail in May 2010, was followed by a memorandum from the Office, dated 28 October 2010, announcing the closure of 12 recommendations. The Office also provided detailed comments on why a further 12 recommendations remain open.</p>
<p>Education grants at headquarters</p> <p>IOS 08/784</p> <p>Assistant Director-General, General Management</p>	<p>Date audit issued to management: 30 January 2009.</p> <p>The Office of Internal Oversight Services received a response in July 2009; a supplementary response followed on 28 September 2009, providing additional information on a number of recommendations. Following the external audit of 16 August 2010, the Office noted the continuing backlog of documents awaiting uploading in the record management system. As a consequence, two recommendations remain open.</p>
<p>Office of the WHO Representative, Nairobi</p> <p>IOS 09/792</p> <p>WHO Representative, Kenya</p>	<p>Date audit issued to management: 29 May 2009.</p> <p>An initial response was sent to the Office of Internal Oversight Services on 18 April 2010. Following this, the Office was able to close 14 of the 37 recommendations contained in the report. In its response memorandum, dated 2 August 2010, the Office requested further information on the status of implementation regarding its 23 other recommendations.</p>

Subject/Audit number/ Responsible party	Update on implementation
Office of the WHO Representative, Niamey IOS 09/795 WHO Representative, Niger	Date audit issued to management: June 2009. The Office of Internal Oversight Services received an initial response by fax on 13 July 2010, including a table of implementation of recommendations. In its response of 28 July 2010, the Office closed the majority of the recommendations, requesting further comments on the 10 remaining recommendations.
Tobacco Free Initiative at headquarters IOS 09/796 Director, Tobacco Free Initiative	Date audit issued to management: 19 June 2009. An initial detailed response was received on 28 October 2009, which enabled the Office of Internal Oversight Services, in its response of 27 November 2009, to close a number of recommendations. The Office also requested a further update and/or supporting documentation in respect of the remaining open recommendations. A further detailed response was received on 14 July 2010. In its response of 26 July 2010, the Office closed another two recommendations, while requesting further information on the implementation of the two outstanding recommendations.
Quality Assurance and Safety: Medicines team IOS 09/797 Director, Essential Medicines and Pharmaceutical Policies	Date audit issued to management: 1 July 2009. The audit assessed the performance of the Quality Assurance and Safety: Medicines team and its management of risks. These included an increasing dependence on donor funds and seconded staff, and the interruption of the team's normative work. An initial response is in preparation.
Global Management System access IOS 09/801 Director, Information Technology and Telecommunications	Date audit issued to management: 26 June 2009. A first response with a detailed update on the status of implementation was sent to the Office of Internal Oversight Services on 14 January 2010. In its response of 22 January 2010, the Office (i) closed a number of recommendations; (ii) carried over two other recommendations to the follow-up audit report 09/819 – on the review of controls over selected business processes at the Global Service Centre, prepared by a leading firm of auditors; and (iii) requested an updated response on two further recommendations.

Subject/Audit number/ Responsible party	Update on implementation
	Following a reminder from the Office, dated 5 May 2010, a further memorandum was received, dated 11 May 2010, in which details were given on the status of implementation regarding the two recommendations concerned. This response is being followed up and clarified.
<p>Tobacco Free Initiative unit at the WHO Regional Office for South-East Asia</p> <p>IOS 09/803</p> <p>Regional Director for South-East Asia;</p> <p>Coordinator, Tobacco Free Initiative</p>	<p>Date audit issued to management: 6 July 2009.</p> <p>A first response was provided to the Office of Internal Oversight Services on 17 September 2009. In its response of 30 October 2009, the Office requested more evidence on the completion of the work to implement open recommendations. A second update on the status of this work was provided by the auditee on 25 January 2010, with some subsequent follow-up information coming by e-mail. In its response of 10 June 2010, the Office advised that it was able to close three recommendations as a result of this update, but would keep the remaining ones open.</p>
<p>Health and Medical Services at headquarters</p> <p>IOS 09/804</p> <p>Director, Human Resources Management;</p> <p>Director, Health and Medical Services</p>	<p>Date audit issued to management: 17 July 2009.</p> <p>An initial response was provided by e-mail on 25 January 2010. In its reply of 25 January 2010, the Office of Internal Oversight Services requested further information on the detailed implementation status of the recommendations concerned. On 28 April 2010, WHO issued Information Note 14/2010 entitled “WHO Global Policy on Health and Safety at Work.” On 5 May 2010, the Office sent a reminder regarding an update on the status of this audit, which prompted an e-mail response, dated 12 May 2010, with a detailed follow-up table attached. The Office was thus able, in its reply of 26 July 2010, to close nine of its recommendations. However, 13 other recommendations remain open pending the receipt of further updates and supporting documentation.</p>
<p>Review of WHO’s approach to Comptrollership</p> <p>IOS 09/805</p>	<p>Date audit issued to management: 10 July 2009.</p> <p>The review concerned risks associated with financial control and the recommendations included the following: concentrating comptrollership functions under a single post in the General Management Cluster; increasing the role</p>

