

Independent Expert Oversight Advisory Committee: annual report

The Director-General has the honour to transmit herewith to the Programme, Budget and Administration Committee of the Executive Board, for the Committee's consideration at its forty-second meeting, the report submitted by the Chair of the Independent Expert Oversight Advisory Committee (see Annex).

Annex

Report of the Independent Expert Oversight Advisory Committee (IEOAC) to the Programme, Budget and Administration Committee, May 2025

Background

1. This report covers the forty-sixth meeting of the Independent Expert Oversight Advisory Committee (IEOAC), held in March 2025. The main recommendations from this in-person meeting are indicated below.
2. The members of the IEOAC who participated in this meeting were: Mr Greg Johnson (Chair), Mr Rob Becker, Ms Beatriz Sanz Redrado and Mr Darshak Shah. Ms Aseya Galadari could not join the meeting in person and participated in some of the sessions remotely.
3. The Committee received the required support from the Secretariat, including a regular overview on major developments and the current challenges by senior management. In addition, it had the opportunity to brief the Director-General on the discussions held and the main observations of the Committee.
4. Ahead of the opening of the meeting, all members of the Committee submitted their Declaration of Interest to the WHO Office of Compliance, Risk Management and Ethics and confirmed that no conflict existed with their current mandate.
5. The remainder of this report consists of the following chapters:
 - (a) Financing of WHO
 - (b) Financial Statements for 2024
 - (c) External audit
 - (d) Possible amendments to the External Auditor selection process
 - (e) Internal audit and investigations
 - (f) Evaluations
 - (g) Risk management
 - (h) Prevention of sexual exploitation, abuse and harassment (PRSEAH)
 - (i) Business Management System (BMS)
 - (j) Other matters reviewed by the Committee
 - (k) Summary of highlighted recommendations.

A Financing of WHO

6. The current financial uncertainty arising from geopolitical events impacting official development assistance and the WHO's response was examined, noting that this issue is particularly acute for WHO, further to the notification, by its major donor, of its withdrawal from the Organization.

7. The Committee commended the Secretariat on the timeliness and breadth of measures it was undertaking to address the situation and its multipronged approach, focusing on:

- cost containment measures and efficiencies
- resource mobilization and engagement with stakeholders
- prioritization of the work of the Organization to focus on the core mandate.

8. In particular, the Committee was pleased to see that the Secretariat is examining opportunities for realizing efficiencies in all areas in order to minimize the impact on its workforce to the extent possible, acknowledging the importance of technical expertise and the need to ensure continuity and institutional memory. At the same time, the Committee noted that staff costs were one of the major expenditure categories.

9. The Committee was pleased to note the Secretariat's commitment to meeting Member States' request to ensure robust oversight and accountability functions,¹ even during the current financial and economic constraints. While every opportunity for efficiency gains should be optimized, it is important to maintain the functions that provide assurance to Member States and donors about the effectiveness of the internal control systems and that ensure results monitoring and value for money.

10. The current situation highlighted the importance of upholding robust risk management practices, while the work that has already been undertaken by the Secretariat towards a more sustainable funding model within the broader transformative agenda, has provided some mitigation.

11. In this context, in line with decision WHA75(8) (2022), the Committee considers the proposed increase in assessed contributions for 2026–2027² and the goal of achieving the equivalent of 50% of the 2022–2023 base budget level from assessed contributions by the biennium 2030–2031 to be vitally important.

12. The broader impact of severe funding pressures across the United Nations system and renewed search for efficiencies and cost savings could present opportunities for further consolidation and cooperation. The Committee stressed the importance of continued engagement through, inter alia, the United Nations System Chief Executive Board's High-Level Committee on Management.

13. Finally, the Committee was pleased to receive an update on the current resource mobilization strategy and innovative financing mechanisms, including the recent Investment Round, the WHO Foundation, the outreach to philanthropy and the individual giving campaign, among other mechanisms.

¹ See document EB156/4.

