

Report of the External Auditor and Report of the Internal Auditor and External and internal audit recommendations: progress on implementation

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

1. The Chairman said that the Committee would consider the three reports together. The External Auditor introduced his report.¹ The overall result of the audit was an unmodified audit opinion on the Organization's financial statements for the financial year 2015 in compliance with the International Public Sector Accounting Standards (IPSAS). The External Auditor confirmed that accounting policies were applied in a manner consistent with that in the previous year and transactions were in all significant respects in accordance with WHO's Financial Regulations.
2. The External Auditor noted the improvement in the accountability and transparency of the financial reporting, and made a series of recommendations to the Secretariat on the following matters: improvement in financial reporting through timely recording of revenue, implementation of the inventory management system, and finalization of the standard operating procedures for the disposal of expired inventories.
3. Besides financial matters, the External Auditor also examined governance matters, including management controls, procurement, human resource management, award management and donor reporting, direct financial cooperation, cash management, assets and inventory, travel management and risk management. He noted that, in one Region with significant problems with travel management, the Regional Director was making extra efforts to ensure that recommendations were being implemented and monitored.
4. Welcoming the report, Member States expressed their appreciation of the work of the External Auditor and the improvement in responses to recommendations. They emphasized the need for appropriate controls regarding travel management and compliance.

¹ Document A69/50.

5. The Secretariat introduced the report of the Internal Auditor, updating some information therein.¹ Since the report was written, a further eight audits have been closed, progress updates have been received on a further 14 audit reports and no open audits remain in the delinquent category.

6. Member States welcomed the report and the positive trend in reducing the number of open overdue audit recommendations, although the number of unsatisfactory audits was cause for concern. They encouraged the Secretariat to continue its efforts to close all recommendations and to address the internal control weaknesses, especially in decentralized offices. They applauded the policy of zero tolerance of non-compliance and urged continued efforts for improvement. Member States asked for the online whistle-blower tool to be introduced before the 140th session of the Executive Board in January 2017.

7. With regard to both the external and internal audits, Member States welcomed the Organization's commitment to join the International Aid Transparency Initiative. They called for continued improvement in response to recommendations and internal controls and asked how much WHO spent on controls and auditing compared with other organizations. In particular they were disquieted by problems in direct financial cooperation (which needed urgent attention), travel management, implementation of the procurement policy and strategy, stocks and warehouse management, non-compliance with professional standards, monitoring staff performance as well as the backlog of work in investigating reported allegations of wrongdoing.

8. The Secretariat clarified that a number of measures had already been taken in the areas above. This had led, among other things, to a sharp decline in the number of outstanding direct financial cooperation reports. Also, measures to increase travel compliance are being introduced across all major offices, including mandatory travel plans. In addition, the travel policy is under revision. As far as the procurement strategy is concerned, the implementation plan is progressing under the leadership of the newly recruited Chief of Procurement Policy and Strategy, roles and responsibility are being clarified across the offices and a number of new policies are being introduced to address the most urgent concerns of donors. Further updates will be provided at the Executive Board in 2017.

9. The Committee sought further information about the global action plan and strategy for procurement and suggested mandatory training as part of creating an ethical culture in the Organization. Member States asked whether existing mechanisms for tracking progress in responding to audit recommendations were adequate; whether recommendations, even if addressed, mitigated risks; and whether audit recommendations should be prioritized.

10. The Secretariat reassured Member States that recommendations are being prioritized, thanks to the categorization provided by the Internal Auditor clearly identifying high significance and high priority recommendations.

11. Member States noted that the bodies concerned – the External Auditor, the Internal Auditor and the Independent Expert Oversight Advisory Committee – had all called for sanctions for non-compliance.

12. Member States also suggested that a synthesis of the reports of the External Auditor, the Internal Auditor and the Independent Expert Oversight Advisory Committee would be useful in forming a

¹ Document A69/51.

strategic overview of the functioning of the Organization. A tabulation of risks, responses, efficacy and resulting improvements was suggested as a means of focusing information.

13. The Secretariat observed that the report of the Internal Auditor included information on audits done in early 2015 before measures had been put in place later in that year; further improvements should be seen in future reports, as the impact of improvement initiatives filters through the Organization. Internal audit will continue to plan its work and should cover all high risk areas at the country level and cross-cutting functions, within the six-year cycle of the General Programme of Work. Temporary staff members were being recruited to cope with the backlog in dealing with reports of concern received by the Office of Internal Oversight Services.

14. Responding to the Member States' concerns about cases of misconduct and harassment, the Secretariat reiterated its zero tolerance of harassment; a new internal justice system had been introduced. The focus of policy against harassment was prevention and the Secretariat had introduced a Respectful Workplace Initiative. A report on actions taken following proven misconduct was distributed to all staff members annually.

15. In response to a specific question about coordination with national authorities in cases of suspected wrongdoing, the Secretariat said that interactions with local authorities were generally conducted through the assistance provided by the United Nations Department of Safety and Security rather than directly. In criminal cases, the decision lay with the Director-General.

16. Regional Directors reported their commitment to improvement, outlining the actions and responses in their respective regions.

RECOMMENDATION TO THE HEALTH ASSEMBLY

17. The Committee, on behalf of the Executive Board, recommended that the Health Assembly adopt the following draft resolution:

The Sixty-ninth 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-ninth World Health Assembly,²

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

18. The Committee, on behalf of the Executive Board, also recommended that the Health Assembly note the report of the Internal Auditor.³

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¹ Document A69/50.

² Document A69/64.

³ Document A69/51.