

## **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-third meeting, the report submitted by 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 2021**

#### **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 primarily include:

- reviewing the **financial statements** of WHO and significant financial reporting issues;
- advising on the adequacy of the Organization’s internal controls and risk management systems;
- reviewing **management’s risk assessment** and the comprehensiveness of the ongoing **risk management processes**;
- reviewing the effectiveness of the Organization’s internal and external audit functions, investigation function and the evaluation function;
- monitoring the timely, effective and appropriate implementation of all audit findings and recommendations.

2. This report covers the thirty-first and thirty-second meetings of the IEOAC held on 30 June–1 July 2020 and 3–6 November 2020, respectively, the latter focusing on the WHO Regional Office for Europe with a focus on the WHO Country Office in Turkey. Due to the current health situation due to COVID-19, both meetings were held virtually. The members of IEOAC who participated in these two meetings were: Mr Christof Gabriel Maetze (Chair), Mr Jayantilal Karia and Mr J. Christopher Mihm.

3. The Committee received the required support from management.

4. The Committee expresses its sincere appreciation to the Regional Director for Europe, the Country Office in Turkey and the Turkish Ministry of Health for allocating sufficient time to, and the required background information for, the meeting.

#### **WHO OVERVIEW**

5. In light of the COVID-19 situation and in view of its enhanced oversight of WHO’s operating environment, the Committee received an update from WHO senior management during its July and November meetings. It was noted that in November 2020 WHO was operating with circa 350 staff being physically present in the head office in Geneva and other staff working remotely. The long period of remote work has been mastered well from a technical standpoint; however, WHO is – like most organizations working remotely over an extended period of time – experiencing visible signs of negatively affected staff well-being, engagement and overall mental health. The personal situation of

staff and the limited abilities for connections among staff and teams increases health risks. In this regard, **senior management is invited to consider alternative and/or augmented ways of addressing the remote-staff engagement, working fatigue and mental health challenges of staff.**

6. The Committee expresses its appreciation for the newly introduced COVID-19 briefings that permit updates on events and developments at WHO outside the meeting cycle. With respect to effects on assessed and voluntary contributions in the event of membership changes, it notes WHO's constructive scenario planning exercises. The Committee **advises senior management to continuously refresh scenario planning; if and when new information emerges and as far as reasonably possible, scenario planning should include possible second-round effects beyond financial impact.**

## INTERNAL OVERSIGHT

7. At its thirty-first meeting, the Committee was provided with an update on internal oversight functions. It noted the investigation capacity constraints and **recommends approval of the three head count** (Head of Investigations – Team Lead, Group Lead Investigations, Group Lead Investigations Support) for independent oversight and immediate start of the hiring process. With regard to overdue unimplemented recommendations that remain relevant, the IEOAC underlines the continued need for enhanced management oversight of timely remedial actions and **strongly recommends adding additional time-bound project capacity to dealing with the backlog of investigations as well as providing a milestone-plan for this project.** In addition, governance systems, policies and procedures at the WHO Foundation, including timely implementation of oversight recommendations as part of senior management's compact with the Director-General and thus to holding themselves fully accountable, should be established on a priority basis to shield WHO from potential reputational risk.

## IT STRATEGY, CYBERSECURITY, ROAD MAP AND IMPLEMENTATION

8. Owing to the ever-increasing importance of IT and cybersecurity, the IEOAC has stepped up its oversight over these critical functions at the WHO. Following an update from WHO on the overall IT strategy, its road map and implementation as well as cybersecurity challenges, the Committee notes that WHO has considerably stepped up its cybersecurity preparedness and is actively pursuing its road map towards the highest levels of IT security. The IEOAC noted the progress on this road map and **reiterated that cybersecurity investments should be continued despite what may seem to be the challenging "business case" of such investments.** In addition, the IEOAC **recommends a review of overall IT spending in relation to revenues as part of the overall planning cycle, as well as a review of the ratio of "run the WHO" to "change the WHO" IT spending and to consider additional "change" investments.** Lastly, the IEOAC **recommends harnessing available systems and platforms from other United Nations organizations during the modernization of WHO's Global Management System** and to consider the overall integration of enterprise resource planning (ERP systems) with other United Nations system organizations rather than just parts of the ERP with common use of some functionalities.

