

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

(Geneva, 15 – 17 October 2014)

This was the last of the three IEOAC meetings planned for 2014. The agenda for the meeting is attached as Annex 1 and the list of participants as Annex 2.

In attendance throughout: Farid Lahoud (Chair), Bob Samels, Steve Tinton, Mukesh Arya and Mary NCube.

Items 1 – Opening and administrative matters

- 1) 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 for the 14th meeting was adopted.
- 2) A short discussion followed whether the IEOAC is meeting the expectations of member states. The comptroller mentioned that based on the comments received from PBAC, which is a representative body of member states, the Committee thus far has an excellent reputation. IEOAC through its observations and recommendations is able to synthesise and highlight the key issues and challenges out of the various documents and reports presented to PBAC.
- 3) The Committee adopted a process to undergo a self-assessment with outcome to be reviewed at the next meeting of IEOAC in April next year. The draft self-assessment questionnaire was shared among the Committee members and a few required changes were noted. A revised version would be sent by the secretary IEOAC in the coming weeks.
- 4) The Comptroller provided a brief update on the Ebola Crisis and the challenges it's posing. Ebola was declared a Public Health Emergency of International Concern (PHEIC) on 8 August 2014 by the Director-General. WHO has emergency procedures in place which come into existence whenever a public health emergency is declared. The ERP system easily tracks and monitors the funding received through the Awards Module however the bigger challenge lies at the expenditure level to ensure that funds are used for the purpose specified in the donor agreements.
- 5) Currently WHO is looking at a time line of about one year for this crisis response. The IEOAC noted that crisis of this magnitude often help identify operational or

control weaknesses and inefficiencies that may be unnoticed under normal operating conditions. It thus recommends that a separate assessment of the crisis and the lessons learnt be undertaken by WHO at an appropriate time next year.

Item 2 – Update on Internal Oversight Services (IOS)

- 6) The Committee received a briefing from Director IOS on the internal audit plans and status of implementation of recommendations. It noted that certain missions were justifiably delayed in the African Region as a consequence of Ebola. IEOAC noted with satisfaction the progress made in the implementation of a number of audit report recommendations and the closure of several audits since its last meeting. The Committee will continue to monitor the progress in its future meetings.
- 7) IEOAC took note of the conclusion of the IOS report on Direct Financial Cooperation (DFC), which has been a topic of concern in recent governing body meetings. One of the critical conclusions of the report was that the current control processes and procedures in place are unsatisfactory to cover all the risks.
- 8) The Committee considers that effective DFC processes are important to ensure appropriate control over expenditure and reporting to member states. The IEOAC is encouraged by the way management is addressing the issues and entering into a dialogue with member states to elicit their support for the implementation of some of these corrective measures.
- 9) IOS has made several recommendations in this regard and some of these have already been implemented. The detailed discussion on DFC was deferred to the session on internal control framework with special emphasis on DFC on Day 2.
- 10) The IOS director apprised the Committee about the establishment of a new risk assessment process to define audit priorities and briefed the Committee about the current perimeter of the “audit universe”. The Committee however renewed its concern with the low frequency of reviews of medium and high risk countries with the apparently persistent systemic weaknesses. It draws management’s attention to this matter and to the need to enhance accountability.
- 11) IEOAC observed that the reasons for the same audit findings being repeated again and again appears to stem from two key reasons – (i) lack of ownership for the recommendations made by IOS and (ii) lack of systematic approach to management of compliance.

12) The discussion then followed about the role of compliance units in the regional offices. Currently all regional offices have some form of compliance units, however there is no harmony in terms of functioning and reporting across the organization. The Committee recommends that the compliance functions be made an integral part of management process. The compliance units must act as a “second line of defence” within the overall control framework with a clearly defined mission. CRE should set up a broad framework for such functions, building in the flexibility required for office specifics. Regional Directors should be responsible for establishing appropriate compliance units within their region which should perform within the framework put in place centrally by head office.

13) The committee also held a private session with the Director IOS.

Item 4 – Status of External Audit

14) The IEOAC received a presentation from External Auditors on external audit plans and status of implementation of recommendations. The Committee was also informed that the five areas which were identified as key areas of focus by IEOAC in the last meeting have been incorporated in the audit plans.

15) Management is currently reviewing the treatment of intangible assets to ensure compliance with IPSAS which is consistent with the other UN Organizations.

16) IEOAC encourages WHO to develop a central tracking tool for donations received as recommended by External Auditors.

17) The IEOAC held a private meeting with the External Auditors.

