

Report of the Twelfth Meeting of the Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization

(Geneva, 01-03 April 2014)

The meeting was the first of three IEOAC meetings planned for 2014, with the dates for the next two meetings having been provisionally set for 1-3 July and 15-17 October 2014. The agenda for this meeting is attached at Annex 1. An outline for a rolling agenda for the next three IEOAC meetings has been adopted as well and will be further refined and applied as the basis for the planning of these meetings, with appropriate changes to the IEOAC SharePoint website structure to create the required supporting fadders and re-arrange the reference documents relevant to each agenda item. The IEOAC Terms of Reference are at [Annex 2](#).

1. This report complements the fourth annual report of the IEOAC to the PBAC (document PBAC/20..), which already contains the main findings and recommendations from this meeting, and summarizes in somewhat more detail the Committee's deliberations at the meeting.
2. The current members of the IEOAC, who have been in attendance throughout, are:

Name	Date of Appointment by the Executive Board ¹	Decision reference
Mr. Farid Lahoud (Chair)	January 2013	EB132(2)
Mr. Mukesh Arya	May 2013	EB133(9)
Ms Mary N'Cube	May 2012	EB131(4)
Mr. Robert Samels	May 2013	EB133(9)
Mr. Steve Tinton	May 2013	EB133(9)

I. and II: Welcome and administrative matters

1. The meeting was preceded by a one-day special briefing session for the benefit of the three new members of the IEOAC, which was seen as a very useful preparation by all of its members.
2. The meeting began with the Committee holding a private session for IEOAC members only, during which it elected a Mr.Farid Lahoud from Lebanon as its new Chair, following the expiry of the term of Ms.Marion Cowden (New Zealand).

¹ Date of EB resolution

3. The IEOAC expressed its appreciation of the significant contribution to its work of the exiting Chair Ms. Marion Cowden, and members of the Committee (Mr. John Fox and Mr. Veerathai Santiprabhob) whose term expired in January 2014.
4. The IEOAC also expressed its appreciation for the well-structured one-day induction briefing that had preceded its 12th meeting. Organizing this briefing represented a major and high-quality effort on the part of the Secretariat. As a result, the new committee members were able to get up to speed on all major issues on the agenda within a very short time span. For its July meeting as well as subsequent meetings, this might usefully be complemented by more specific presentations on individual issues of importance to the IEOAC, such as on non-state actors, hosted partnerships, key legal issues, the budgeting process, or the impact of its donors on the Organization's decision-making process.
5. In subsequent open session, the Chair confirmed a quorum with all members present, and all declarations of interest or updates duly submitted (no conflicts of interest recorded). The agenda was adopted.

III. Integrity of the Financial Statements

1. The IEOAC reviewed and discussed with the External Auditors and with the Chief Financial Officer the underlying accounting policies, the reasonableness of significant judgments and the clarity of disclosures. It also met with the External Auditors with and without management present to discuss the results of their examinations and the overall quality of the Organization's financial reporting.
2. The Secretariat provided further explanations on the funding situation with regard to the Terminal Payments account (TPA), which at present shows a deficit of USD 73 million, corresponding to about half of the Organization's liability for accrued staff benefits. Various measures, such as a one-time transfer from the assessed contributions and an increase in the accrual rates have already been taken with a view to shorten the time period within which this actuarial deficit will be closed. According to current projections, this should be accomplished within ten years.
3. The IEOAC reiterated its concern about the large unfunded long-term liabilities in both the SHI Fund and the TP account and recommended that both continue to be monitored closely, with regular reporting on the evolution of the deficit situation over time and any unexpected divergence from the planned deficit reduction path. It further recommended that the implications of the aforementioned liabilities be duly noted by the concerned Governing Bodies.
4. The IEOAC has noted the management explanations, supported by the external auditors, regarding their implementation of IPSAS Standard 23 on revenue recognition (in particular pursuant to which WHO recognizes, up front, revenues from voluntary contributions received or pledged, in appropriate circumstances and where there are no payment terms specified by the contributor).

