

Report of the Independent Expert Oversight Advisory Committee

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 thirty-first meeting, the report submitted by the Chairperson of the Independent Expert Oversight Advisory Committee (see Annex).

ANNEX

REPORT OF THE INDEPENDENT EXPERT OVERSIGHT ADVISORY COMMITTEE TO THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE, JANUARY 2020

BACKGROUND

1. The Independent Expert Oversight Advisory Committee (IEOAC) was established by the Executive Board in May 2009 under resolution EB125.R1, with terms of reference to advise the Programme, Budget and Administration Committee (PBAC), and through it the Executive Board, on matters within its mandate, which include:

- reviewing WHO's financial statements, financial reporting and accounting policies;
- providing advice on the adequacy of internal control and risk management and reviewing management's risk assessment;
- reviewing the effectiveness of the Organization's internal and external audit functions, investigations function, evaluation function, and monitoring the implementation of audit findings and recommendations.

2. The current members of IEOAC are:

Name	Date of appointment by the Executive Board¹	Decision reference
Dr Jeya Wilson (Chair)	May 2015	EB137(4)
Mr Leonardo P. Gomes Pereira	May 2015	EB137(4)
Mr Christof Gabriel Maetze	June 2017	EB141(2)
Mr Jayantilal Karia	June 2017	EB141(2)
Mr Christopher Mihm	June 2017	EB141(2)

3. This report covers the twenty-eighth and twenty-ninth meetings of the IEOAC held from 8–10 July 2019 and from 7–11 October 2019 respectively, the latter being held in the WHO Regional Office for Africa (AFRO) in Brazzaville, Republic of the Congo, and the WHO Country Office for Rwanda, in Kigali (WCO Rwanda).

4. The Committee expresses its sincere appreciation to the Regional Director of AFRO and her team for hosting the twenty-ninth meeting of the IEOAC and allocating sufficient time to the meeting.

¹ The "date of appointment" refers to the date of adoption of the relevant decision by the Executive Board.

UPDATE ON WHO TRANSFORMATION

5. The IEOAC had the opportunity to witness the progress on WHO transformation at all three levels of the Organization. At the Secretariat level this included the formation of task forces for various topics such as:

- delegation of authority;
- agile networks for new ways of working such as technical and planning networks;
- rotation and mobility;
- headquarters design for greater uniformity in the structure, and centralization of certain functions;
- career development and career pathways;
- the Committee notes the efforts made by senior management to manage the change fatigue resulting from these initiatives, through open and regular communication with the staff across all levels, holding focused conversations with the teams, monitoring health trends in the workplace and carrying out regular pulse surveys. The Committee advises management to continue to manage the risk of exhaustion, involve staff at all levels, and present transformation initiatives in an integrated manner.

6. At the regional level, the Committee noted that the African Region has progressed ahead of the WHO-wide transformation agenda. The Committee recognizes some of the initiatives taken by AFRO in the transformation process such as the development of Key Performance Indicators (KPIs), management dashboards that link results to performance management, and leadership training for senior management in the region. At the country level, integration across the three levels was an integral part of the Committee's discussions with WCO Rwanda.

7. The Committee notes that the WHO-wide transformation agenda builds on the best practices and experience of the AFRO approach, and strongly recommends alignment and integration of priorities, results and KPIs across the three levels of the Organization.

PROGRAMME BUDGET IMPLEMENTATION 2018–2019

8. The Committee reviewed the progress of implementation of the Programme budget 2018–2019 at both its meetings. The inequitable distribution of funds across programmes as well as major offices remains an issue for the Organization. Most under-funded programmes where donor funding is not forthcoming, receive flexible funds as part of the management decision-making process. The Committee would like to reiterate the importance of senior management undertaking strategic scenario planning and linking it with the enterprise risk-management process.

WHO INVESTMENTS

9. At its twenty-eighth meeting, the Committee was provided with an update on the treasury functions, including fund management, the investment policy, details of externally and internally managed portfolios and the policy on optimizing returns. The Committee considers WHO investments rather conservative as the prime investment policy objectives are capital preservation and liquidity.