² See document A78/6.

B. Financial Statements for 2024

14. In line with its terms of reference, the Committee reviewed the WHO's Financial Statements (including Staff Health Insurance) for the year 2024, which were still subject to final audit clearance at the time of its meeting.

15. The Committee commended the Secretariat for the early availability, quality and integrity of the statements and was pleased to hear that an unmodified audit opinion on the WHO Financial Statements should be issued by the External Auditor in the coming weeks, noting also the constructive relations between the external audit staff and the Secretariat.

16. It was observed that a deficit amounting to US\$ 450 million was reported for the year 2024. This is, in part, due to the recognition of activities delivered in 2024, funded from revenue recognized in prior financial periods, in line with the current International Public Sector Accounting Standards (IPSAS)-driven accounting policies.

17. In this regard, the Secretariat explained that work is still ongoing on alignment with the new IPSAS standards, in the context of the implementation of the new Business Management System (BMS). The Committee reiterated its comments on the importance of early preparation for the implementation of the revised financial reporting standards issued by the IPSAS Board and suggested that it would be important to hold briefing sessions with Member States at the appropriate time to ensure that the impact of the changes is well understood.

18. The Committee noted that the unfunded After-Service Health Insurance liability had increased by US\$ 82 million. This fluctuation, due to actuarial adjustments and demographic changes, can be considered as normal and WHO's liability remains adequately funded.

19. The Committee also took note of the exceptional write-off of obsolete polio vaccines amounting to US\$ 67 million and other expired items totaling US\$ 6 million. In this regard, the Committee agrees with the preliminary observations of the performance audit of warehouse management by the External Auditor, concerning the need for a detailed review of the Secretariat's inventory management practices. Nonetheless, the Committee concurs with the Secretariat's treatment of these items in the Financial Statements.

20. Finally, the Committee took note of the temporary use of the Working Capital Fund (US\$ 31 million) to help mitigate delays in the receipt of assessed contributions. It observed that such a reserve, which is an important cash flow management mechanism, especially during challenging fiscal periods, does not exist for voluntary contributions, thus presenting a risk to programme delivery. At the same time, it reiterated the importance of Member States and donors meeting their obligations on time.

21. Recommendation 1: The Secretariat should explore the feasibility of establishing a reserve to manage any disruption in the receipt of voluntary contributions in order to ensure the continuity of programme delivery.

C. External audit

22. The Committee was presented with the preliminary outcomes of the External Auditor's performance audits on Universal Health Coverage and on inventory and warehouse management; its financial and compliance audit; and its audit of the Regional Office for the Eastern Mediterranean Region.

23. In relation to the performance audit on inventory and warehouse management, the draft report of the External Auditor indicated that some basic and automated controls are missing in the new Warehouse Management System, which will be one of the first modules of the upcoming new BMS.

24. In this regard, the Committee expressed its view that the new system should bring automatic controls and increase the effectiveness and efficiency of processes and procedures in order to drive performance and minimize write-offs due to exceeding expiration dates. It therefore encouraged the Secretariat to continue to work to address the issues raised.

25. At the same time, the Committee was pleased to hear that the issues identified by the External Auditor with respect to inventory and warehouse management cannot be extrapolated at the global level, as warehouses are managed locally and therefore issues may depend on the specific context at the country level, especially in security-compromised areas and emergency settings.

26. In relation to the financial and compliance audit for the year 2024, the Committee expressed its appreciation for the External Auditor's expectation of an unqualified opinion. It commended both the Secretariat and the External Auditor for the work done and their close collaboration.

27. The Committee highlighted the existing coordination between the Internal Auditor and External Auditor functions, in particular as far as their respective yearly audit workplans are concerned. In the same vein, to avoid any duplication of work and ensure the efficient use of resources, the IEOAC expressed its satisfaction with the External Auditor's commitment to work closely with the Evaluation Office in the future, especially in the case of their workplan for performance audits.