5. The IEOAC also noted the explanations given in para.7 of the Director-General's Report for 2013, which has been shared with it in final draft form, regarding the annual nature of the financial statements as required by IPSAS and consequent revised Financial Regulation XIII, while the budgetary period remains a biennium, as per Financial Regulation II. The IEOAC made no reservations or comments in connection with this practice.
6. In reliance on the reviews and discussions referred to above, and on the reported intention of the external auditors to issue an unqualified opinion on the financial statements (such opinion not having been finalized in time for the Committee to review it), the Committee expressed no reservations in connection with the submission of the financial statements to PBAC and to the World Health Assembly.
7. The IEOAC noted with satisfaction the progress made in various areas of previous concern as regards their correct valuation and reporting under IPSAS, such as fixed assets and inventories, for which a new global inventory management system has just been implemented as part of the Global Management System GMS, as per the details given in the in the financial report.
8. The Committee further suggested that consideration be given to have the External Auditor's mandate specified in somewhat more detail and, depending on the extent of future audit coverage resulting from this process, to make efforts to endure that the requisite funding for the intended scope of audit work be secured.
9. The IEOAC further requested to receive (i) the External Auditors' Long Form report (which was not ready at the time of the IEOAC meeting), expected to encompass the External Auditors findings and recommendations in connection with the internal control framework of the Organization, and (ii) the management replies thereon, together with action plans as appropriate (or justification for not agreeing with recommendation(s), as the case may be);

IV. Governance and financial situation of the SHI Fund:

1. The IEOAC was given a briefing on the current situation of the Staff Health Insurance Fund (SHI) covering its governance, investment performance, and financial position. It was briefed on and welcomed the Secretariat's plans to commission a study of the option to outsource the administration of the SHI Fund to an external entity and looked forward to discussing this further at its meeting in October 2014. The Committee would also welcome that the current extent of the SHI coverage and WHO's remuneration policy be reviewed as appropriate, with a view to adapting it periodically to prevailing trends in the best public service systems.
2. The IEOAC views the Staff Health Insurance Fund (SHI), and its impact on the Net Asset Value of WHO, as a material element of WHO's risk profile. As such, and beyond the remark of the Committee under I above (in connection with the unfunded liabilities), it recommends that the operations and financial statements of SHI be subjected to a high level of scrutiny and controls, and that the SHI governance and reporting practices be revisited to enhance accountability and transparency to the stakeholders. It also recommends that the risk profile of SHI be closely mapped, managed and monitored.

3. In particular, the IEOAC recommends that WHO complements its SHI investment policy by a clearer definition of its risk tolerance (and related actions) with regard to investments and targeted returns.
4. The IEOAC recommends to consider potential implications of the involvement of other participating entities and asks that future presentations on the SHI funding situation encompass such entities, and their own deficit reduction progress, with a view to gain a dynamic sense of the deficit situation at periodic intervals. This should also include funding projections and the situation potentially arising in the event of individual entities ceasing to exist.
5. Given the size of the Fund and WHO's prominent role and responsibilities in its administration, the IEOAC further recommends that the DG should henceforth approve the SHI Annual Financial Report.

V. WHO Reform update:

1. Reform continued to be a key recurring item on the IEOAC agendas. The Committee noted, with interest, progress in the implementation of the reform process. It noted the PWC second stage evaluation report and introduction by WHO of a strengthened "project management approach" for reform delivery. The Committee commended management's initiatives in regard to the implementation of the reform process, and supports its actions in terms of creating a better monitoring framework. The IEOAC highlights the following Risk Areas:
2. **Thoroughness of the project management approach:** The IEOAC suggests that the project roadmap should adequately address implementation plans including concrete deliverables, key performance indicators (KPIs), timelines, plus related monitoring and accountability arrangements.
3. Institutionalized organizational learning from the Reform process: The IEOAC considers that the lessons learned from the various evaluations of the Reform process have not yet been systematically integrated and fed back into the process. By making a concerted effort to do so, the Organization could achieve more value for money from its reform-related evaluation efforts.
4. **Effectiveness of the Communication Strategy:** The IEOAC continues to consider the communication strategy, regarding the WHO reform process, as a key success factor. It fears that the Communication Strategy on reforms may still be inadequately or insufficiently articulated which in turn may result in significant risks of delays or failures. The IEOAC has thus resolved to allocate time, in its future meetings, to evaluate, with management, its Reform related communication strategy in order to gain additional comfort regarding its effectiveness in engaging WHO's staff and other stakeholders. In particular, there appears to be a need for a French language version of the key elements of the Organisation's communications on Reform, given the prevalence of that language in many country offices, particularly in Africa.