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Assistant Director-General, General Management	of the Department of Finance in budgeting; and practising more input-based budgeting to enhance revenue and expenditure monitoring. A first response was provided in a memorandum transmitted to the Office of Internal Oversight Services dated 1 July 2010. This response is still being evaluated.
Office of the WHO Representative, Accra IOS 09/806 Regional Director for Africa; WHO Representative, Ghana	Date audit issued to management: 6 August 2009. In an e-mail dated 28 April 2010, the Regional Office provided an updated implementation report to the Office of Internal Oversight Services. In its response of 30 April 2010, the Office requested further information on individual recommendations. In a further e-mail of 16 June 2010, additional explanations were provided. Following this, the Office, in its response of 18 June 2010, requested further information in the comments attached to the updated follow-up matrix.
Management and oversight of the Staff Health Insurance Fund IOS 09/808 Comptroller	Date audit issued to management: 30 September 2009. In a memorandum of 22 December 2009, initial comments were provided on the report. This enabled the Office of Internal Oversight Services, in its response dated 10 March 2010, to close 15 of the 40 recommendations of the audit, while 25 other recommendations remain partially or fully open. The remaining audit concerns are being dealt with as part of the wholesale review of the governance of staff health insurance. However, that review will not be completed until the end of 2011 (see also the comments concerning the audit of insurance coverage at headquarters above).
WHO Office for Southern Sudan, Juba IOS 09/813 Director, Administration and Finance	Date audit issued to management: 27 November 2009. A detailed implementation status report, was provided in an attachment to the e-mail response sent to the Office of Internal Oversight services, dated 18 January 2010. This enabled the Office, in its response memorandum of 26 April 2010, to close seven of the 15 recommendations. With the memorandum the Office also provided a detailed matrix of the eight recommendations that remained open (whether partially or fully), indicating the action already taken, as well as further comments and questions from the Office on each recommendation.

Subject/Audit number/ Responsible party	Update on implementation
<p>WHO Knowledge Management Strategy at headquarters</p> <p>IOS 09/814</p> <p>Director, Knowledge Management and Sharing</p>	<p>Date audit issued to management: 24 November 2009.</p> <p>In an initial response to the cover memorandum from the Office of Internal Oversight Services, a table was provided on 8 June 2010 showing the status of implementation. This information is still being evaluated.</p>
<p>Office of the WHO Representative, Lusaka</p> <p>IOS 09/817</p> <p>Regional Director for Africa; WHO Representative, Zambia</p>	<p>Date audit issued to management: 10 March 2010.</p> <p>The audit dealt with the following: the WHO country office's strategic positioning; its capacity in programmes such as reproductive health; the need for explicit indicators and alternative operational partners; and operational controls and risks. An initial response, sent in November 2010, is under consideration by the Office of Internal Oversight Services.</p>
<p>Country Operations Management Support Programme at WHO Regional Office for Europe</p> <p>IOS 09/818</p> <p>Regional Director for Europe</p>	<p>Date audit issued to management: 4 February 2010.</p> <p>A memorandum dated 26 June 2010 was sent to the Office of Internal Oversight Services in response to the audit report. In its response memorandum of 9 July 2010 the Office closed two recommendations; it also sought further information on the implementation status of the other recommendations made in its report.</p>
<p>Review of controls over selected business processes at the Global Service Centre</p> <p>IOS 09/819</p>	<p>Date audit issued to management: 23 December 2009.</p> <p>This report and has now largely superseded the earlier report of the Office of Internal Oversight Services, which concerned the control readiness assessment conducted on the Global Service Centre as part of the Global Management System (see above). A detailed response from the Centre was received on 5 October 2010, agreeing</p>