28. Following the usual practice, a private session was also held with the Director of External Audit.

D. Possible amendments to the External Auditor selection process

29. In line with the request made by the Programme, Budget and Administration Committee (PBAC) at its 38th meeting,³ the Committee had previously recommended that the Secretariat carry out a comparative analysis of the selection processes for the role of External Auditor across United Nations system agencies in order to identify best practices. That analysis has been concluded and the Committee has reviewed the results.

30. WHO's practices are broadly aligned to those of other agencies. However, there are a number of areas in which amendments could be considered by the governing bodies with a view to improving the efficiency of the process and aligning with best practice. These are described below.

31. The IEOAC terms of reference⁴ currently provide that the Committee may, upon request, provide advice to the World Health Assembly on the appointment of the External Auditor.

³ See document EB153/2.

⁴ See documents EB150/5 and EB150/43.

32. In line with this provision and further to an exceptional request by the Director-General, the IEOAC reviewed the nominations for the appointment of the External Auditor in 2023 and provided its advice to the Seventy-sixth World Health Assembly.⁵

33. The IEOAC is an independent body appointed by the Executive Board, with experience and expertise that specifically includes the audit function. As such, the Committee is well placed to provide expert advice and assist the Health Assembly in its deliberations in this area.

34. It is therefore proposed that the role of the IEOAC in the External Audit selection process be further formalized. This would include requiring the IEOAC to provide advice to the Secretariat on the drafting of terms of reference for calls of expression of interest, as well as requiring it to provide a technical assessment of the proposals received against criteria for nominations for submission to the Health Assembly.

35. The Committee noted the absence of a letter of engagement between the WHO and the External Auditor, which is a standard practice and a requirement under the International Auditing Standards. A letter of engagement setting out the commitments made to WHO by the External Auditor in its proposal, as well as the terms of the engagement, the scope, the responsibilities and the fees, should be a required element of future appointments.

36. To facilitate a more active engagement with Member States in the selection process, one option may be for the Health Assembly to choose to establish a small but representative working group of Member States to review the proposals received and the IEOAC's technical assessment, interview short-listed candidates and provide a recommendation to the Health Assembly for its decision.

37. The External Auditor is appointed for a duration of four years,⁶ with the possibility of renewal for a second and final term of four years. Notwithstanding this practice at the WHO, a full selection process is normally undertaken for such renewals, which involves an investment of resources by Member States, the candidates and the Secretariat. Consideration should be given to establishing a revised selection process, whereby if stakeholders have expressed no dissatisfaction with the incumbent External Auditor during the initial four-year term, the Secretariat, with the endorsement of the IEOAC, could submit a proposal for renewal to the Health Assembly without proceeding through the full selection process.

38. Recommendation 2: Subject to guidance provided by the forty-second PBAC, the Committee recommends that the Secretariat prepare a proposal for consultation with Member States. This should establish a protocol for the selection, appointment and renewal of future WHO External Auditors. The Committee also recommends that the protocol be presented to the Seventy-ninth World Health Assembly for adoption.

⁵ See document A76/25.

⁶ See Regulation 14.1 (Financial Rules and Regulations).

E. Internal audit and investigations

39. The IEOAC had the opportunity to review progress on the yearly workplan of the Office of Internal Oversight Services (IOS). At the same time, the Committee acknowledged that such a plan may need to be adapted in the coming weeks in order to reflect the current financial reality and better align it with the outcome of the ongoing prioritization process.

40. The Committee noted that a quality assurance review of the internal audit function had been conducted by an external independent entity in 2023, which had concluded that the internal audit function generally conforms with the standards set by the Institute of Internal Auditors (the highest possible rating accredited). In 2024, the IOS carried out a quality self-assessment of its internal audit function's compliance with the new Global Internal Audit Standards. The self-assessment identified some opportunities for improvement. The current IOS charter provided good support for its work in 2024; however, the IOS plans to update the charter to further reinforce and clarify its reporting lines.