5. Adequacy of the HR strategy: The Committee also considers both the new HR strategy and related HR policies to be critical as main reform drivers and enablers and fears that insufficiently articulated policies and strategies will have a negative impact on the success of the reform efforts. The Committee therefore considers that a speedy implementation of the new HR strategy is of the utmost importance and will also seek to obtain additional comfort in its future meetings regarding the new HR strategy.

6. Governance of the Reform process: The IEOAC also noted that the extent and depth of the change management process is unprecedented and the difficulties of implementing it all across the Organization should not be under-estimated. While the IEOAC recognizes the importance of a core group driving the reform process, it also considers that the RDs should be the main drivers of the WHO reform in their respective regions, both in terms of required structural and process changes. These need to be monitored and judged as to their adequacy by the overall reform Governance under the DG's leadership.

VI. Update on the finalization of the Internal Control Framework (ICF):

1. The Internal Control Framework (ICF), and planned changes thereto, continued also to be a key item on the IEOAC's agendas. In its meeting of April 2014, The Committee discussed with the External Auditors and with the Director of IOS their observations regarding the control weaknesses. It also listened to management responses thereon and planned actions (which the Committee looks forward to receiving in a formal report). It also noted with great interest the management report on the new Internal Control Framework. As a result of the aforementioned discussions:
2. The Committee noted the significant efforts exerted by management and received, with satisfaction, statements on reform related accountability and control improvements. It also noted the positive trend of "operating effectiveness of internal controls in country audits", and the accelerating audit recommendation implementation (though there still is significant enhancement potential).
3. The Committee continues however to look at the existing Control Weaknesses as a key risk affecting the organization's achievement of objectives and, while recognizing improvements and management engagement, continues to be concerned with the systemic weaknesses and the reported ineffectiveness or underperformance of significant controls.
4. The IEOAC recommends that comprehensive, factual and tangible assessment of the overall control framework be undertaken and reported regularly in order to present a "dynamic view" of the management's dashboard and in order to quantify progress of KPIs.
5. In connection with the above, the IEOAC recognizes the important progress that has been made in establishing a new Internal Control Framework and a new Accountability Framework (which the Committee looks forward to examining in details in its July 2014 meeting) which address existing gaps and where managers take responsibility for administration and finance aspects of their work. This represents an important and welcome change in the organizational culture.

6. In this regard, the IEOAC also notes the recent improvements in monitoring tools for managers, particularly the Management Dashboard, which provides both financial and non-financial indicators.
7. The IEOAC requested and received samples of the certification letters (CLs) from the ADGs and RDs and recommends that WHO further formalizes the certification process, under the auspices of IOS, to make sure that Management as well as IOS can monitor which CLs have been received and whether they have been duly signed. The IEOAC also reiterates its recommendation for the Regional Committees to be among the key guarantors of a well-functioning ICF, and its recommendation to broaden the scope of the certification/representation letters signed by the ADGs and RDs beyond purely financial controls.
8. The IEOAC is encouraged that IOS is currently recruiting additional staff to meet its mandate which includes evaluation coverage. It also considers the development of self-assessment checklists and their sample testing in a few country offices as a positive step forward and would encourage that these be produced on a regular basis and be introduced as soon as practicable, accompanied by an institutionalized set of Key Performance Indicators (KPIs).
9. The IEOAC also notes the persisting challenges in respect of WHO's accountability framework by still missing or blurred reporting lines between HQ and ROs and between ROs and WCOs, both of which represent gaps still to be addressed.
10. The IEOAC notes that some challenges remain in regard to reporting on WHO's fixed assets (FAs) and General Operating Expenses (GOEs) and encourages the Secretariat to continue the remedial steps already taken in this respect, such as full integration of the inventory management system with GSM in all regions.
11. The IEOAC will continue to monitor the adequacy of the Organization's internal controls.

VII. Update on progress and work-plan of the Office of Compliance, Risk Management and Ethics (CRE):

1. In continuation of its assessment of the Internal Control Framework and of the Accountability Framework, the IEOAC reviewed, with a keen interest, the progress of the roll out plan of the new CRE function. It recognized the strategic importance of said function and was pleased to note the ambitious deadlines adopted by it for the implementation of key improvements, notably the new Risk Register being rolled out and expected to be completed in time for the PBAC meeting of January 2015.
2. The IEOAC recognizes the value of the work of the CRE team and renews its support for this initiative. It looks forward to receiving a further update on progress towards the completion of the WHO Risk Register (RR) at its October 2014 meeting. The IEOAC supports the suggested timetable for the preparation of the Risk Register as quickly as possible, despite

the inevitable teething and implementation challenges. Once finalized, ways and means will have to be found to update it periodically without overburdening the programmes supplying the required information and to capture newly-emerging risks appropriately in this process.