Subject/Audit number/ Responsible party	Update on implementation
Assistant Director-General, General Management; Comptroller	<p>with recommendations regarding the following: controls on reports generated by the System; the need for further training and updated job descriptions; enhanced tracking of staff productivity; payroll control risks; unclear accountability over employee records; ineffective control in the Global Management System over high-value procurement; bank account reconciliation backlogs; travel claim reviews and recoveries; matching un-invoiced purchase orders and other procurement control risks; and ineffective controls over user rights. Headquarters also responded to recommendations on the following: outdated policies and Manual provisions, which are under active revision; imprest; high-value purchase orders and travel recoveries, which are actively tracked and now up-to-date.</p> <p>In each of these areas, mitigation actions are under way or planned, and documentation was provided to support the actions taken. A few recommendations were unclear, and will require further discussion to clarify. Responses on several additional recommendations are in preparation.</p>
Regional Office for Africa IOS 09/820 Regional Director for Africa	<p>Date audit issued to management: 22 March 2010.</p> <p>A first response to the audit report was sent to the Office of Internal Oversight Services in a memorandum dated 22 June 2010, which had an attached implementation report in matrix form. In its response memorandum of 1 November 2010, the Office indicated that, as a result of the information provided, it was able to close 15 of the 44 recommendations of the audit report. The Office also requested additional information on the implementation status of the other 29 recommendations.</p>

ANNEX 2

SUMMARY OF OPEN AUDIT STATUS: REPORTS BY THE EXTERNAL AUDITOR

Subject/Audit number/ Responsible party	Update on implementation
<p>Global Management System – project processes and preparedness for implementation</p> <p>EA/08/HQ/2008/01</p> <p>Assistant Director General, General Management</p>	<p>Date audit issued to management: February 2008.</p> <p>Items covered by the External Auditor’s observations and recommendations included project management, compliance with the International Public Sector Accounting Standards, records management, conversion and cutover, testing, project cost, procurement, legacy decommissioning, planning for disaster recovery, training, organizational readiness, printing and security.</p> <p>By December 2008, the majority of the items had been settled in responses provided by the management.</p> <p>Some items remain open pending the stabilization of the Global Management System and its full introduction in the WHO regions. The items concerned – including procurement, legacy decommissioning and cost – were to be reviewed in the audit of headquarters set for March 2009. In March 2010, the External Auditor indicated that recommendations on procurement, legacy decommissioning, data classification and data security remained open. A reply was sent to the External Auditor in October 2010, describing continuing actions related to data quality, decommissioning, and security.</p>
<p>Audit of the WHO Regional Office for Africa</p> <p>EA/08/AFRO/01</p> <p>Director, Administration and Finance</p>	<p>Date audit issued to management: December 2008.</p> <p>Items covered by the External Auditor’s observations and recommendations included budget control, fund utilization, negative balances, imprest, cash management, bank reconciliation, direct financial cooperation, personal accounts, human resources management, Agreements for Performance of Work, Technical Service Agreements, procurement, inventory, fellowships and programme management.</p> <p>In its response, the management accepted the recommendations and informed the External Auditor that their implementation was under way. A further submission in 2009 enabled the items on project and inventory management to be settled. In October 2009 an additional submission provided information on inventory,</p>

