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PROGRAMME, BUDGET AND ADMINISTRATION
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Report of the Office of Compliance, Risk Management and Ethics

BACKGROUND

1.   The Office of Compliance, Risk Management and Ethics is mandated to systematically identify Organization-wide risks, to periodically review, assess and integrate internal control compliance into all policies and managerial decisions, and to promote and uphold the highest organizational standards, codes of conduct and core values. The Office is a result as well as one of the drivers of the WHO reform process.

2.   Created on 1 October 2013 with the appointment of its director, the Office reached its current staffing level (one director, four professional staff and three general service staff) in January 2014. This is the first consolidated report covering the three areas of compliance, risk management and ethics in WHO.

COMPLIANCE

3.   Compliance functions are an essential part of the second line of defence in the "three lines of defence" model.[1] The Office has established links with compliance functions in all WHO regions. Compliance functions vary in their regional interpretation, from transaction checking for country offices in some regions to review and oversight functions in others. It is the Office's objective to analyse the different approaches taken by the regional offices and to serve as a focal point for facilitating best practices, in order to improve compliance throughout the Organization.

4.   The Office, in collaboration with the regional offices, has developed a methodology to review administration and programme management at country level. This methodology lays the foundation for the development of a regional approach to improve country offices' effectiveness and efficiency.

5.   A pilot review was carried out in Ethiopia in June/July 2014 to refine the methodological approach. This confirmed the suitability of the methodology as a framework for reviewing the administration and programme management of a country office. The pilot identified best practices and actions that, if implemented by the WHO Country Office, the Regional Office and WHO headquarters, could improve the efficiency and effectiveness of that country office as well as of other country offices.

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[1] Internal control establishes three lines of defence: the first line is operational management, the second line includes functions providing advice on control issues, and the third line is internal audit.

RISK MANAGEMENT

6.   In her progress report on reform implementation to the Sixty-seventh World Health Assembly, the Director-General stated that the Office would facilitate a more strategic Organization-wide approach to risk management.[1] In this context, the Office's objective is to ensure that risk management processes, across all levels of the Organization, follow a consistent and coherent methodology. While the concept of risk management in WHO is not new, it has previously been used unevenly across the Organization. At its 133rd session, the Executive Board discussed the report by the Secretariat on a corporate risk register, which highlighted the need to "make further progress towards a common, Organization-wide framework and the harmonization of risk management practices, and to consolidate the existing cluster or regional office risk registers into an Organization-wide, top-level risk register."[2]

Methodology

7.   The Office is developing and implementing procedures and tools to identify, assess, respond to and monitor risks in a structured, systemic and prompt manner. WHO's risk management approach was adapted from the COSO model[3] to allow for a comprehensive and systemic approach towards risk that is integrated into management decision processes. In terms of definitions and methodology, it is aligned with WHO's internal accountability and internal control frameworks. The Office's aim is to operationalize risk management by embedding it fully in corporate processes and thereby to support informed decision-making.

8.   As a first step, the Office designed a risk register template taking into consideration existing risk management practices across the Organization. To test its validity, the template was piloted at two WHO country offices (WCOs India and Sudan) and at WHO headquarters (in the Polio and Emergencies cluster, and the Reproductive Health and Research department). The risk register template was finalized in the light of the feedback received.

9.   The risk register is a central tool to record the risks identified by budget centres. Following the Director-General's approval, and with significant input from regional offices and clusters at WHO headquarters, the risk register was rolled out in two phases: the first phase (15 May – 16 September 2014) to identify and assess risks and the second (22 September – 4 November 2014) to respond to identified risks.

10.   The Office considers risk management to be an iterative learning process, and training is key to fostering an Organization-wide risk culture. A number of different training approaches have concurrently been used during the first phase of the risk register's roll-out, including off-the-shelf training courses,[4] written instructions on "How to fill the risk register", and online training and question and answer sessions. Training will be further adjusted in 2015 to meet the needs identified during the risk register's roll-out.

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[1] Document A67/4, paragraph 23.

[2] Document EB133/10, paragraph 2.

[3] Enterprise Risk Management Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), available at http://www.coso.org/ (accessed 26 November 2014).

[4] Delivered in collaboration with the Global Talent Management team. CRE has advised staff to take the training course "Anticipating project risks" on WHO's new global eLearning platform iLearn.

Risk analysis

11.   As part of the first phase of the risk register's roll-out, budget centres were asked to describe the risks they perceive and to allocate an impact and a probability score from 1 to 5 to each risk, in order to determine its inherent risk level. They were then requested to categorize these risks in six categories (financial, political/governance, reputational, staff/systems and structures, strategic and technical/public health) and 37 risk names.[1] The analysis provided in this report is based on the 1366 fully complete and assessed risk descriptions received by the Office as of the end of the first phase.

12.   A total of 220 budget centres[2] were asked to participate in the risk identification and mitigation process. As of 5 November 2014, 58% of all budget centres had identified their risks. A regional breakdown shows that the risk identification phase has been completed by 23% of budget centres in the African Region, 96% in the Eastern Mediterranean Region, 47% in the European Region, 73% at WHO headquarters, 60% in the South-East Asia Region and 70 % in the Western Pacific Region.

