

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

(Geneva, 4 – 6 April 2016)

The meeting was the first of three IEOAC meetings planned for 2016, with the dates for the next two meetings having been provisionally set for 27-29 July and 18-20 October 2016. The agenda for this meeting is attached at [Annex 1](#) and List of Participants as [Annex 2](#)

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

Mr. Steve Tinton was unable to attend the meeting due to a medical emergency.

The two new members Ms Jeya Wilson and Mr. Leonardo Pereira selected to replace the outgoing members Mr. Lahoud and Ms Ncube, attended the meeting as observers.

Item 1 – Opening and administrative matters

- 1) The Chair confirmed a quorum with four members present and all declarations of interest or updates duly submitted (no conflicts of interest recorded). The agenda for the 18th meeting was adopted with a slight change to include a briefing on accountability compact under session nine.
- 2) Mr. Bob Samels attended the PBAC meeting in January 2016 as the chair of IEOAC and as a feedback, he drew the attention of the Committee towards the concerns raised by the Member States specifically about the steps being undertaken by WHO in putting in place an Emergency cluster and addressing the old outstanding IOS audit recommendations.

Item 2 – Update on the financial statements 2015

- 3) The Committee reviewed, and discussed with management, the 2015 financial statements. It addressed the key underlying accounting policies, the reasonableness of significant judgments and the clarity of disclosures. It noted that the organization is for the first time presenting a unified report which includes financial statements for 2015 and, the financial and performance assessment report for 2014-15, as compared to the programme budget 2014-15.
- 4) The presentation included the financial highlights to reflect the key expenditure areas and the major funding sources. It observed that the growth in expenditure is mainly due to Polio and Ebola activities in 2015.
- 5) The Committee also discussed briefly the hedging policies and the investments policies followed by WHO. In respect of contingent liabilities reflected in the financial statements, the secretariat shared the summary of pending legal cases along with the potential estimated costs with the IEOAC.
- 6) The Committee further noted that the accounts are deemed IPSAS compliant (noting that, as allowed under IPSAS rules, WHO opted for the transitional provision to

implement IPSAS requirements for property and equipment until 1st January 2017). The Committee was informed that though WHO has not yet fully capitalized its equipment costs, the project for the same is on-track to ensure full compliance by end of the year.

- 7) The Committee noted the concurrence of views between management and the external auditors on the financial statements. An unqualified opinion will be issued by the external auditor on the financial statements; the Committee has no reservation with the submission of the financial statements to PBAC and the World Health Assembly.

Item 3 – Planning, Resource Coordination and Performance Monitoring

- 8) The Director PRP, made a short presentation about WHO's programmatic and Financial Report for 2014-15 including audited financial statements and gave a short demonstration of the WHO PB web portal. The Committee noted that the unified reporting is a significant step forward in improving timeliness and quality of reporting while improving transparency and accountability through the presentation of information over WHO PB web portal.
- 9) The Committee is encouraged by the concrete progress made in the programmatic reform area. The Committee was quite appreciative of the excellent information available on Web Portal providing detailed analysis by major office, by country, by programme area etc.
- 10) The Committee pointed out the importance of governance and review process in the unified reporting to ensure no statement is included in the narrative report about internal controls and compliance without being supported by evidence.

Item 4 – Update on Staff Health Insurance (SHI)

- 11) The IEOAC received a presentation on the financial statements on Staff Health Insurance for the year 2015. The Committee has taken note of the financial statements and has no comments on it.
- 12) The Committee noted the progress under the project of online claim processing system and encouraged management to monitor it carefully to ensure risks are known and covered while ensuring efficient service delivery.
- 13) The Committee further expressed concern that health costs for retired employees continue to rise especially in "high cost region". This trend will continue due to demographics which will put pressure on the unfunded liability of the plan. The Committee urges management to complete a detailed review of the coverage and financing being provided to both active and retired employees, in order to mitigate future costs.
- 14) The Committee looks forward to reviewing the results of the next Funding Evaluation Study in its future meetings