Subject/Audit number/ Responsible party	Update on implementation
	<p>including the installation of inventory tracking software in country offices, the issuing of terms of reference for a contractor to help to reconcile personal accounts, updated reporting on direct financial cooperation by countries, and human resources management (Performance Management and Development System) and contracting.</p> <p>By September 2010, after further responses and actions taken by the Regional Office, the External Auditor indicated that all the items had been settled, except inventory and human resources management.</p>
<p>Audit of the Office of the WHO Representative, Abuja</p> <p>EA/08/AFRO/Nigeria/02</p> <p>WHO Representative, Nigeria</p>	<p>Date audit issued to management: December 2008.</p> <p>Items covered by the External Auditor's observations and recommendations included budget control, negative balances, imprest, cash and bank balances, personal accounts, human resources management, Agreements for Performance of Work, Technical Service Agreements, procurement, inventory management and programme management.</p> <p>In March 2009, the Regional Office responded to the External Auditor's comments on budgetary control, Agreements for Performance of Work, Technical Service Agreements, procurement, inventory management and programme management. By September 2009, the External Auditor was awaiting details of implementation in respect of negative balances, imprest, personal accounts, procurement (vendor profiling) and inventory management.</p>
<p>Audit of the Global Service Centre</p> <p>EA/09/HQ/GSC/10</p> <p>Director, Global Service Centre; Director, Information Technology and Telecommunications</p>	<p>Date audit issued to management: January 2009.</p> <p>Items covered by the External Auditor's observations and recommendations included preparation for the introduction of the Global Management System in the regions, accounts payable, global procurement and logistics, service requests pending, travel advances, information technology security, disaster recovery and business continuity, service catalogue, online training materials, customer satisfaction, imprest and insurance.</p> <p>On 22 April 2009, the management response indicated acceptance of the recommendations.</p>

Subject/Audit number/ Responsible party	Update on implementation
	<p>In April 2009 the External Auditor responded to the management's submission, indicating that all the outstanding items referred to in document A62/29 remained open, except online training materials and imprest, which had been settled. After further replies from the management in March and October 2010, the External Auditor indicated that recommendations on management of information technology security, disaster recovery and business continuity, and adoption of the framework for the protocols under the Information Technology Infrastructure Library remain open. Details of the results of a customer satisfaction survey conducted among staff members already using the System are provided to the Programme, Budget and Administration Committee in document EBPBAC13/2.</p>
<p>Audit of UNAIDS</p> <p>EA/09/HQ/UNAIDS/03</p> <p>Director, Administration and Finance</p>	<p>Date audit issued to management: March 2009.</p> <p>Items covered by the External Auditor's observations and recommendations included findings on assets, contingent liabilities, voluntary contributions, programme budget, staff expenditures, internal audit and compliance with the International Public Sector Accounting Standards.</p> <p>In June 2009, a response on all items was received from the management.</p> <p>In September 2009, the External Auditor indicated that all recommendations had been settled, except those on voluntary contributions and programme budget. A follow-up submission on outstanding issues is under review.</p>
<p>Audit of the interim financial statements of WHO for 2008</p> <p>EA/09/HQ/05</p> <p>Assistant Director General, General Management</p>	<p>Date audit issued to management: March 2009.</p> <p>Items covered by the External Auditor's observations and recommendations included: void payments, bank reconciliations, duplicate payments, use of imprest accounts, duplicate suppliers, recoveries for irregular travel claims, travel agent invoices, award recording, record management, sundry debtors, unliquidated obligations, data reconciliation for staff health insurance, pensions, cargo insurance, requests for proposals and selections, travel agent contracts, Global Management System efficiency and service requests, inventory and training on the System.</p> <p>A detailed response from the management was sent in August 2009 concerning items on cash management, bank reconciliation, imprest, duplicate payments and suppliers, irregular travel claims, methods for</p>