## ANTI-FRAUD WORK AT WHO

9. Following the PBAC request in which "... it asked the Independent Expert Oversight Advisory Committee to assess the anti-fraud and anti-corruption work in WHO",<sup>1</sup> a review of the anti-fraud system, policies, guidelines and their comprehensive application across the three lines of defence as well

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<sup>1</sup> See document EB146/3, para. 11.

as the three levels of the Organization was undertaken. A similar review exercise regarding anti-corruption work at the WHO will be undertaken in future IEOAC meetings.

10. Budget centres across the WHO have identified the following areas as the most common fraud-related areas as part of their ongoing risk-management work: absence of sufficient controls and monitoring; inappropriate use of direct implementation and/or direct financial cooperation; lack of assurance over funds used by implementing partners; management of cash payments in the field. With this in mind, at its thirty-first meeting, the IEOAC discussed and challenged the application of fraud-related rules with the WHO Representative of the Syrian Arab Republic and a Finance Officer from the African Regional Office, and noted the appropriate understanding and attention to anti-fraud measures.

11. Emergency situations have been singled out as the environment most likely giving rise to increased fraud risks for WHO, with procurement emerging as another critical area following the COVID-19-related increase in WHO procurement operations: striking the appropriate balance between the time pressure and complexity of emergency situations and the strictest application of “zero-tolerance” fraud-related rules remains an ongoing challenge.

12. The IEOAC recommends **continued focus on the area of procurement fraud**, based on the experience of other United Nations system organizations and the private sector, and proposes **regular updating of relevant risk-based anti-fraud policies**. It **encourages senior management to systematically enhance analogue and digital tools for protection against fraud for field use in country offices** as well as to **continue or augment efforts to reinforce a zero-tolerance culture**, with particular emphasis on training and education at the country level.

13. In the area of cash transfers at the country level, during its discussions with the Country Office of Turkey, the Committee noted that WHO actively works with implementing partners in the northern Syrian Arab Republic and uses the services of third party monitors to provide reasonable assurance over activities. While WHO has not joined the Harmonized Approach for Cash Transfers (HACT) initiative of other United Nations agencies, the principles of this approach are adopted at the country office as well. **The IEOAC encourages WHO to consider adopting current HACT modalities as used by other United Nations system organizations.**

## **PERFORMANCE MANAGEMENT AT WHO SYSTEMS AND PRACTICE**

14. With the objective of understanding the connection between organizational goals and the system of goal setting at the employee level, the IEOAC requested a briefing from human resources at its thirty-second meeting.

15. The Committee noted that WHO operates a comprehensive suite of performance management systems, processes and tools; however, the tool is over 10 years old and needs to be updated as part of the upgrade of the ERP system. The overall design of performance management, however, does not provide incentives to individual leaders across the Organization to provide the necessary feedback to enhance individual and organizational development and performance. In addition, the Committee recognizes the difficulty of establishing a coherent system of outcomes, output and goals across the three levels of the Organization and the challenges of appropriate attribution, as well as the absence of a formal performance calibration mechanism to ensure equal application of ratings across the Organization.

16. In this regard, the Committee encourages senior management to consider including fully aligned individual and team goals in individual performance contracts; the introduction of a formal performance

management calibration mechanism, including a reform of the current 1–5 rating scale to a more practical scale based on current practices; and publishing the distribution of staff ratings at aggregated levels within WHO to provide a benchmark and transparency to individual staff members.

## ACCOUNTABILITY AND TRANSFORMATION

17. At its thirty-first meeting, the IEOAC was informed that following the end of the formal WHO transformation programme, WHO will continue to review and enhance its accountability functions.