Item 5 – Status of External Audit

- 15) The External Auditor provided the Committee with a comprehensive briefing on the audit results of the 2015 financial statements, review of control activities and implementation of audit recommendations. The Committee was pleased to observe agreement between management and the external auditor on all major items in the financial statements.
- 16) A briefing was provided on the implementation of previous external audit recommendations. The Committee was satisfied to note that management had implemented the majority of the recommendations and that the external auditor was satisfied with the progress. The Committee was pleased to note the consistent improvement in the five key areas of concerns which were identified for constant monitoring.
- 17) The draft external audit recommendations for the current year were not available as they were under review with management. However the Committee received comfort from the external auditor that there were no significant draft audit recommendations that would impact the financial statements. At the next IEOAC meeting the external audit recommendations and management's responses will be reviewed in greater detail.
- 18) The IEOAC also held a private session with External Auditors.

Item 7 – Update on Internal Oversight Services (IOS)

- 19) The Committee received a briefing from the Director of IOS on the recent developments in IOS including staffing, status of 2015 Internal Audit Plan, 2016 work plan, status of implementation of recommendations, results of country audits 2012-2015 and an update on investigations.
- 20) A discussion followed on several initiatives undertaken by the management to deal with 'partially satisfactory' or 'unsatisfactory' rating by IOS in respect of operational effectiveness of budget centers. Management has undertaken a substantial amount of work in strengthening controls at the three levels of the organization such as roll out of internal control framework, establishing risks register, self-assessment checklists and accountability compacts. There appears to be a positive trend with many process areas showing improvements, however the full impact of all these initiatives has yet to show that all systemic control weaknesses are now resolved.
- 21) The Committee noted the rating of AFRO Regional office Audit as 'unsatisfactory', however it was informed that the audit occurred in the first quarter of 2015 prior to recent changes. The Committee, in last October's meeting, received a briefing on the Transformation Agenda that AFRO has fast tracked on WHO Reform to ensure that systemic weaknesses are addressed in a holistic manner. It took note of the measures being undertaken by the Regional Office to strengthen the internal control framework for improving compliance results, and is looking forward to see the effect of Transformation Agenda becoming evident in audit results during 2017. It was

satisfied to note that one of the performance indicators used by the organization is now full implementation of audit recommendations.

- 22) The Committee is pleased to note the number of old outstanding open recommendations has been significantly reduced; it now stands at 3.6% compared to 8% in March 2015. It was encouraged to note that awareness about 'open audit issues' has clearly improved across the organization and encourages management to continue with this trend and address all open issues in a timely manner.
- 23) However, in terms of fixing accountability, it observed that there still appears to be no consequences for non-compliance as was evidenced from the fact that several audit reports over two years old remained open. The Committee recommends that the organization considers adopting a standardized "process of escalation" linked to the length of outstanding age of an open recommendation so as to ensure better visibility and attention from top management.
- 24) In terms of audit finding, the Committee reiterated its earlier observation that there needs to be a better process for sharing the learning from IOS findings. It pointed out the importance of the need for communicating the lessons drawn from IOS reports, positive findings and good practices across the organization.
- 25) The Committee also held a private session with the Director IOS.

Item 9 – Briefing on Strategic Risk Assessment and Accountability Compact

- 26) The IEOAC received a brief overview of the strategic risks considered by executive management such as (i) reputation risks in the process of electing new DG; (ii) carrying forward the initiatives under Emergency Reform in response to the lessons learned from Ebola crisis; (iii) pace of Governance Reform; and (iv) Risks associated with financing of the organization.
- 27) The Committee was informed that going forward, strategic risks as determined by executive management would be included with the critical risks identified through the bottom up approach and together with mitigation measures would be presented to the GPG for review before the WHA. The Committee urged the secretariat to expedite the process of reconciliation of risks identified through bottom up and top down process. Further, it suggests that high-level analysis and the mitigation measure plans of significant risks be shared with Members States and Governing Bodies, as appropriate, so that latter can take some ownership and to provide a shared understanding of mitigation measures.
- 28) The IEOAC was briefed on the development of the Accountability Compacts between DG and ADsG. The Committee reviewed the critical elements and performance indicators of the Accountability Compacts. It considers this to be an impressive tool of governance and commends the secretariat for making these public. To preserve the overall integrity of Compact, while maintaining the intricacies of federal structure, the Committee encouraged management to continue the development of these compacts throughout the three levels of the organization, suggesting that these could also be endorsed through the Regional Committees, to strengthen the accountability framework.