Item 6 – Status of JIU recommendations

18) The Committee was presented with the latest status of implementation of JIU recommendations. The IEOAC was pleased to note the progress made in updating the web portal of JIU such that WHO was now largely “in compliance” according to JIU.

Item 7 – Evaluation and Organizational Learning

19) The Evaluation function moved out of IOS in August and a separate unit Evaluation and Organizational Learning has been established within the office of Director-General. An evaluation policy was adopted in 2012 and accompanying handbook

presented to Head of Country offices in November 2013. The goal is to strengthen this function and institutionalise evaluation in WHO work.

- 20) The IEOAC stressed the importance of Evaluation in an organization like WHO and the need to assign adequate resources to carry out such function at the pace needed. It will continue to monitor the function of Evaluation and looks forward to the report which would be presented to EB in January 2015.

Item 8 – Update on Compliance, Risk Management and Ethics (CRE)

- 21) The Committee continues to follow the progress being made by CRE with a keen interest. It appreciates the fact that despite some very ambitious deadlines, CRE department is on track with its objectives.
- 22) The Committee finds the first analysis of the risks as encouraging; setting up a platform for a good debate. It encourages CRE to broaden this debate with the central and regional management so as to integrate and refine the risks management process. It also notes that the risk register, the audit universe, and the internal control framework should be perfectly aligned and encourages a strong and flawless coordination among the owners of the aforementioned tools. There will be hierarchy of risks throughout WHO. It is important that the identified risks and actions are relevant for each level of the organization and they become an effective and integral part of the management process.
- 23) IEOAC will continue to monitor and review the progress in the three main areas of CRE - (i) risk identification and mitigation; (ii) whistle blower policy and (iii) declaration of interest for external experts.

Item 9 – Briefing on Internal control Framework

- 24) This session comprised of an update by the secretariat on the improvements in the control functions as part of the response to recommendations made by IOS and concerns raised by member states in respect of Direct Financial Cooperation (DFC). This was followed by a presentation on implementation of internal control self-assessment checklist.
- 25) The Comptroller informed the Committee about the measures taken in the regional offices on the recommendations made by IOS in improving the controls for DFC implementation. The major weaknesses have been consolidated in three categories – (a) alignment of DFC to WHO Programmatic objectives; (b) reporting and compliance and (c) accountability.

- 26) The Committee feels reassured that some of the recommendations to deal with these weaknesses have already been put in place. It is pleased to note that there has been a significant reduction in the outstanding reports related to DFCs and the policy of not releasing funds for future DFCs unless previous ones are reported and closed, is now being better enforced. Another measure to improve accountability which has already been established is the separation of Direct Implementation from DFCs. Within Financial Statements, Direct Implementation will be reflected under contractual services. The Committee supports the proposal of establishing DFC focal points in each Regional Office for monitoring related compliance issues.
- 27) The IEOAC considers that effective DFC processes are important to ensure appropriate control over expenditure and reporting to member states. The IEOAC is encouraged by the way management is addressing the issues and entering into a dialogue with member states to elicit their support for the implementation of some of the corrective measures.
- 28) A new self-assessment checklist was presented to the Committee who expects regional directors to take the responsibility for the implementation, roll out and completion of the Self-Assessment Checklists in their respective regions.
- 29) The Committee was encouraged to see WHO's grasp of the critical issues linked to the implementation of internal control framework. It welcomes the additional steps being taken to overall strengthen the internal control framework. It looks forward to receiving a review of how the system is operating in a year's time and encourages the adoption of a rigorous timetable for the DFC compliance improvement plan that would allow unambiguous post fact assessment of progress.

Item 10 – WHO Reform : General Update and VC with EURO and EMRO

- 30) The IEOAC noted that 64.5% of the Reform outputs have reached implementations stage by the end of September compared to 40% at the beginning of 2014. It also took note of delay in some of the Reform related activities due to strain on resources, both financial and personnel, due to the Ebola crisis.
- 31) The IEOAC also addressed issues linked to the communication strategy of Reform. It recognises the comprehensive set of tools being deployed for communication but was unable to see how these are being measured for their impact and effectiveness. A robust discussion followed about how on the ground, many staff members may not be aware of WHO Reform even if they are aware of some recent changes in the policies and procedures in HR, Finance or Procurement. These changes have

happened due to Reform initiative but the connection of that is either missing or not communicated well. The Committee suggests that's the communication strategy encompasses a highlight of the results or key achievements in the area of Planning, ICF, Finance, HR etc., and how these contribute to the overall reform objective.