41. In addition, the Committee was pleased to hear that the Office of Internal Audit is working on an audit strategy document.

42. Noting the positive trend in the effectiveness of internal controls, which increased from 66% in 2023 to 67% in 2024, the Committee requested the Secretariat to include information by functional area as well as by major office and region, as this could help avoid systematic and recurring issues.

43. The Committee was informed that the establishment of an action plan to address the outcome of the root cause analysis of internal audit findings was nearing completion. The Committee's previous recommendation of May 2023⁷ remains outstanding and management was encouraged to conclude this work.

44. With regard to investigations, the Committee noted with continuing concern the continuing high number of new allegations that had been raised, coupled with the low number of cases that had proceeded to full investigation and the small percentage of substantiated cases. In this context, the Secretariat explained that the improvement in policy and culture has encouraged the members of the workforce to report a higher number of allegations.

45. At the same time, the timeline for completion of investigation has increased across the various categories of allegation. To partially address this issue and ensure that the investigative resources are not consumed by non-investigative activities, the Secretariat presented its ongoing efforts to improve the triage of cases at the intake stage, including by exploring the adoption of automated tools (such as artificial intelligence) and other mechanisms (such as mediation).

46. In addition, the Committee was pleased to hear that a tracking tool was being developed internally to manage end-to-end case management, which would provide informative reports and assist in the follow-up of cases.

47. Recognizing the current financial circumstances and the need to realize efficiencies in all areas, the Committee reiterated the importance of IOS and other accountability functions, and

⁷ See document EBPBAC38/2, paragraph 27.

suggested that the Organization should maintain full service across these functions to the extent possible.

48. A separate private session was held with the Internal Auditor.

F. Evaluations

49. The Secretariat presented the evaluation road map to address the recommendations concerning the comparative analysis of the evaluation function and the revision of the Evaluation Policy that will be submitted for consideration by the Executive Board at its 157th session in May 2025.⁸

50. The Committee commended the Secretariat for the progress made with respect to the evaluation function and its strengthening across the Organization, noting that each region now has a dedicated Evaluation Officer. Evaluation is a tool for improving Organizational performance and demonstrating the programmatic value of WHO. It also helps to inform the current prioritization process. Evaluation is an essential oversight function of the Organization, even in the current difficult circumstances, and it is important to ensure adequate resourcing and proper succession planning for the leadership of the evaluation function.

51. The Committee reviewed the conclusions of the survey to map the existing decentralized evaluative work across the Organization. This exercise had confirmed that significantly diverse evaluative practices exist at the regional and country levels, where two thirds of the decentralized evaluations are concentrated, and that there was a wide range of understanding of what type of work constitutes an “evaluation” (such as reviews and country cooperation assessments). It is therefore important for the central Evaluation Office to consolidate this information across the Organization within its corporate reporting.

52. At the same time, given the multifaceted nature of the evaluative work being carried out, it has become crucial to ensure that the evaluation function uses agreed definitions and principles across the Organization in order to avoid duplications, deliver its benefits and create more efficiency and impact.

53. In relation to the draft revised Evaluation Policy, the Committee was pleased with the document presented and suggested a few changes to be reflected in the final version.

54. In particular, the Committee requested that the preamble reflect the major shifts introduced by the Evaluation Policy, recognizing the fact that it covers all evaluation activities for both the central independent evaluation function and decentralized evaluations.

55. Although some draft key performance indicators for the evaluation function had been developed, the Committee suggested that additional refinements be made in order to capture its impact, along with its utility, and thereby to measure the effectiveness of the evaluations undertaken.

56. In addition, the proposed funding model for resourcing evaluations should be sustainable and should consider all funding sources, including co-financing with other organizations for joint

⁸ See decision EB155(1).

evaluations. The Committee reiterated its recommendation that a budget line be included for evaluation activities when negotiating voluntary contributions for specific programmes.