Item 10 – Update on Compliance, Risk Management and Ethics (CRE)

- 29) Monitoring the progress under Compliance, Risks Management and Ethics continues to be a key recurring item on the IEOAC agenda. The Committee received a presentation and update from Director CRE on progress related to risk management process, internal control checklist rollout, code of ethics and Integrity hotline.
- 30) The Committee acknowledges and is appreciative of the substantial amount of work done by CRE in a short period of time on some of the most strategic initiatives. The Committee was reassured that the management recognizes the need that the department of CRE be adequately resourced to deliver on its significant objectives and has the right attention and support from senior management.
- 31) In the area of risk management, the IEOAC noted the progress made in the last two years starting from the bottom up process of risk identification at budget center level, followed by validation and verification at regional and HQ level. The emphasis now is the reconciliation between risks identified through the bottom up process with strategic risks, and ensuring that appropriate mitigation measures are in place, including adequate escalation procedures. CRE is in the process of issuing Risks Reports for each cluster in HQ, one for every Regional Office and one at corporate level. The Committee encourages CRE to continue with its work and complete this phase. It reiterated its earlier suggestion to operationalize the risk register as a priority so as to use it as a management tool to further strengthen the mapping of risks in internal audit plans along with mapping it to the functions of compliance units.
- 32) The IEOAC observed that the ICF checklist has been rolled out successfully in all regions and noted that CRE is now taking steps to roll this out in HQ clusters. However the Committee is concerned that since these are self-assessment checklists, there is an inherent risk of over scoring by the budget centers. The results of these checklists should be read in conjunction with Risk Register and the findings of Audit Reports.
- 33) Overall, the Committee is encouraged to note the significant amount of work completed by the organization in putting in place appropriate policies and tools to enhance the overall effectiveness on internal control framework at all levels. It now encourages management to strengthen proactive buy-in at all levels so that the impacts of all these tools are visible in audit findings. The committee looks forward to the outcome of the change in the form of measurable evidence in future.
- 34) The Committee noted the progress made in setting up an External Integrity hotline under the whistleblowing policy and protection against retaliation. It encourages management to measure the impact of these policies and tools in strengthening the overall control environment of the organization. It also took note of the work in progress on the policy on Declaration of Interest for external experts and code of ethics and training. It looks forward to further updates on these important issues in the forthcoming meetings.

Item 11– Emergency Reform: WHO work in outbreaks and emergencies with health and humanitarian consequence

- 35) The Committee received an update from Outbreak Health and Emergencies (OHE) senior management in respect of the WHO Health Emergencies Programme. The presentation covered main lessons learned from Ebola crisis, expectation of the world from WHO in emergencies, progress made by WHO in putting in place a unified WHO Health Emergency Programme and short term financial requirements to establish the programme. The Committee found the presentation to be informative and well structured.
- 36) The Committee was apprised that the aim of the Health Emergency Programme is to have a common set of emergency management processes, emergency business rules and emergency operating systems across the organization to enable WHO to deploy staff and transfer funds at the time of emergency, within the established time sensitive standards. It also noted that the organization has agreed to have a standard emergency structure, reporting lines and accountabilities across all major offices. It noted that the success of the programme depends upon the aligned structure and common processes.
- 37) The IEOAC observed that senior management is well aware about the complexity of the project, extent and depth of the critical issues involved and the challenges of working with several stakeholders both internally and externally, in order to make the new emergency programme a success. One of the significant challenges is the organization's ability to switch from a normative to an operational role, in case of emergency in its decision-making process. As a normative agency it usually has a consensus based decision making whereas as an operational agency it needs to take executive decisions which may or may not be consensual at a specific point of time.
- 38) The Committee also took note of the additional funding requirement over the next few years to create and maintain the emergency structure, however it reiterates its concern about the WHO's ability to attract the necessary resources, given its dependence on voluntary funding from a relatively small number of donors.
- 39) The Committee welcomes the progress already made in establishing a consolidated emergency cluster, definitive implementation plans for dedicated emergency structure with a clear timeline and a strong buy-in from GPG. However, it pointed out the importance of endorsement of these plans and the financing needs, from governing bodies for the organization to be able to take it forward. It looks forward to be updated on the progress in the roll out of the implementation plan.