3. The IEOAC also highlighted the need to reconcile the overall Risk Register with the Control Framework as well as with the respective work plans and priorities of the various budget centres which will have to create their specific risk registers . Ultimately, through a top-down “filtering effort”, this effort should lead to the linking of the Organization’s main identified risks with its strategic priorities. This would enable the adoption of a risk policy and mitigation strategy based both on the likely probability and impact of a given risk and on its likely overall importance for the Organization’s work. It would furthermore greatly facilitate the oversight of the Organization’s risk management by its Governing Bodies.
4. Regarding the “ethics” component of CRE’s mandate, the IEOAC would welcome a revision of WHO’s whistleblower policy, in particular in order to lend more clarity on aspects falling within its broader definition and its normally understood scope, which goes beyond the protection of the whistleblower. Furthermore, the IEOAC will require further assurance on the existence and robustness of the reporting process with regard to suspected incidents of fraud and wrong-doing.
5. The IEOAC recommends that work on developing the planned new WHO Code of Ethics should be commenced as a matter of high priority, to be ultimately complemented by an appropriate related ethics training programme for the Organization’s staff.

VIII. Update on Internal Oversight Services (IOS):

1. In the context of broad scope of the IOS mandate and the extent of the required audit, investigation and evaluation coverage throughout the Organization, the IEOAC encourages WHO to continue to leverage the existing IOS capacity and re-think the scope of this mandate in line with identified audit and oversight needs and attainable IOS resources. It is pleased to note that IOS had been subjected to a Quality Assurance Review (QAR) of its audit practices by PWC under the IIA practice framework. The IEOAC looks forward to the IOS plans for implementing the recommendations of this review. In connection with the IOS findings as presented to the Committee:
2. The IEOAC notes the very high percentage of “significant” audit recommendations in relation to those of middle or low importance and suggests that the methodology and scoring system for arriving at this classification be revised and standardized throughout the Organization. Firmer guidance should be provided to each audit team when applying the criteria with a view to enhance the risk weighted classification of findings, so as to enable Management to apply a more targeted focus and to prioritize actions.
3. The IEOAC further recommends that Management adopts a specific plan with firm commitments regarding the implementation results on observed weaknesses in IOS reports,

based on specific targets and progress indicators for the next year. This should be underpinned by a method for quantifying the risk of misuse of the Organization's funds in various functional areas and country settings and establishing a tolerable level, so that an appropriate trade-off can be made between the required level of controls, the remaining residual risk and the impact of these controls on operational efficiency.

4. The IEOAC is concerned about the persisting recurrence in IOS reports on WCOs of control weaknesses, often in the same areas. It recommends that the Regional Directors (RDs) report on this matter regularly to the DG, based on a pre-established set of clear criteria and indicators for the materiality and risk posed by these weaknesses. The adoption of a firmer sanctions policy to ensure full accountability for abuses of managerial authority would also be required in order to provide "teeth" to any corrective measures to be taken in case of documented transgressions. The IEOAC looks forward to be briefed regularly on the related progress.
5. In the IEOAC's view, there is a need for a more rationalized cycle regarding the accountability for the implementation of findings of IOS reports: Today, this starts with the issuance of an audit report from HQ which ultimately gets reported to the WHA, while the remedial action mainly lies within the ROs which however report to the RC.