STAFF HEALTH INSURANCE (SHI)

10. The Committee was informed that with a 4% annual increase in the SHI contribution from 2013 to 2019, subsequent to previous increases, and a 2% annual increase thereafter, the SHI unfunded liability is expected to be fully funded by 2043. The Committee also received an overview of the various cost containment initiatives already implemented by WHO. The Committee notes that work has started on identifying the Organization's current SHI commitment and to propose full funding for that commitment but not necessarily the full future liability. The Committee will continue to monitor progress in this area and in addition, would like to receive in a future meeting, a cost analysis and benchmarking of the in-house management of the SHI.

INTERNAL OVERSIGHT AND INVESTIGATIONS

11. At its two meetings, the Committee met with the Director of the Office of Internal Oversight Services (IOS), both privately and with members of management present.

12. During the twenty-eighth meeting, the Committee was briefed on the operational audit of the WHO Country Office in the Democratic Republic of the Congo – the Ebola response, and the inadequacies observed in the operations with high levels of residual risk identified. The greatest concern was that of large numbers of cash transactions in the field and the use of direct implementation to disburse cash for activities. A disconnect between policies and action in the field, coupled with an unclear line of authority was observed during the audit. The Committee is concerned about this situation and recommends the use of better systems and technology to monitor, record and report on these transactions, and streamline the delegation of authority and responsibility of programme managers, on both the technical and financial reporting of activities in the field.

13. On the audit of the WHO Cybersecurity Roadmap, the Committee noted that the progress on implementation of the Roadmap is slow and that there is a lack of a risk-based approach on the management of information risks. This is a matter of significant concern to the Committee as cyber vulnerabilities and the implications of a successful internal or external attack are often among the highest risks confronting organizations.

14. During the twenty-ninth meeting, particular emphasis was placed on internal control and overall control effectiveness in the African Region. IOS had conducted an audit of the General Management cluster of the WHO Regional Office for Africa (AFRO DAF GMC). The Committee noted the increase in the General Management cluster of the Office's overall control effectiveness from 51% in 2015 to 73% in 2018, as shown in Table 1. Values of 50% and less are indicated in red.

Table 1. Control effectiveness for 2015 and 2018 for the General Management cluster of the WHO Regional Office for Africa.

	Values for 2015	Values for 2018
Overall control effectiveness	51%	73%
Control environment	63%	78%
Risk assessment	0%	100%
Human resources	0%	100%
Purchase order goods	33%	46%
Contracts and Agreements for Performance of Work	60%	60%
Contracts and Special Service Agreements	33%	100%
Direct Financial Cooperation	83%	75%
Direct implementation	50%	67%
Elmprest accounts	100%	91%
Awards	60%	70%
Global management system/Information technology	33%	100%
Travel	50%	100%
Fixed assets	25%	83%
Security	100%	67%
Vendor management	0%	33%
Information and communication	67%	100%
Monitoring	50%	33%

15. Despite these commendable achievements, the Committee is concerned about the decline in monitoring activities. More needs to be done to make internal control activities in the first line of defence an integral part of day-to-day activities in the African Region, and the Committee encourages senior management to continue to place emphasis on this.

16. The Committee was also briefed in detail on new emerging risks for WHO:

- communication to donors on preliminary findings – in the context of Yemen, donors requested reporting on findings to avoid negative impact on funding streams;
- WHO Health Emergencies (WHE) Programme: operational support functions;
- establishment of adequate (i.e. minimum capacity) operational response since the beginning of the outbreak; and
- need to establish a stronger link between technical response planning and operational support plans.

17. The Committee strongly encourages senior management to ensure timely and comprehensive follow-up on these emerging risks. The Committee remains concerned about the results of the

WHE Programme audit in the Democratic Republic of the Congo and progress in addressing recommendations, especially those that refer to systemic issues (for example, to minimize the currently high number of cash transactions, there is a need to expand electronic solutions like bank payments and mobile payments). While the Committee acknowledges the urgency of technical response in emergencies, it recommends that clear procedures for operational support be put in place from the beginning of the emergency, to ensure compliance and satisfactory donor reporting.

18. The follow-up to the self-assessment of the audit function with external validation by KPMG undertaken earlier in 2019 is in progress. Out of a total of 17 recommendations, six have been closed, 10 are in progress and one is overdue. The latter is related to the issuance of the updated WHO organigram showing the independence of the IOS Director's reporting line and the Committee calls on senior management to ensure the urgent release of the long overdue WHO organigram. This issue has been raised a number of times before and the Committee would like to record its dissatisfaction with the delay.