Item 12 – Update on impact and implication on WHO's operation in respect of Polio End Game Strategy

- 40) The excellent presentation on the Post-Polio eradication transition planning was well received by the IEOAC. For this session, besides senior staff from HQ Polio team, staff from AFRO, EMRO and SEARO and WR India, also joined through video conference. It was reassuring to see the alignment of views between HQ and other Regional offices.
- 41) The Committee was informed that the Polio legacy planning is aiming to ensure that the huge investments made in infrastructure, systems and people get transitioned systematically to other health programmes through documentation, knowledge transfer and lessons learnt. The Committee was further briefed on the impact and

implications of the projected conclusion of the polio programme in respect of human resources and financing.

- 42) The Committee considers the management of following five aspects to be critical in legacy planning – (i) financial whereby some other health programmes are being partially funded through Polio programme; (ii) human resource , if not managed well may result in the reputation risks for the organization; (iii) reallocation of resources which needs careful planning to ensure the other health activities currently supported by polio funded staff does not get negatively affected in the transition, (iv) retaining knowledge – which is embedded in people and process; and (v) Impact of the end of Polio Programme on the health systems of vulnerable countries.
- 43) The IEOAC was pleased to note that a global transition plan is being developed which includes knowledge transfer, staffing impacts and financial estimates. However it also noted that the polio workforce is a valuable but temporary resource and a comprehensive human resource plan should be developed which identifies high performers in order to redeploy these assets throughout the organization.

Item 14 – Update on Evaluation and Organization Learning

- 44) The IEOAC received a briefing from the DG Representative for Evaluation and Organizational Learning, on the Annual report on Evaluation to be presented to governing bodies in May. The Committee considers the evaluation and organizational learning to be an important area of management and is supportive of the work being done under this function. It considers these to be important management tools to help institutionalize shared learnings across three levels of the organization.
- 45) The Committee urged Evaluation Office develop a tool to monitor and track the implementation of recommendations based on specific Evaluations. The IEOAC looks forward to be briefed regularly on progress.

Item 15 – Other matters

- 46) The Committee took note of an update provided by Director ODG /DGO in respect of the concept note on cost efficiency under category six in respect of setting up new office for global functions. The Committee considers the strengthening and streamlining of Internal Justice System to be a positive step and encouraged the management to carry out an evaluation of this function at an appropriate time to measure the impact of such initiatives.
- 47) The IEOC also met with ADG/GMG and ExD/DGO and other senior members from the secretariat to discuss the critical issues, concerns and recommendations as set out in this meeting report.
- 48) The WHO management expressed its deep appreciation and gratitude towards the two outgoing members – Mr. Fraïd Lahoud and Ms Mary Ncube, for their valuable guidance and counsel in the last four years.
- 49) The IEOAC worked with the Secretary of the Committee to outline the rolling agenda for the next two meetings of the year. The next meeting in July is scheduled from 27th to 29th, it would follow after the induction briefings for new members on 26th of July in Geneva.