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	<p>overcoming difficulties with the Global Management System and training on the System, pensions, staff health insurance, service requests and travel agent contracts.</p> <p>A response was received from the External Auditor in September 2009, indicating that items on procurement, service requests and travel agent contracts had been settled. A further reply in 2010 enabled the recommendation on duplicate payments to be settled. Other recommendations remaining open concern pensions, inventory management, and insurance for purchase orders and for cargo.</p>
<p>Audit of cash management and bank reconciliations</p> <p>EA/09/HQ/06</p> <p>Comptroller</p>	<p>Date audit issued to management: October 2009.</p> <p>The External Auditor's recommendations concerned cash planning, investing, investment tracking, forecasting, risk management, cash-in-transit, the division of responsibility for bank reconciliations between the Global Service Centre and headquarters, and the appropriate segregation of duties.</p> <p>The management replied in January 2010 and again in October 2010. Following this, recommendations were settled on unreconciled transactions, monthly bank reconciliations, appointment of a risk analyst, reconciliation of general ledger and bank balances, and the accuracy of accounts. Recommendations on cash in transit and investment forecasting remain open.</p>
<p>Review of bank reconciliations at the Global Service Centre</p> <p>EA/09/HQ/07</p> <p>Director, Global Service Centre</p>	<p>Date audit issued to management: October 2009.</p> <p>The External Auditor made recommendations on bank reconciliation and internal controls, duplicate bank statements, legacy data conversion and bank statement batches.</p> <p>Replies by the management in January and September 2010 enabled all the items to be settled, except duplicate and electronic bank statements, which involve system or client constraints and which have been overcome by means of manual processes.</p>
<p>Audit of the WHO Regional Office for South-East Asia</p>	<p>Date audit issued to management: November 2009.</p> <p>The External Auditor's recommendations cover the following: negative balances; fund utilization; unliquidated obligations; cash management; timely submission of imprest returns; monitoring and reporting</p>

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<p>EA/09/SEARO/10</p> <p>Director, Administration and Finance</p>	<p>in respect of direct financial cooperation; bank reconciliations; personal account balances in respect of advances for salary, travel and staff health insurance; Technical Service Agreements signed retroactively; Agreements for Performance of Work, and procurement adjudication and advances; submission of duty travel reports; obligations in the activity management system unlinked to programme workplans; reports relating to fellowships; physical verification for inventory records; correct preparation of proposals to the Property Survey Committee; readiness of the Global Management System; timeliness of processes for staff performance management and for recruitment.</p> <p>A reply from the Regional Office in January 2010 enabled the recommendations on the cash management and the Property Survey Committee to be settled. A further reply concerning the remaining open items is awaited.</p>
<p>Audit of the Office of the WHO Representative, Tallinn</p> <p>EA/09/EURO/Estonia/11</p> <p>WHO Representative, Estonia</p>	<p>Date audit issued to management: December 2009.</p> <p>Recommendations from the External Auditor covered imprest vouchers, programme under-implementation and programme monitoring, duty travel authorizations, contract record-keeping for Agreements for Performance of Work, VAT recoveries, and inventory tracking.</p> <p>A reply from the management in January 2010 enabled all the items to be settled, except those concerning VAT and duty travel.</p>
<p>Audit of the Office of the WHO Representative, New Delhi</p> <p>EA/09/SEARO/India/12</p> <p>WHO Representative, India</p>	<p>Date audit issued to management: November 2009.</p> <p>The External Auditor reviewed the National Polio Surveillance Project and made recommendations concerning cash book maintenance and monitoring, cash insurance, imprest vouchers, refunds for contract overpayments, and follow-up of unliquidated obligations. In a review of the Office of the WHO Representative, the External Auditor issued recommendations on low implementation, imprest controls, outstanding bank reconciliations, review of unliquidated obligations, reports and refunds in respect of contracts for direct financial cooperation and Agreements for Performance of Work, budgets for Technical Service Agreements, obligations unlinked to programme workplans, under-implementation of programmes and achievement of results, out-of-date inventory records, overdue termination of study reports by those awarded fellowships, and late or un-submitted staff performance appraisals.</p>