13.   In terms of risk categories, an Organization-wide breakdown shows that 30% of the risks identified relate to staff, systems and structures, while 24.5% represent financial risks, 15% strategic risks, 14% technical/public health-related risks, 9.5% reputational risks and 7% political/governance-related risks.

14.   Based on an analysis of the average inherent risk levels (a function of the probability and impact scores given to each risk identified by the budget centres), the two highest risks for the Organization as a whole are the inability to meet long-term liabilities and the inappropriate planning process. The next highest-scoring risks, in descending rank order, are: the lack of human resources or technical expertise to perform work properly; insufficient security (staff and premises); the perception of WHO's independence being compromised; and key technical work done by non-staff, for instance under special service agreements. The incorrect assessment of and/or response to a public health emergency is the seventh highest-ranked risk.

15.   The highest risks reported by budget centres in the six WHO regions at regional and country offices mostly relate to: planning (inappropriate planning process, lack of clarity of programme budget objectives); insufficient resources (inability to meet long-term liabilities, and lack of sustainable long-term funding); incorrect assessment of and/or response to a public health emergency; insufficient security; compromising WHO's independence; inefficient internal processes; not receiving best value for money; and key technical work done by non-staff.

16.   The risks identified in the regions resonate at WHO headquarters, where the most critical risks reported by budget centres include: insufficient security; insufficient resources (lack of budget for staff financing, lack of human resources or technical expertise); lack of clear/updated policies/procedures internally; incorrect assessment of and/or response to a public health emergency; opportunities to use synergies with externals not exploited (lack of outreach); and inappropriate planning process.

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[1] Based on the risk descriptions received from business centres before the deadline for the first phase, the Office of Compliance, Risk Management and Ethics revised the list of 48 risk names in document EB133/10 to reflect the risks identified by budget centres more accurately and to allow for systematic reporting. The list was shortened to 37 risk names.

[2] All country offices and all departments at regional offices (with the exception of the Regional Office for the Americas/Pan American Health Organization) and WHO headquarters.

Way forward

17.   As a next step, the Office will analyse the mitigation measures proposed by budget centres for the individual risks that they have identified. As part of the mitigation phase, budget centres are also required to indicate the appropriate level of escalation in order to determine the sign-off authority. The Office will present the detailed results of both phases of the risk management exercise to the Director-General and will report to the Programme, Budget and Administration Committee of the Executive Board at a subsequent meeting.

ETHICS

18.   The Office provides advice on ethics and conflicts of interest to all staff and senior management. This report gives an overview of the Office's actions with regard to (i) declarations of interests for staff, (ii) declarations of interests for external experts, (iii) raising awareness and (iv) policy development.

19.   As of 1 January 2014, the Office took over the administration of declarations of interests for staff, which had previously been handled by the Office of the Legal Counsel. Declaration of interests is a tool to protect WHO and individual staff members from real or perceived conflicts of interest which may negatively reflect on the Organization's credibility, competence and independence. Staff at the P6 level and above and procurement staff at the G5 level and above are requested to complete a declaration of interests form, covering financial as well as personal interests, in order to identify conflicts of interest. Declared interests are vetted by the Office, who advises staff members as appropriate on mitigating actions. As of 10 November 2014, 29 staff members had declared interests which required specific advice. The Office provided advice on mitigating action in two instances, one of which required action by the Director-General.

20.   In January 2014 authority for administering the policy on declarations of interests for experts was formally transferred from the Office of the Legal Counsel to the Office of Compliance, Risk Management and Ethics.[1] The latter advises technical departments and units on conflicts of interest that may arise when experts or advisers are invited to participate in working groups or give their expert opinions on public health-related topics. As of 10 November 2014 the Office had reviewed 268 individual declarations of interests by external experts. The Office has provided support to 29 technical units in ensuring that the experts they have identified for WHO collaboration do not have conflicts of interest and that the processes are transparent.

21.   The Office is currently working on developing an online register to collect, record and manage declarations of interests by external experts. It is planned that the register will be operational in 2015 and will provide an integrated platform to facilitate cross-checks with data relating to non-State actors.[2]

22.   Over the course of 2014 the Office has provided advice to 12 individual staff members (four professional and eight general service staff) and one consultant regarding various ethical issues. The Office, in consultation with other offices in WHO responsible for administration of internal justice, has provided support to the informal resolution of two workplace-related conflictual situations, both of

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[1] This process was formalized by the issuance of the updated Declaration of Interests Guidelines and Information Note 22/2014 (25 September 2014).

[2] Transparency register.

which led to a successful conclusion. The Office is initiating a consultative process to gather staff perceptions of the ethical principles applied in WHO, with a view to raising sensitivity across the Organization. Furthermore, the Office provides input to WHO's induction training programme and participates in the working group to support a respectful workplace.

23.   The Office is also currently working on updating WHO's November 2006 whistleblower protection policy and procedures and on developing a policy for protection from sexual exploitation and abuse.

ACTION BY THE PROGRAMME BUDGET AND ADMINISTRATION COMMITTEE

24.   The Committee is invited to take note of the report.

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