
Report of the External Auditor

Report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-seventh World Health Assembly

1. The twentieth meeting of the Programme, Budget and Administration Committee was held in Geneva from 14 to 16 May 2014 under the chairmanship of Dr Dirk Cuypers (Belgium).¹ The Committee adopted its agenda, with deletion of items 2.9 and 2.10.²
2. The representative of the External Auditor introduced the report to the Sixty-seventh World Health Assembly for the financial year ended 31 December 2013,³ stating that an unqualified audit opinion was issued based on the fair presentation of WHO's second set of International Public Sector Accounting Standards (IPSAS)-compliant financial statements.
3. The External Auditor noted that both financial and governance issues were reviewed as part of the exercise. Following Financial Regulation 14.3, the External Auditor had made observations on the efficiency of financial procedures, the accounting system, internal financial controls and the general administration and management of the Organization.
4. The Committee commended the External Auditor for the informative report which constitutes an important part of the corporate governance process. The Committee emphasized the importance of timely and full implementation of external audit recommendations, most notably those on direct financial cooperation and procurement matters, given the importance of those items to the WHO programme budget.
5. The Committee emphasized the need for the Secretariat to develop a more strategic approach to procurement and to align its practices on management of vendors with those of other United Nations agencies.
6. Concerning the continued weaknesses observed in the management of direct financial cooperation, it was noted that it is the joint responsibility of the Secretariat and Member States to ensure that this instrument works effectively. The current policy should be reviewed and revised accordingly.

¹ The list of participants is available in document EBPBAC20/DIV./1.

² Document EBPBAC20/1.

³ Document A67/45.

7. The Committee also stressed the importance of tackling the root causes of weaknesses in internal controls and highlighted the need to put in place systematic measures for dealing with the matter across all offices. Noting the close links between the various audit reports, the Committee suggested that these reports be discussed together at future meetings.

8. The Secretariat reiterated its commitment to ensuring that all recommendations are implemented and that compliance is strengthened. In addition, the Secretariat informed the Committee that it is working to rectify weaknesses in controls by, inter alia: expanding training, implementing the accountability and internal control frameworks, revising the delegation of authority and implementing the risk management register and the “accountability compact”. The Director-General emphasized that WHO practises zero tolerance of fraud and mismanagement.

RECOMMENDATION TO THE HEALTH ASSEMBLY

9. The Committee, on behalf of the Executive Board, recommended that the Sixty-seventh World Health Assembly adopt the following draft resolution:

The Sixty-seventh World Health Assembly,

Having considered the report of the External Auditor to the Health Assembly;¹

Having noted the report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-seventh World Health Assembly,²

ACCEPTS the report of the External Auditor to the Health Assembly.

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¹ Document A67/45.

² Document A67/58.