18. The IEOAC is supportive of the intended structured review and enhancement of accountability functions across the WHO and agrees that the timing needs to be adjusted to COVID-19 realities. Enhancing accountability functions and ensuring that they are performing critical enabling roles in reaching the triple billion targets is a logical continuation of the transformation programme, with its focus on programmes and the strengthening of country effectiveness.

19. The IEOAC will continue to support management in an advisory capacity in this endeavour and will regularly report on progress achieved. **At the country level, the Committee advises WHO to continue to employ its efforts on transformation and above all to ensure ownership of the overall process and objectives.** It appreciated the involvement of WHO Member States through extensive consultations but would like to **encourage senior management to ensure continued two-way dialogue with WHO staff so that the spirit of transformation is not lost** and staff at all levels feel a sense of ownership for the transformation and that any concerns are being heard.

20. At the regional and country levels, through discussions with the WHO Regional Office for Europe, the Country Office of Turkey and the Turkish Ministry of Health, the IEOAC was pleased to note that accountability was being translated across the three levels of the Organization. This was evidenced through the translation of strategic initiatives into actionable pieces of work on the WHO Regional Office for Europe’s “from good to great” model. Initiatives included systematic searches for the root causes of challenges, a focus on the “how” as much as the “what”, the use of the WHO’s convening power, the recognition of regional differences and creation of subregional initiatives (i.e. for Eastern Europe), a systematic focus on efficiency, the transfer of head count to country offices, the digitalization of processes and work, and the hiring of a regional ombudsperson.

21. The IEOAC commends the WHO Regional Office for Europe for its ambitious change agenda in a diverse environment and recognizes the consistent challenge of resource mobilization for middle-income countries that may fall outside of preferences of the providers of voluntary contributions. It noted that improving health information systems is part of the change agenda of the region, with systemic gap analyses being performed and the move from static or outdated data to modelling and predictive capabilities.

22. In order to better assist ministries of health, the Committee noted that the WHO will need to respond to an even more agile way of working and – especially during COVID-19 times – prioritizing speed over perfection. Health ministries are under pressure to reply to political requests within extremely short time frames and WHO should be able to move equally fast. **The Committee advises that procedures and processes related to pandemic-response establish the right balance between perfection and speed.**

## OTHER MATTERS

23. At both its thirty-first and thirty-second sessions and following the Joint Inspection Unit review of the audit and oversight committees in the United Nations system,<sup>1</sup> the IEOAC discussed the need to amend its terms of reference with senior management. It suggests a stronger delineation of duties with the Independent Oversight and Advisory Committee for the WHO Health Emergencies Programme and the avoidance of duplicative and overlapping oversight work. Senior management agreed to provide written feedback and engage all relevant parties in the periods between formal IEOAC meetings with the objective of finalizing the input required for consideration by the relevant approval bodies by the broad timeline of mid-2021.

## SUMMARY AND RECOMMENDATIONS

24. In light of the current pandemic and the use of flexible working arrangements, senior management is invited to consider alternative and/or augmented ways of addressing the remote-staff engagement, working fatigue and mental health challenges of staff. In addition, due to the growing threats in the area of cybersecurity, investments in this area should be continued.

25. At the country level, the Committee advises WHO to continue to employ its efforts on transformation and above all to ensure ownership of the overall process and objectives. Senior management is encouraged to ensure continued two-way dialogue with WHO staff so that the spirit of transformation is not lost.

26. With respect to internal oversight, the IEOAC strongly recommends adding additional time-bound project capacity to dealing with the backlog of investigations as well as providing a milestone plan for this project.

27. In the area of procurement, the IEOAC advises a continued focus on the area of procurement fraud and proposes regular updating of relevant anti-fraud policies. It encourages WHO to systematically enhance analogue and digital tools for protection against fraud for field use in country offices, as well as to continue or augment efforts to reinforce a zero-tolerance culture.

28. Lastly, the IEOAC advises that procedures and processes related to pandemic-response establish the right balance between perfection and speed.

Mr Christof Gabriel Maetze (Chair), Mr Jayantilal Karia, Mr J. Christopher Mihm

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<sup>1</sup> See document JIU/REP/2019/6.