19. The Committee further notes that the audit recommendations listed at "overdue open" status have slightly reduced from 10.2% in May 2019 to 9.9% in September 2019.

20. The Committee received an update on the ongoing project with EY Switzerland to benchmark the WHO investigations function and provide input into the development of a best-in-class function. The fieldwork of EY is still ongoing and results of the project were scheduled to have been available in November 2019. The Committee welcomes this project and will, as appropriate, support implementation of recommendations once they are available. Using external benchmarks to identify gaps will substantially strengthen the investigation function at WHO.

COMPLIANCE, RISK AND ETHICS

21. At each of its meetings, the Committee monitors the progress made in the area of compliance, risk management and ethics. During its twenty-eighth session, the Committee was informed that risk training has been developed, case studies and best practices on risk management have been published and linkages between risk management and operational planning have been strengthened. The fact that the United Nations High-Level Committee on Management, where the heads of administration of all United Nations agencies meet, now regularly discusses issues related to risk appetite and risk maturity, shows that the risk management process has matured, and that there is momentum across the United Nations system in the area of risk management.

22. Access to sustainable funding is key to WHO successfully achieving the targets of the transformation process. In order to have a competitive advantage in increasing access to funds from both Member States and donors, it is critical that WHO continues to inculcate a culture of enterprise risk management which is risk-aware but not risk-averse at all three levels of the Organization.

23. In this regard, the Committee believes that it is crucial that there is a high-level risk appetite statement for WHO. It should articulate the risks that the Organization is willing to take in pursuit of its strategy and allow such risks to be identified and quantified in a structured way to permit strategic risk-taking.

24. Within the risk management process, the Committee encourages WHO to continue the process of building a smart compliance system, that can be integrated into the enterprise risk management framework of WHO, across all levels without hampering its day-to-day business.

25. Furthermore, in the context of the African Region, as the singular global existential risk, climate change will affect Africa more directly and dramatically than some of the other parts of the world. AFRO should therefore have dedicated planning efforts to consider what the specific climate change-related public health effects will be, how they are likely to evolve and how they will be managed.

DIRECT FINANCIAL COOPERATION (DFC) VERSUS DIRECT IMPLEMENTATION (DI)

26. During its twenty-ninth meeting, the Committee was briefed on the issue of overdue DFC reports and the significant progress that the African Region has made in reducing these by 98%. WHO continues to rely on this mechanism to provide support to governments. As an alternative, WHO also uses DI to support ministries of health in carrying out activities in the field, especially if there are issues in obtaining assurance and reporting on DFC activities. While there are benefits in using DI, the Committee notes with concern the increase in DIs which require additional WHO capacity for implementation, monitoring and reporting. The Committee recommends that a root cause analysis of the problems posed by the current financing mechanisms be undertaken, and alternative implementation mechanisms be identified.

DATA MANAGEMENT AND INFORMATION TECHNOLOGY

27. During its visit to AFRO, the Committee was given a presentation on Health Information, Data Management and Health Information Technology for Universal Health Coverage. AFRO has initiatives under way to strengthen public health data collection and work with national statistical and vital records offices to fill in data gaps at the country and programme levels. As in other areas, coordination and partnership with civil society and other organizations can play a vital role. While the Committee recognizes that efforts have been invested in this area by the Region and its countries, it believes that data collection systems should not be fragmented but need to be centralized and aligned across all offices within the Region and across all levels within the Organization. Furthermore, the Committee was impressed with the use of IT tools for the surveillance and reporting of cases of poliomyelitis and encourages the Region to consider replicating similar technological tools for data management in other areas of work.

28. In general, all WHO regions need to work closely with headquarters to break the “silos” and to develop a central repository for data so that there is a “single source of truth” for the Organization, with country health data being incorporated into the global database. The Thirteenth General Programme of Work results framework update shared with the Committee by headquarters, underscores the support to countries with the use of data, including the World Health Survey Plus data collection platform, to drive policies, impact and deliver the triple billion targets.