IX. Video Conference with AFRO re specific compliance and internal control issues:

1. In its meeting of April 2014, the Committee met, through Video Conferencing, with Mr. Raul Thomas, Director Administration and Finance; Mr. Andres Nzang, Budget and Finance Officer and Mr. Philippe Knoche, Senior Compliance Officer from the AFRO regional office in an initiative to better assess the control challenges and the impact of reform in the Regional offices.
2. The IEOAC noted with satisfaction the direct involvement of DAF/AFRO in the WHO reform team and the fact that AFRO appears to be aligned with HQ in terms of the direction of the reform process. The Committee considers the full "buy-in" and commitment of all regional staff, especially at Country office level, to the WHO reform process to be a key factor for its successful implementation in this region, as well as for ensuring that the reform efforts will be translated all the way down to the work of the Organization at the field level, where their full expected impact is most required. Ideally, Headquarters should become a shared service provider fully aligned with the regions and the field to facilitate technical programme delivery, rather than a stand-alone entity doing implementation work in parallel to the regions.
3. The IEOAC was also reassured by the recent improvements made in this region's internal control (IC) system, such as AFRO's full integration into GSM by now, as well as its useful efforts in terms of enhancing compliance with audit recommendations through a special compliance team reporting directly to the RD.

4. However, the IEOAC considers that a number of the WHO country offices (WCOs) in this region are still struggling with a number of infrastructural, staffing and funding problems which make them vulnerable and error-prone in their daily operations. In this context, the IEOAC welcomes and encourages AFRO's recent efforts to create more "peer pressure" on its member states and country offices alike by including and/or upgrading audit compliance as well as typical problem areas in terms of compliance, such as Direct Financial Cooperation (DFC), as agenda items for discussion at its Regional Committee meetings.
5. The IEOAC notes that the effectiveness of the Inter-Country Support Teams (ISTs) specifically created to help WCOs with their technical and administrative programme implementation has so far been mixed when viewed in the context of persistent audit concerns with DFC, local procurement and fixed asset management. The IEOAC considers that their staffing and funding should not occur at the expense of the administrative support structure in the country offices, which are already short of qualified staff in many instances.

X. Other matters:

Throughout its meetings and discussions, the Committee addressed several other subjects. In particular:

1. The IEOAC received a briefing by the External Auditor on its review of and preliminary conclusions regarding the draft financial statements for 2013, including a discussion of the revenue recognition issue (see also para. III.4 above). The related Management Letter, together with management's responses, will be reviewed in more detail during the next IEOAC meeting in July 2014.
2. While the IEOAC would still like to receive all Management Letters in its SharePoint drive for its consultation as needed, the IEOAC would henceforth also like to receive a summary of what the EA considers his key findings with a focus on priority areas and a flagging of issues which the EA considers as particularly critical. It would also recommend to consider the adoption of a similarly-modified EA reporting mechanism to PBAC, so as to enable the latter to focus its deliberations on the main EA findings.
3. IEOAC was briefed on the structure of WHO's IT function, the scope of its services and its funding situation. While this already exists for important IT projects such as the GSM, the IEOAC is concerned that an appropriate global IT governance structure is still missing in WHO and therefore recommends that this gap be addressed as a matter of priority.
4. IEOAC also considers that the responsibility for ensuring Business Continuity in WHO is still dispersed and recommends that a senior executive be given clear responsibility for this area.
5. IEOAC recommends that WHO ascertains the present commercial value of its main buildings within the perspective of WHO as a continuing venture.
6. The IEOAC received, with a keen interest, presentations about the Management Dashboard, The Reform Website, and the Risk Register IT platform.

7. The Committee introduced a number of administrative enhancement to its own functioning in order to improve the timeliness of its access to information, the clarity and relevance of such information, the alignment of its work with its mandate, and its annual planning.

**Farid Lahoud (Chair), Mukesh Arya,
Mary N'Cube, Robert Samels, Steve Tinton**

Annex 1:

Independent Expert Oversight Advisory Committee

12th Meeting 1-4 April 2014

Tuesday 1 April 2014 – Training/Induction day

Salle India

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| | <i>08:30-08:45</i> | <i>Security Badges, pictures for IEOAC Members</i> |
| | <i>08:45-09:00</i> | <i>Introductions with welcome coffee (Comptroller; Secretary IEOAC)</i> |
| 1. | 09:00-10:00 | Presentation on General Overview

(Comptroller; Secretary IEOAC) |
| 2. | 10:00-11:00 | Briefing Session with the Director-General (DG; DDG; Executive Director DGO; ADG/GMG; Comptroller; Secretary IEOAC) |
| | <i>11:00-11:30</i> | <i>Coffee break</i> |
| 3. | 11.30-12.30 | Presentation on WHO Reform

(Executive Director DGO, Technical officer PSD, Secretary IEOAC) |
| | <i>12:30-14:00</i> | <i>Lunch with Senior management in the WHO restaurant (ADG/GMG; Director IOS; Comptroller; Secretary IEOAC)</i> |
| | <i>14:00-14:15</i> | <i>Group Picture IEOAC members</i> |