- 32) The Committee had a conference call with EURO and EMRO regions. WHO Reform, Internal Audit Reports and Internal control Framework were among the issues which were discussed. The compliance units which support the internal control framework were described and it was noted that the roles, responsibilities and reporting were different in each region. In previous conference calls with AFRO and SEARO, the IEOAC has noted that those compliance units were also managed differently. While the Committee applauds the creation of compliance units in all offices, the Committee is of the view that to strengthen internal controls, the compliance units in all the regions should be established in harmonious and comparable manner and should be managed in a consistent consolidated approach under the framework established by CRE centrally.
- 33) The IEOAC observed that one of the biggest barriers to Reform is “silo style functioning within WHO”. The Committee is concerned with the lack of alignment in priorities at three levels of the organization. The organizational barriers are inhibiting the integrated coordinated efforts to tackle issues related to compliance, risks, assets tracking, HR and IT.

Item 11 – WHO Reform : HR matters

- 34) The Director HRD made a short presentation and briefed the IEOAC about the current status of various ongoing HR initiatives including Mobility framework and policy and Performance Management system.
- 35) The Committee once again emphasized the importance of HR as an enabler for WHO Reform Agenda and sought to understand the HRD’s expectations about delivery and implementation of all the new initiatives in the next two-three years. It also raised its concern about the organization’s capacity and maturity to embrace all these changes. The Committee suggested that the roll out of all the new policies should aim at bringing the cultural change in the organization.
- 36) The IEOAC recognizes the significant amount of work being handled by HRD especially with the exceptional demands on its resources due to Ebola crisis. It recommends that the necessary resources be allocated to HRD in order to meet the set tight deadlines.

37) In respect of Policy on Mobility, the IEOAC stressed that it's critical to identify the rotational positions. Furthermore, the IEOAC considers the support of Regional Directors as of critical importance for it to succeed.

Item 12 – WHO Reform : Financial Strategy

38) The Committee received a briefing on the Financial Strategy being put together as an attempt to consolidate several budget and finance initiatives undertaken in the recent times under the Reform Agenda. The Financial strategy summarises and links these initiatives together and provides a longer term vision for financing the organization in a more predictable, transparent and aligned manner.

39) The IEOAC requested the director CRM to inform the Committee on how the financial strategy would improve risk management, accountability framework, internal controls, transparency and budget alignment. It was provided with further information on the voluntary contribution cycle from proposal to agreement to implementation & monitoring and finally donor reporting while ensuring integration of all elements of budgeting, costing, funding, risk management and accountability.

40) The Committee was happy to hear about one of the key achievements of programmatic Reform - approval of Programme Budget (PB) in its entirety by WHA. There has been a clear shift from aspirational or resource budgeting to more strategic and result based budgeting. WHO is trying to use the PB to raise funds, so that there is an alignment between funds and programmatic priorities; while integrating internal control framework, risk mitigation policy, and is now using the PB as an accountability tool.

41) The IEOAC was encouraged by progress in bottom up budgeting based on local agreements supplemented by tiers of review at the regional and global levels.

42) The IEOAC commented on the risks associated with funding of category six. Despite the new funding approach, the challenges for meeting costs related to HR or IT are still apparent.

43) The Committee reviewed the revised Financial Strategy structure for budgeting, financial management and financial reporting. In the IEOAC's view Financial Strategy is critical for WHO Reform to align programmes to the funding process. This will allow the organization to align the funding activities of the regions with the consolidated funding activities of the Director General. If successful, it will provide Member states with a clear and logical budget, funding and reporting structure to underpin the overall programme work of WHO.

Item 13 – Update on Information Technology (ITT)

- 44) Director ITT shared his vision and strategy about WHO's IT operations globally and apprised the Committee about some of the key challenges and issues being faced by the department more so while responding to Ebola crisis. He also provided a briefing on the status of ongoing IT initiatives as part of WHO Reform.
- 45) In the ensuing discussion, Committee commented that IT is a critical piece in the overall delivery of Reform agenda since it's providing the platform to all other initiatives. It was reassuring to know that the senior stakeholders such as - Directors in General Management Group in HQ and Directors, Administration and Finance (DAFs) in the regional offices are engaged in the strategy setting, and in defining priorities and the requirement of resources. However the challenge still remains in streamlining the highly decentralised IT structure.
- 46) The IEOAC observes that the decentralized structure of IT management throughout the organization is a constraint in effectively supporting WHO Reform and ongoing operations. The Committee recommends that as a way forward, WHO IT requires (a) an appropriate governance structure; (b) a well-defined IT strategy (following the identification of costs and an inventory of all existing systems in place) with buy-in from all the stakeholders; (c) a clearly defined budget to meet the immediate investment requirements (the long term investment would depend upon the strategy).