EMERGENCIES AND EBOLA UPDATE

29. At headquarters, the Committee was briefed on the revised structure of the WHO Health Emergencies Programme, which is now split into two Divisions – Preparedness and Response. Some of the administrative functions of the former WHE Programme, like external relations, roster management and resource mobilization, have now been at least partially centralized. The Committee was also briefed on the progress of the WHE Programme – about the improved reporting of the International Health Regulations (2005) national capacity, conducting of regular simulation exercises to ensure that preparedness is optimal, coordination with other United Nations agencies, etc. Overall the Committee is satisfied with the revised organizational approach. However, it also notes that in countries with protracted emergencies, there is a need to build trust in affected communities, which requires different

capacities in human resources such as skills in locally sensitive ways to build trust, understanding of power dynamics, communications, and facilitation.

30. During its visit to AFRO, the Committee received a briefing on the WHE Programme in the Region and an update on the ongoing Ebola virus disease outbreak response in the Democratic Republic of the Congo. The Committee appreciates the difficult environment in which the WHE Programme operates in the Region and commends the work being done by the regional team in this area. However, the Committee was concerned about the significant gap in staffing of vacant positions in the WHE Programme (a gap of 49% in the Regional Office and 61% in country offices) and urges management to develop a specific plan to address this staffing gap.

31. Additionally, the Committee notes that as the Organization moves from emergency response to emergency preparedness, there is the risk of duplication or overlap with existing non-emergency programmes. These programmes aim at addressing issues around the national health systems which also include national preparedness issues. Therefore, the Organization needs to ensure that these efforts are synchronized across the preparedness programme and the other non-emergency programmes. Another area of concern is the lack of prioritization of preparedness funding. During the visit to AFRO the Committee was informed that there is a funding gap of 98% for preparedness activities in the Region. This situation needs to be addressed through a reprioritization exercise.

32. The Committee appreciates the work done in this area by WCO Rwanda, especially in its support for the Rwandan Ministry of Health in the Ministry's preparedness efforts against the Ebola virus disease outbreak in the neighbouring Democratic Republic of the Congo.

33. In the WHO context, the term "preparedness" means working in a structured way in countries, to prepare for an emergency. Furthermore, at present, WHO has two states of governance mechanisms – one for normal operations and another for emergency operations. However, there are frequently countries such as Rwanda that are in a state of interregnum. In Rwanda, the Ebola virus disease emergency has not directly affected the country, but it remains vulnerable to the epidemic, thus requiring a specific set of actions as part of its preparedness efforts. These actions would require certain structures, mechanisms and resources in place that can address the issues faced by the country, the Committee notes that these do not currently exist under either of the two states of governance.

EVALUATION AND ORGANIZATIONAL LEARNING

34. The Director-General's Representative for Evaluation and Organizational Learning briefed the Committee on the work initiated by the Secretariat on consolidating the findings and recommendations identified during audits, evaluations and reviews; identifying a shortlist of recurring, systemic cross-cutting issues arising from the recommendations; and prioritization of these issues for further benchmarking with the key business owners. The Committee looks forward to receiving an update on this work and advises the management to put in place a list of all open oversight recommendations in a consolidated way. This will serve as an effective management tool, to manage the totality of the inputs received through recommendations from oversight entities irrespective of the source.

35. The Committee was also briefed on the Evaluation Workplan for 2020–2021 and the evaluation of the Framework of Engagement with Non-State Actors (FENSA), and is satisfied with both. Furthermore, the Committee is of the view that WHO needs to engage with the private sector, as and when appropriate, for the delivery of its strategy. It cautions that FENSA should not act as a constraint to such engagement but as an enabler, and decisions should be based on utilizing opportunity and risk analyses to determine both risks and rewards.

OTHER MATTERS

36. **Update on Multilateral Organization Performance Assessment Network (MOPAN)** – The Committee was provided with an update on MOPAN. It is both an organizational learning tool and an accountability tool. The WHO MOPAN assessment was well received by donor countries and was found useful. The Committee notes that as part of the MOPAN assessment, the accountability framework was also reviewed and hence emphasizes the importance of the link between the accountability framework and the success of transformation.

37. **Review of the terms of reference of the IEOAC** – At the twenty-eighth meeting, the Committee held a session to review its terms of reference and compared the current terms of reference with the recommendations of the draft report of the Joint Inspection Unit. This is still work in progress and the Committee will finalize the proposal for revised terms of reference for consideration by the Programme Budget and Administrative Committee of the Executive Board at a future meeting.