4. 14:15-14.45 **Presentation on Internal Oversight Services**
(Director IOS; Secretary IEOAC)
5. 14.45-15.15 **Presentation on Planning and Direction**
(Director PRP; Senior Budget Officer BCR; Secretary IEOAC)
15:15 -15:30 *Coffee break*
6. 15:30-16:30 **Presentation on Financial Reporting, Control and Treasury Management**
(Comptroller; Chief Finance; Chief Treasury; Secretary IEOAC)
7. 16.30-17.00 **Presentation on Staff Health Insurance**
(Comptroller; Secretary IEOAC)
8. 17.00-17.30 **Presentation on Compliance Risk and Ethics**
(Director CRE; Secretary IEOAC)



Independent Expert Oversight Advisory Committee

12th Meeting 1-4 April 2014

Wednesday 2 April 2014

Day 1

Salle India

1. 09:00-10:00 **Opening and Administrative Matters:** Confirmation of quorum; updates on declarations of interest; adoption of the agenda; Selection of new Chair Person, IEOAC Secretariat arrangements for 2014 (ADG/GMG; Comptroller; Legal Counsel; Secretary IEOAC)
10:00-10:15 Coffee Break
2. 10:15-12:00 **Briefing by FNM** on the WHO financial statements for the year 2013 and update on the biennium 2012-2013 (Comptroller; Chief Finance; Deputy Director IOS; Secretary IEOAC)
3. 12:00-13:00 **WHO Staff Health Insurance**-financial statements for the year 2013 (Coordinator IPS; Comptroller; Secretary IEOAC)
13:00-14.00 Lunch
4. 14.00-15.00 **Update on the status of External Audit work plan & recommendations:** (Director of External Audit, Commission on Audit Republic of the Philippines; Deputy Director IOS; Comptroller; Chief Finance; Secretary IEOAC)
15:00-15:15 Coffee break
5. 15.15-16:30 **Internal Oversight Services matters,** including an update on the IOS work plan for 2014-15, evaluation and investigation (Deputy Director IOS; Comptroller; Secretary IEOAC)
6. 16:30-17.30 **WHO Reform :** Briefing from Secretariat on progress of WHO Reform (Executive Director DGO, Technical officer PSD, Director PRP; Comptroller, Secretary IEOAC)

Thursday 3 April 2014

Day 2

Salle India

- 7.** 09:00-09:30 **Update on the finalization of Internal Control Framework** and its Implementation Plan across the three levels of the organization (Comptroller; Deputy Director IOS; Director CRE; Secretary IEOAC)
- 8.** 09:30-10:30 **Progress and update on work plan and office of Compliance, Risk Management and Ethics** - Update on Organization wide Risk Register, outreach of the office and ethics function in WHO (Director CRC; Deputy Director IOS; Comptroller; Secretary IEOAC)
- 10:30-11:00 *Coffee break*
- 9.** 11:00-12:30 **Update on the new WHO IT Strategy** (Ag. Director ITT; Deputy Director IOS; Comptroller; Secretary IEOAC)
- 12:30-14.00 *Lunch*
- 10.** 14.00-16:00 **Specific Issues with Regional Office AFRO related to compliance and internal control – Link up through video conference**
(From AFRO – Director Administration and Finance and Budget and Finance Officer; Comptroller; Chief Finance; Secretary IEOAC)

Friday 4 April 2014

Day 3

Salle India

- 11.** 09:00-10:00 **Private meeting between IEOAC and Director IOS**
- 12.** 10:00-11:00 **Meeting with Executive Management to discuss/review main issues**
(Executive Director DGO; Comptroller; Director IOS; Secretary IEOAC)
11:00-11:15 Coffee break
- 13.** 11:15-12:00 **Feedback on Induction Briefing, finalization of dates and topics for the next IEOAC meeting** (Comptroller, Secretary, IEOAC)
12:00 -13.30 Lunch with with Comptroller, Director IOS, Secretary IEOAC
- 14.** 13:30 - end **Preparation of the IEOAC meeting report**
(With coffee break)
- 15.** 16:00-17:00 **Debriefing with Director General** (*subject to confirmation*)
(DG; DDG; Comptroller; Secretary IEOAC)

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ANNEX 2**INDEPENDENT EXPERT OVERSIGHT ADVISORY COMMITTEE****TERMS OF REFERENCE²****PURPOSE OF THE COMMITTEE**

1. As an independent advisory committee established by the Executive Board of WHO, and reporting to the Programme, Budget and Administration Committee, the purpose of the Independent Expert Oversight Advisory Committee is to advise the Programme, Budget and Administration Committee and, through it, the Executive Board, in fulfilling their oversight advisory responsibility and, upon request, to advise the Director-General on issues within its mandate.