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	Recommendations concerning imprest, bank reconciliations, and fellowships were settled following an initial reply from the management in January 2010. A further response on other open items is awaited.
<p>Audit of the Office of the WHO Representative, Bishkek</p> <p>EA/09/EURO/Kyrgyzstan/13</p> <p>WHO Representative, Kyrgyzstan</p>	<p>Date audit issued to management: December 2009.</p> <p>The External Auditor made recommendations on separate imprest accounts per currency, reconciliation of services provided by UNDP with WHO's accounts, contract adjudications and advances in respect of Agreements for Performance of Work, travel authorization approvals, VAT refunds, inventory records, and low programme implementation.</p> <p>A reply was received in January 2010, which enabled the recommendations on imprest and cash accounts, and on inventory records to be settled. Additional information is awaited concerning VAT refunds, travel authorizations, contracts for Agreements for Performance of Work and programme management.</p>
<p>Audit of the WHO Regional Office for Europe</p> <p>EA/09/EURO/14</p> <p>Director, Administration and Finance</p>	<p>Date audit issued to management: November 2009.</p> <p>The External Auditor's recommendations concerned budgetary control, negative balances, unliquidated obligations, imprest account controls, cash management reconciliations, bank reconciliations, outstanding salary advances and education grants in personal accounts, contract bidding for Agreements for Performance of Work, reports on contracts for Technical Service Agreements, workplan monitoring, duty travel approvals, procurement documentation, inventory and fraud.</p> <p>A reply from the management in January 2010 enabled the recommendations on budgetary control, cash management, and procurement to be settled. A reply on the other open recommendations is awaited.</p>
<p>Audit of the WHO Regional Office for the Eastern Mediterranean</p> <p>EA/09/EMRO/15</p>	<p>Date audit issued to management: November 2009.</p> <p>The External Auditor made recommendations on a number of issues, including the following: negative balances, budgetary control and fund utilization, unliquidated obligations, petty cash controls, timely submission of imprest returns, clearance of suspense accounts, maintenance of bank accounts, controls and monitoring of contracts for direct financial cooperation, salary advances, staff health insurance claims,</p>

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Director, Administration and Finance	<p>timely finalization of country cooperation strategies, contract controls for Technical Service Agreements and Agreements for Performance of Work, reports from those awarded fellowships, bidding, inventory, fraud and administrative write-offs.</p> <p>In response to a reply from the management in February 2010, the recommendations on suspense accounts, bank and cash accounts, fraud and administrative waivers were settled. The management made another submission in September 2010, which allowed all recommendations to be settled except those on unliquidated obligations, fellowships and country cooperation strategies. The remaining items were dealt with in a further submission to the External Auditor that described continuing actions. The latest submission is under review.</p>
<p>Review of human resource processes, including payroll and staff health insurance at headquarters and the Global Service Centre</p> <p>EA/09/HQ & GSC/17</p> <p>Director, Human Resources Management;</p> <p>Comptroller</p>	<p>Date audit issued to management: November 2009.</p> <p>The External Auditor made recommendations regarding the following: service level improvements; staff identification numbers and missing information; verification of dependency status; controls of human resource processes, including audit trail, segregation of duties and supervision; data reconciliation; records management; mapping of business rules for payroll; base salary verification; verification of staff health insurance claims; contribution reconciliation; the interface between the health insurance information system and the Global Management System; direct payments; and a fraud case.</p> <p>The management replied in January 2010, and the issues were re-examined in the certification audit conducted in May 2010. With regard to the recommendation on staff health insurance claims, accounts staff have been assigned on a full-time basis to reconcile contributions and payments, and system upgrades are being installed in order to improve reporting. In response to the recommendation on staff identification numbers, system improvements now ensure consistency between staff number and full name, and a more intuitive naming convention will be put in place for human resources files in the record management system. The External Auditor will re-examine recommendations based on the ongoing actions.</p>
<p>Audit of the financial statements of WHO for the period 2008–2009</p> <p>EA/10/HQ/05</p>	<p>Date audit issued to management: March 2010.</p> <p>The External Auditor's management letter included recommendations regarding bank reconciliation, investments, income and awards, accounts receivable, interest income and apportionment, imprest, Member</p>