World Health Organization

Independent Expert Oversight Advisory Committee 18th Meeting 4 – 6 April 2016

**Monday 4 April 2016
Day 1 (Salle India)**

- 08:45-09:00 *Welcome Coffee*
1. 09:00-09.30 **Opening and Administrative Matters:** Introduction of new members as observers; Confirmation of quorum; updates on declarations of interest; adoption of the agenda; (ADG/GMG; EXD/DGO; Director IOS; Director CRE; Comptroller; Secretary IEOAC)
 2. 09:30-10:45 **Briefing by FNM :** Briefing on WHO financial statements for the year 2015 and annual report (Comptroller; Director IOS; Director CRE; Chief Finance; Secretary IEOAC)

10:45-11:00 *Coffee Break and wrap up of FNM session*

 3. 11:00 -12:00 **Planning, Resource Coordination and Performance Monitoring:** Update on Unified Programmatic and Financial Report for 2014-2015; (Director PRP; Chief Budget PRP; Director IOS; Director CRE; Comptroller; Chief Finance; Secretary IEOAC)

12:00-12.30 *Time out for wrap up of PRP session*

12:30-14.00 *Lunch (At Chrystal – IEOAC members plus two observers, Comptroller, Chief Finance; Director IOS, Director CRE, ADG/GMG, EXD DGO; Secretary IEOAC)*

 4. 14:00-15:00 **Staff Health Insurance :** Update on Staff Health Insurance financial statements and update on unfunded liabilities (Coordinator IPS; Comptroller; Chief Finance; Director IOS; Director CRE; Secretary IEOAC).

15:00 – 15:30 *Coffee break and wrap up of SHI session*

 5. 15:30-16:30 **Status of External Audit:** Opinion on the financial statements; Feedback on The implementation of management action plan in connection with 2015 management letters finding; Review 2015 management letters with management’s action plan. (Director of External Audit, Commission on Audit Republic of the Philippines; Director IOS; Comptroller; Director CRE; Chief Finance; Secretary IEOAC)
 6. 16.30-17.00 **Private session with External Auditors**

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

Tuesday 5 April 2016
Day 2 (Salle India)

7. 09:00-10:30 **Update on Internal Oversight Services Matters:** Review of report to WHA and corresponding Management Action Plans; status of implementation of recommendations made by IOS (as part of WHA reporting) progress of IOS work plans; Update on Investigations and Dashboard (Heat Map) (Director IOS; Deputy Director IOS; Director CRE; Comptroller; Chief Finance; Director of External Audit ; Secretary IEOAC).

10:30-11:00 *Coffee Break*

8. 10:30-11.00 **Private Session with Director Internal Oversight Services:** Director IOS

9. 11:00-12:15 **Update on Strategic Risks Assessment -** Top down view of risks presented by senior management reflecting the alignment between top down and bottom up approach (EXD/DGO; ADG/GMG; Change Management Officer; Senior Technical Officer, DGO/ODG Director IOS; Director CRE; Comptroller; Chief Finance; Secretary IEOAC).

12:15-12.30 *Time out for wrap up of session*

12:30-13.30 *Lunch*

13:30-14.00 **Private Session with Director CRE :** ExD/DGO; Director CRE

10. 14:00-15:30 **Compliance Risk and Ethics Update :** Review of CRE work plan with timeline and deliverables; Update on Internal Control Framework roll out in regional offices.(Director CRE, Director IOS, Comptroller; Chief Finance; Secretary IEOAC)

15:30-16:00 *Coffee Break and wrap up of CRE session*

11. 16.00-17:15 **Update on Reform of WHO work in outbreaks and emergencies with health and humanitarian consequences:** (ADG/GMG; ExD/DGO; ExD/OHE; Chief HQ/PCM; Coordinator HQ/Surge and Crisis Support Team ; Manager, Outbreak and Crisis Response; Director IOS; Director CRE; Comptroller; Chief finance; Secretary IEOAC)

17:15-17:45 *Daily wrap up session*

Wednesday 6 April 2016
Day 3 (Salle India)