57. Finally, in order to ensure the credibility and quality of all evaluations, the Committee asked that the Secretariat ensure the application of the highest quality standards and reinforce the professional practice and capacity of all evaluation officers.

58. In conclusion, the Committee encouraged the Secretariat to consider revisiting its approved evaluation workplan in the light of the recent funding development and the prioritization exercise and suggested that an independent review of the evaluation function be conducted every five years.

59. Recommendation 3: The Committee recommends that the Secretariat finalize and promulgate the revised Evaluation Policy, taking account of the feedback provided, inter alia, by the IEOAC.

G. Risk management

60. The Committee was provided with an overview of the activities accomplished in the context of the implementation of the WHO risk management road map. It also received an update of the draft principal risks that had been cleared by the Global Risk Management Committee and were currently being updated through interviews with senior management in the light of recent developments.

61. The Committee expressed its appreciation for the documents presented and commended the Secretariat for the good work done and progress made towards enhancing the level of maturity of the WHO risk management framework.

62. In this regard, the Secretariat highlighted the importance of risk management for the Organization in 2025, mentioning the geopolitical shifts that have brought risk management to the forefront.

63. The Committee noted that significant work had been carried out to embed risk management in the Organization's culture and decision-making at the senior management level, as well as to improve the understanding and presentation of risks across all levels of the Organization. In this context, the Committee noted the need to develop (or reinforce) a risk management capability framework that would include defining the roles and processes to be applied by compliance and risk management officers in country offices.

64. In addition, the Committee welcomed the decision of the IOS to assess the WHO risk management maturity level in the light of actions taken, which will be further discussed at future meetings of the Committee once the conclusions of the exercise are available.

65. Finally, to improve visibility and response to risk, the IEOAC encouraged the Secretariat to categorize the principal risks by type of risk, aligned with its risk taxonomy. It would also be useful to report risks in order of their residual risk level rather than in alphabetical order.

66. In its final remarks, the Secretariat stressed the importance of implementing and documenting effective mitigation actions to decrease the risk acceptability level, with a focus on aligning these actions with the Organization's risk appetite. At the same time, recognizing the current financial situation, it acknowledged that achieving a lower target risk level may be

challenging at this stage, hence the Committee's emphasis on ensuring an equitable and efficient resource allocation in this and other accountability functions.

67. Recommendation 4: The Committee recommends to further improve principal risk reporting by ensuring that those areas in which WHO lacks risk appetite or in which its residual risk exceeds target risk levels are prioritized to enable management focus.

H. Prevention of sexual exploitation, abuse and harassment (PRSEAH)

68. The Committee received an update on the implementation of WHO's three-year strategy for preventing and responding to sexual exploitation, abuse and harassment in the Organization, including on actions taken to ensure Member States' accountability safeguarding from sexual misconduct, through enhancing relevant policies, training and incident management capacity.

69. As the end of the first three-year period approaches and further to the specific request of Member States in May 2023,⁹ an external independent entity is conducting a comprehensive stock-taking exercise to assess the WHO's institutionalization of the prevention of and response to sexual misconduct. It is important to note that the IEOAC, in line with the above-mentioned mandate given by Member States, contributed to the finalization of the terms of reference for the hiring of the independent entity, oversaw the selection process of the entity and received an update on the work been done to date.

70. As data collection is continuing, the Committee expressed its satisfaction with the progress in this area and was pleased to hear from the independent consultants that no issues had arisen with respect to access to data or the workforce. The Committee will continue to engage with the independent entity to review and validate the conclusions of the ongoing exercise and report back to the Member States. These conclusions will inform the preparation by the Secretariat of WHO's PRSEAH strategy for 2026–2027.

71. It was noted that the international PRSEAH ecosystem is evolving and some partners are scaling down their international capacity, withdrawing bilateral support and dismantling teams at country level. In this context, it is therefore essential for the Secretariat to align its PRSEAH Strategy with the ongoing prioritization process, as this will provide an opportunity for WHO to institutionalize the PRSEAH function in vulnerable locations and, where possible, to share responsibilities for that function with other United Nations agencies.