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Comptroller	<p>States' non-assessed income, revaluation of the general ledger, long-term borrowings, land and buildings, negative expense balances, and the restatement of the financial statements for the period 2006–2007.</p> <p>Recommendations made in respect of the Global Service Centre concerned procedural irregularities involving travel advances, prepayments, bank reconciliations, reconciliation of travel agent invoices, invoices on hold, private telephone charges and reimbursement, gas and water charges and recoveries, and control procedures for personal accounts.</p> <p>The management replied in May and September 2010, which enabled the settlement of recommendations regarding investments, income and awards, accounts receivable, interest income and apportionment, long-term borrowings, restatement of the financial statements for the period 2006–2007, and bank reconciliations at the Global Service Centre.</p> <p>Work is continuing to deal with the remaining open recommendations, including imprest, Member States' non-assessed income, revaluation of the general ledger, land and buildings, and negative expense balances. At the Global Service Centre, recommendations on the following subjects are being tackled and remain open: procedural irregularities involving travel advances; prepayments; reconciliation of travel agent invoices; invoices on hold; private telephone charges; gas and water charges and recoveries; and control procedures for personal accounts.</p>
<p>Audit of IARC</p> <p>EA/10/IARC/01</p> <p>Director, Administration and Finance</p>	<p>Date audit issued to management: April 2010.</p> <p>The External Auditor made recommendations on draft financial statements, the implementation of enterprise risk management software, the updating of the IARC Handbook, the status of implementation of the International Public Sector Accounting Standards, contracts in respect of Agreements for Performance of Work and collaborative research agreements.</p> <p>Following on a reply sent in October 2010, the External Auditor closed the recommendations on financial statements, implementation of the International Public Sector Accounting Standards, and contracts in respect of Agreements for Performance of Work and collaborative research agreements. Implementation of the recommendations concerning the enterprise risk management software and the IARC Handbook are ongoing and will be evaluated further.</p>

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<p>Audit of Financial Statements of the International Drug Purchase Facility, UNAID for the period 2008–2009</p> <p>EA/10/UNAID/03</p> <p>Director, Administration and Finance</p>	<p>Date audit issued to management: March 2010.</p> <p>The External Auditor recommendations concern interest on surplus funds, utilization of interest earnings, staff costs, disbursement to the Millennium Foundation, administrative fees paid to WHO, UNAID's legal status and internal oversight.</p> <p>UNAID replied in September 2010, which enabled recommendations on the utilization of interest and on internal oversight to be closed. The remaining recommendations remain open, pending further responses.</p>
<p>Audit of the Special Programme for Research and Training in Tropical Diseases</p> <p>EA/10/HQ/TDR/04</p> <p>Director, Special Programme for Research and Training in Tropical Diseases</p>	<p>Date audit issued to management: March 2010.</p> <p>The External Auditor made recommendations regarding accounting of payments, asset management, reports relating to fellowships, and procurement. A reply to the audit is pending.</p>
<p>Audit of the International Computing Centre</p> <p>EA/10/ICC/06</p> <p>Director, International Computing Centre</p>	<p>Date audit issued to management: April 2010.</p> <p>The External Auditor made recommendations concerning bank reconciliation, income accounting and recognition, outstanding dues from customers, asset accounting, procurement, and physical verification of assets/inventories.</p> <p>The International Computing Centre responded to each of the recommendations in October 2010. The effectiveness of the remedial actions being taken will be given further consideration by the External Auditor.</p>

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<p>Review of Internal Oversight Services</p> <p>EA/10/IOS/07</p> <p>Director, Office of Internal Oversight Services</p>	<p>Date audit issued to management: September 2010.</p> <p>The External Auditor conducted a performance review to assess the effectiveness of the Internal Oversight Services function. It was recommended that the Office of Internal Oversight Services should: present a detailed workplan to the Programme, Budget and Administration Committee of the Executive Board; update the Financial Rules to clarify the Office's mandate and include risk management and governance; explore increased staffing and funding; revise the existing risk management model and risk ratings; reset the Office's priorities and consider re-allocation of resources based on expected outcomes; complete an update of the Office's manual; create a comprehensive audit tracking database; document actions taken on accepted recommendations; and work in close coordination with the External Auditor.</p> <p>The management is reviewing and preparing a response to the recently issued report of the External Auditor.</p>