38. **WHO Contract Review Committee update** – The IEOAC was briefed on the process of review of contracts by the headquarters and regional Contract Review Committees. It noted that there had been cases where funds were committed to be paid to third parties before the contracts had been properly approved. When these events occur, the commitment to disburse is then based not on the existing approval process but becomes a *fait accompli*. Although it seems that only a few of such cases involving large amounts occurred in the last 12 months, it is clear that there is a breach in the approval process. Independent of the amount, if such a breach exists, it may eventually lead to a major failure in the commitment process as a result of a weakness in the Organization's internal controls. It is imperative that those who bypass the current rules be held accountable for non-compliance and that the integrity of the accounts payable approval process is not compromised. The Committee recommends that all such cases are reported to senior management for review and appropriate actions for accountability, and that the IEOAC receives a report on an annual basis including actions taken by management to address accountability.

SUMMARY AND RECOMMENDATIONS

39. As part of WHO transformation, the Committee urges senior management to continue to focus on change management efforts and management of the risk of staff fatigue and exhaustion.

40. The Committee recommends that there be greater alignment between the results and impact framework and KPIs across the country, regional and headquarters levels. A locally sensitive and country-centred approach, while appropriate, must be integrated with regional and global goals, targets and results frameworks. Furthermore, the KPIs should also be continuously examined to ensure that they contribute to the triple billion targets and synergies are sought continuously with the health-related as well as other Sustainable Development Goals.

41. The Committee recommends that, starting with a high-level enterprise-wide risk appetite statement, WHO articulates a hierarchy of cascading risk appetite statements, with measures and limits where appropriate.

42. The Committee recommends that within the risk management process, special attention be given to compliance risks, and it would like to highlight the importance of compliance because of the dependence of WHO on voluntary contributions and on the goodwill of Member States and donors. Furthermore, the health effects of climate change need to be at the centre of WHO's enterprise risk management considerations.

43. While the Committee notes a significant reduction in the number of overdue DFC reports, it remains concerned about the DI mechanism. It therefore recommends that root cause analyses be undertaken and that a reset of WHO's financing mechanism be considered.

44. The Committee recommends a strong alignment and integration of data collection and data management efforts across the Organization with a single data repository for all three levels of the Organization.

45. Based on the briefings received during the visit to Rwanda, with respect to the emergency preparedness efforts by the Country Office, the Committee urges WHO to consider the structures and mechanisms needed for a country in the interregnum between emergency and normal operations.

46. Furthermore, with regard to the African Region, the Committee advises WHO management to explore partnerships with the national Supreme Audit Institutions in the Region's countries to strengthen public accountability, pinpoint improvement opportunities and identify workable solutions to problems and capacity gaps.¹ The exemplary work done by the Audit Service of Sierra Leone in October 2014 on the Ebola virus disease response in that country suggests how mutually beneficial such partnerships could be.²

47. Finally, the Committee suggests that the Regional Office for Africa works with national health ministries to improve the capacity of public health systems and ensures that it is making full use of other United Nations system work that has been produced on standards and practices to improve public administration.³

**Dr Jeya Wilson (Chair), Mr Leonardo Pereira, Mr Jayantilal Karia,
Mr Christof Maetze, Mr Christopher Mihm.**

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¹ The African Organization of Supreme Audit Institutions (AFROSAI), consists of over 50 Supreme Audit Institutions (SAIs) that include Audit Courts, Auditors, Controllers-General and State Inspectorates. AFROSAI is the African regional entity of the International Organization of Supreme Audit Institutions (INTOSAI).

² Audit Service of Sierra Leone, Report on the Audit of the Management of Ebola Funds, May to October, 2014, (<https://reliefweb.int/sites/reliefweb.int/files/resources/assl-report-on-ebola-funds-management-may-oct-2014.pdf>, accessed 9 December 2019).

³ See, for example, various World Public Sector Reports (<https://publicadministration.un.org/en/Research/World-Public-Sector-Reports>, accessed 9 December 2019), and the work of the United Nations Committee of Experts on Public Administration's principles of effective governance for sustainable development (<https://publicadministration.un.org/en/Intergovernmental-Support/CEPA/Principles-of-Effective-Governance>, accessed 9 December 2019).