- 12.** 09:00 -10.30 **Update on impact and implications on WHO's operation in respect of Polio End Game Strategy** - impact on and implications for WHO operations, in terms of funding and human resources issues, of the projected conclusion of the polio programme. (Director Polio; COO, Polio; Programme Manager Polio; Director IOS; Director CRE; Comptroller; Chief Finance; Secretary IEOAC; through VC – DAF AFRO, EMRO; WR India; Regional Adviser, SE/IVD; NPO Immunization, WR/India)
- 10:30 - 11.00 *Coffee break and wrap up of Polio session*
- 13.** 11:00-12:30 **Briefing session to discuss/review main issues, update on Governance Reform, Concept note on cost efficiency under category 6 in respect of setting up new office for global functions and to address feedback from the PBAC meeting.** (ADG/GMG; EXD/DGO; Director/ODG; Director IOS; Director CRE; Comptroller; Chief Finance; Coordinator, Global Financial Services; Director, Global Service Centre, Secretary IEOAC)
- 13:00-14.00 *Lunch*
- 14.** 14.00 – 14.30 **Evaluation and Organization Learning** : Update on the Annual Report on Evaluation to be presented to governing bodies in May (DG's representative for EVL; Director IOS; Director CRE; Comptroller; Technical Officer, DGO/EVL; Senior Evaluation Officer, EVL; Secretary IEOAC)
- 14:30-15.00 *Coffee break and wrap up*
- 15.** 15.00- till end **Preparation of meeting report** - Secretary IEOAC

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**Independent Expert Oversight Advisory Committee
18th meeting, 4 to 6 April 2016
Geneva**

List of participants

EXPERT COMMITTEE MEMBERS

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

Observers

Ms Jeya Wilson
Mr Leonardo P Gomes Pereira

SECRETARIAT

From HQ:

Executive Director, DGO/ODG	Dr Ian M. Smith
Assistant Director-General, GMG	Dr Hans Troedsson
Comptroller & Director, GMG/FNM	Mr Nicholas R. Jeffreys
Finance Officer, Office of Comptroller, GMG/FNM	Mrs Simmi Sharma
Chief Finance, GMG/FNM	Mrs Jane Stewart Pappas
Director, Global Service Centre, HQ/GSC	Mr Francisco E.V. Cardenas
Coordinator, Global Financial services, HQ/GSC	Mrs Nonhlanhla Mafabune
Director, Internal Oversight Services, DGO/IOS	Mr David J. Webb
Deputy Director, Internal Oversight Services, DGO/IOS	Mr Deepak Thapa
Director, Compliance and Risk Management and Ethics, DGO/CRE	Mr Andreas H. Mlitzke

Director, Planning Resource Coordination and Performance Monitoring, GMG/PRP	Dr Sussan Bassiri
Chief, Budget, PRP/BCR	Mr Brian Elliott
Coordinator, Insurance and Pension Service, GMG/FNM Rossier	Mrs Claude M C Hennetier
Director, External Audit, Commission on Audit Republic of the Philippines	Mr Lito Martin
Executive Director a.i. Outbreaks and Health Emergencies and Special Representative of the DG for Ebola Response	Dr R Bruce Aylward
Coordinator, Surge and Crisis Support Team, OHE/ERM	Dr Michelle S Gayer
Chief, Programme Operations and Cluster Management; HQ/OHE	Ms Jennifer M Linkins
Director Polio, DGO/POL	Dr Michel J Zaffran
Chief Operations Officer, DGO/POL	Dr Paul Rutter
Programme Manager, DGO/POL	Mrs Cindy Aiello
DG Representative for Evaluation And Organization Learning, DGO/EVL	Dr Elil Renganathan
Senior Evaluation Officer	Dr Iciar Larizgoitta Jauregui
Technical Officer, DGO/EVL	Mr Anand Sivasankara Kurup
Management Officer, GMG/ADGO	Mr Roberto Balsamo
<i>(Through VC or TC)</i>	
Technical Officer, POL, AFRO	Ms Helena O'Malley
Director Administration and Finance, EMRO	Mr Tamas Landes
WHO Representative, WR India	Dr Hendrik Jan Bekedam
Regional Adviser, SEARO/IVD	Dr Sunil K Bahl
NPO, Immunization, WR India	Dr Pankaj Bhatnagar