Item 15 – Update on Staff Health Insurance (SHI)

- 47) An update on the After Service Health Insurance Funding Projections and the feasibility study on SHI claims administration was well received by the IEOAC. The Committee suggested that the administration of SHI should be integrated within overall control framework, with associated risks being captured in the new risks register.

Item 16 – Fixed Assets management and long term funding plans for capital assets

- 48) The IEOAC received a presentation on the management of premises and equipment as part IPSAS compliance in the transition period. The briefing covered the issues being faced in this respect, in terms of available capacity in Regional Offices, the system in place for assets tracking, the ageing property portfolio and most importantly issues linked with data collection.

49) The Committee wanted to know whether there is a global coherent system to capture the required information about the premises and capital assets and if there is a policy in place for the replacement of such assets. It would like to see a capital master plan including the plan for HQ buildings, and the status of Real Estate Fund in its next meeting in April.

Item 14 – Concluding session and dates for the next IEOAC Meetings

50) The Committee held a concluding meeting with senior members from the Secretariat to review its findings and recommendations as set out in this note of meeting.

51) The meeting dates for 2015 are as below:

1st meeting - 8 to 10 April 2015

2nd meeting – 1 to 3 July 2015 (possibly in a Regional Office)

3rd meeting – 19 to 21 October 2015

Annex 1



World Health Organization

Independent Expert Oversight Advisory Committee 14th Meeting 15 – 17 October 2014

**Wednesday 15 October 2014
Day 1 (Salle India)**

1. 09:00-09.30 **Opening and Administrative Matters:** Confirmation of quorum; updates on declarations of interest; adoption of the agenda; (Comptroller; Director IOS;
Director CRE; Secretary IEOAC)
2. 09:30-10.30 **Update on Internal Oversight Services Matters :** Review of risk based IOS plans;
Update on Internal Audit Coverage (Audit Universe) and its criteria; update on the annual plans for the following year; Implementation of

recommendations made by IOS; Update on Investigations, Dashboard (Heat map) (Director IOS; Comptroller; Director CRE; Secretary IEOAC).

10:30-10:45 *Coffee Break*

3. 10:45-11:15 **Private Session with Director Internal Oversight Services:** Director IOS
4. 11:15-12:30 **Status of External Audit:** Update on the External Audit Plans and Status of implementation of Recommendations (Director of External Audit, commission on Audit Republic of the Philippines; Director IOS; Comptroller; Director CRE; Chief Finance; Finance Officer, AMG; Secretary IEOAC)
5. 12:30-13:00 **Private session with External Auditors**

13:00-14:00 *Lunch*

6. 14:00-14:30 **Update on status of JIU recommendations** – Briefing by JIU focal person on the status of implementation of JIU recommendations over the years (Comptroller; Director IOS; Director CRE; Finance Officer, FNM; Secretary IEOAC)
7. 14:30-15:30 **Evaluation and Organizational Learning** – Update on ongoing activities Including the review of the evaluation function. (Representative for EOL; Comptroller; Director IOS; Director CRE; Secretary IEOAC)

15:30-15:45 *Coffee break*

8. 15:45-17:00 **Compliance Risk and Ethics Update :** Update of the Risk Register and Whistle Blower Policy (Director CRE, Director IOS, Comptroller, Secretary IEOAC)

17:00 -17:30 *Daily wrap - up session*

Thursday 16 October 2014

Day 2 (Salle India)

9. 09:00-10:15 **Internal Control Framework :** Specific focus on Direct Financial Cooperation (DFC) and related issues (Comptroller; Chief Finance, Senior Adviser, GMG; Director IOS; Director CRE; Secretary IEOAC) .

10:15-10:30 *Coffee break*

10. 10:30-12:30 **WHO Reform: General update and VC (in room no. E232) with Regional Offices (EURO and EMRO)** on the progress of WHO Reform its timelines, and the impact of Ebola crisis on some of the deadlines; update on

change management (Senior Adviser PSD; Change Management Officer; Technical officer, PSD; Project Management Officer ITT; Comptroller; Director IOS; Director CRE; Secretary IEOAC)

12:30-13:45 *Lunch – IEOAC members, Comptroller; Director IOS, Director CRE, Secretary IEOAC*

11. 13.45-14:45 **WHO Reform: HR Matters** : Update on Policy of Mobility and Update on Performance Management (Director HRD; Director IOS; Director CRE; Comptroller; Secretary IEOAC)