FUNCTIONS

2. The functions of the Committee shall be:
 - a) to review the financial statements of WHO and significant financial reporting policy issues, including advice on the operational implications of the issues and trends apparent;
 - b) to advise on the adequacy of the Organization's internal controls and risk management systems, and to review management's risk assessment in the Organization and the comprehensiveness of its ongoing risk management processes;
 - c) to exchange information with, and review the effectiveness of, the Organization's internal and external audit functions, as well as to monitor the timely, effective and appropriate implementation of all audit findings and recommendations;
 - d) to advise on the appropriateness and effectiveness of accounting policies and disclosure practices and to assess changes and risks in those policies;
 - e) to provide, on request, advice to the Director-General on the matters under points (a) to (d) above;
 - f) to prepare an annual report on its activities, conclusions, recommendations and, where necessary, interim reports, for submission to the Programme, Budget and Administration Committee by the Chairman of the Independent Expert Oversight Advisory Committee.

² (Document EB 126/25 and Resolution EB125.R.1, Annex)

COMPOSITION

3. The composition of the Committee and the qualifications of its members shall be as follows:
 - a) The Committee shall comprise five members of integrity and objectivity and who have proven experience in senior positions in the areas covered by these terms of reference.
 - b) Following consultations with Member States, the Director-General shall propose to the Executive Board candidates for membership of the Committee. Members of the Committee shall be appointed by the Executive Board. No two members shall be nationals of the same State.
 - c) Members shall provide their services free.
 - d) Members must be independent. They shall serve in their personal capacity and cannot be represented by an alternate attendee. They shall neither seek nor accept instructions in regard to their performance on the Committee from any government or other authority external to or within WHO. All members will be required to sign a declaration of interest and a confidentiality agreement in accordance with WHO practice in this respect.
 - e) Members shall collectively possess relevant professional, financial, managerial and organizational qualifications and recent senior-level experience in accounting, auditing, risk management, internal controls, financial reporting, and other relevant and administrative matters.
 - f) Members shall have an understanding of and, if possible, relevant experience in the inspection, investigative processes, monitoring and evaluation.
 - g) Members should have or acquire rapidly a good understanding of WHO's objectives, governance structure and accountability, the relevant regulations and rules, and its organizational culture and control environment.
 - h) Committee membership should have a balanced representation of public and private sector experience.
 - i) At least one member shall be selected on the basis of his or her qualifications and experience as a senior oversight professional or senior financial manager in the United Nations system or in another international organization.
 - j) In the selection process, due regard shall be given to geographical representation and gender balance. In order to retain the most equitable geographical representation, membership should be rotated among the WHO regions to the extent possible.

TERM OF OFFICE

4. The term of office shall be four years, non-renewable, except that the term of office for two of the initial members shall be two years, renewable once only for four years. The Chairman of the

Committee shall be selected by its members. He or she shall serve in this capacity for a term of two years.

ADMINISTRATIVE ARRANGEMENTS

5. The following arrangements shall apply:

- a) Members of the Committee not resident in the Canton of Geneva or neighbouring France shall be entitled to the reimbursement of travel expenses in accordance with WHO procedures applying to members of the Executive Board.
- b) The Committee shall meet at least twice per year.
- c) The quorum for meetings of the Committee shall be three members.
- d) Except as provided for in its terms of reference, the Committee shall, *mutatis mutandis*, be guided by the rules of procedure of the Executive Board concerning the conduct of business and the adoption of decisions. The Committee may propose amendments to its terms of reference for consideration by the Executive Board, through the Programme, Budget and Administration Committee.
- e) The Committee may decide at any time to obtain independent counsel or outside expertise if necessary and shall have full access to all WHO files and archives, which shall be treated on a confidential basis.
- f) The WHO Secretariat will provide secretariat support to the Committee.

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