72. In addition, the Committee noted the importance of the proposed non-binding voluntary PRSEAH accountability framework, highlighting the need for it to be victim-centred, adaptable to local situations, data-driven and evidence-based.

73. Furthermore, with respect to Organizational cultural change, the Committee heard that this is being achieved in the context of PRSEAH, as proven by the increased openness to raise new cases. However, a more comprehensive approach that goes beyond PRSEAH is needed. This should focus on the importance of creating a respectful workplace and fostering a culture in which people can talk to each other and address performance-related issues.

⁹ See document A76/39.

74. Finally, on the issue of ensuring the sustainable financing of the PRSEAH function, the Committee, in line with its previous recommendations, encouraged the Secretariat to continue to draw on programme funding, particularly in the emergency area.

I Business Management System (BMS)

75. The IEOAC reviewed the status of BMS development and its current project plan. The Committee appreciated the effort dedicated to advancing the project since mid-2024. It observed that the revised governance arrangements were operating effectively, with improved monitoring and risk tracking.

76. Further to the decision on the final architecture of the BMS platform, a newly developed road map for implementing the essential and regulatory requirements (the minimum viable product) by 1 January 2026 was presented by the Secretariat. At the same time, the Committee remains concerned that the road map remains ambitious, particularly given the external pressures that have emerged in 2025.

77. Consequently, given the current and anticipated resource challenges and the related prioritization exercise being undertaken by the Secretariat, the Committee recommended that management give due consideration to reducing the scope of the initial implementation and workload demands on overburdened key functional areas in order to ensure that the January 2026 launch date will be achieved. Following the initial launch, a more incremental approach could be pursued to roll out additional modules, thus deferring some operational costs to 2026 and reducing required management time.

78. At the time of preparation of the present report, the Committee was informed that the BMS Programme Board has agreed to reduce the current scope of the programme in order to ensure a successful launch on 1 January 2026. In particular, it has been decided that the human resources management module will be rolled out during 2026, and that further analysis will be conducted to confirm the decision to proceed with the supply management module as planned in 2025.

J. Other matters reviewed by the Committee

79. The Committee continued to review the status of previous recommendations and noted progress. As per normal practice, full details will be reported to the forty-third meeting of the PBAC to be held in January 2026.

80. In line with its terms of reference, the Committee conducted a self-assessment of its performance in 2024, with the contribution of key staff in the Secretariat. This included the Chef de Cabinet, the Assistant Director-General for Business Operations, the Comptroller, the Director ad interim of the Evaluation Office, the Director of the Office of Internal Oversight Services and the Director of the Office of Compliance, Risk Management and Ethics. The feedback received will guide the further refinement of the agenda of the Committee's future meetings.

K. Summary of highlighted recommendations from the forty-sixth meeting of the Committee

Recommendation number	Recommendation	Reference
1	The Secretariat should explore the feasibility of establishing a reserve to manage any disruption in the receipt of voluntary contributions in order to ensure the continuity of programme delivery.	Paragraph 21
2	Subject to guidance provided by the forty-second PBAC, the Committee recommends that the Secretariat prepare a proposal for consultation with Member States. This should establish a protocol for the selection, appointment and renewal of future WHO External Auditors. The Committee also recommends that the protocol be presented to the Seventy-ninth World Health Assembly for adoption.	Paragraph 38
3	The Committee recommends that the Secretariat finalize and promulgate the revised Evaluation Policy, taking account of the feedback provided, inter alia, by the IEOAC.	Paragraph 59
4	The Committee recommends to further improve principal risk reporting by ensuring that those areas in which WHO lacks risk appetite or its residual risk exceeds target risk levels are prioritized to enable management focus.	Paragraph 67

**Mr Greg Johnson (Chair), Mr Rob Becker, Ms Aseya Galadari,
Ms Beatriz Sanz Redrado, Mr Darshak Shah.**