12. 14.45-15:45 **WHO Reform: Financial Strategy- Grouping together various budget and finance initiatives.** (Comptroller, Director PRP, Management Officer GMG; Senior Adviser, GMG; Director a.i. CRM; Director IOS, Director CRE, Secretary IEOAC)

15:45-16:00 *Coffee break*

13. 16.00-17:00 **Update on Information Technology (ITT)** – Briefing on ICT Annual Report (Director ITT, Comptroller; Director IOS; Director CRE; Secretary IEOAC)

17:00 -17:30 *Daily wrap - up session*

Friday 17 October 2014

Day 3 (Salle India)

14. 09:00-10:30 **Closing session with Executive Management to discuss/review main Issues.** (DDG's availability to be confirmed) Director IOS; Director CRE; Comptroller; Secretary IEOAC)

10:30-10:45 *Coffee break*

15. 10:45-11:45 **Staff Health Insurance** : Update on After Service Health Insurance funding projections and Feasibility study on claims processing option for SHI (Coordinator IPS; Comptroller; Director IOS, Director CRE, Secretary IEOAC).

12:00-13.00 *Lunch*

16. 13:00-14:00 **Fixed Assets Management and long term funding plans for capital assets:**
Briefing on Fixed Assets Management (WHO Owned Property) in relation to
IPSAS compliance and long term funding plans for capital assets
(Comptroller; Director IOS; Director CRE; Finance Officer, AMG; Chief
Finance; Secretary IEOAC)
17. 14.00 – 14.30 **IEOAC Self-Assessment Review** - Secretary IEOAC
18. 14.45- 15:15 **Preparation of the Agenda of the 15th meeting** - Secretary IEOAC
- 15:15-15:30 *Coffee break*
19. 15:30 till end **Preparation of the IEOAC meeting report-** Secretary IEOAC

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Annex 2

**Independent Expert Oversight Advisory Committee
14th Meeting, 15 to 17 October 2014
India Room**

List of participants

EXPERT COMMITTEE MEMBERS

Mr Farid LAHOUD (Chair)
Ms Mary NCUBE
Mr Robert SAMELS
Mr Stephen TINTON
Mr Mukesh ARYA

SECRETARIAT

Director-General

Dr Margaret Chan

Comptroller & Director (GMG/FNM)

Mr Nicholas R. Jeffreys

Chief Finance, (GMG/FNM)

Mrs Jane M. Stewart Pappas

Senior Adviser, GMG	Ms Bersabel Ephrem
Finance Officer, Office of Comptroller (GMG/FNM)	Mrs Simmi Sharma
Director, Compliance and Risk Management and Ethics (CRE)	Mr Andreas Horst Mlitzke
Technical officer, Compliance Risk Management and Ethics (representing Director CRE)	Ms Marie Sabine Bombin
Finance Officer, Office of Comptroller (GMG/FNM)	Mr Euloge Zoumenou
Director, Operational Support and Services (GMG/OSS)	Mr Richard Preston
Finance Officer, Asset Management	Mr Jonathan V. Scanlen
Director, External Audit	Mr Lito Martin
Director, Planning Resource Coordination and Performance Monitoring (GMG/PRP)	Dr Sussan Bassiri
Director, Internal Oversight Services (IOS)	Mr David J. Webb
Deputy Director IOS	Mr Deepak Thapa
Director, Human Resources Management	Ms Francoise Nocquet
Planning officer, Human Resources Management	Ms Elise Pacquetet
Change Management Officer (DGO/PSD)	Mrs Nicole Krueger
Technical Officer (DGO/PSD)	Mr Raman Minhas
Senior Advisor (DGO/PSD)	Dr Gaudenz U. Silberschmidt
Project Management Officer (GMG/ITT)	Mrs Lorraine Pablo-Ugale
Management Officer (GMG/ADGO)	Mrs Hanne Raatikainen
Management Officer (GMG/ADGO)	Mr Roberto Balsamo
Representative for Evaluations and Organisational Learning (DGO/DGD)	Dr Elil Renganathan
Director a.i. Coordinated Resource Mobilization CRM	Ms Linda Muller
Director Information Technology and Telecommunications (ITT)	Mr Marc Yves Touitou

Coordinator, Insurance and Pension Services(IPS)
Rossier

Mrs Claude M. C. Hennetier

Executive Manager, Strategic Partnerships,(EURO)

Ms Maria (Leen) Meulenbergs

Deputy Director, (DCE/EURO)

Dr. Nedret Emiroglu

Director Administration and Finance, EMRO

Mr. Tamas Landesz