



**World Health
Organization**

**PROGRAMME, BUDGET AND ADMINISTRATION
COMMITTEE OF THE EXECUTIVE BOARD
Twenty-seventh meeting
Provisional agenda item 2**

**EBPBAC27/2
8 December 2017**

Report of the Independent Expert Oversight Advisory Committee

The Director-General has the honour to transmit herewith to the Programme, Budget and Administration Committee of the Executive Board, for the Committee's consideration at its twenty-seventh meeting, the report submitted by the Chairman of the Independent Expert Oversight Advisory Committee (see Annex).

ANNEX

**REPORT OF THE INDEPENDENT EXPERT OVERSIGHT ADVISORY
COMMITTEE TO THE PROGRAMME, BUDGET AND
ADMINISTRATION COMMITTEE, JANUARY 2018****BACKGROUND**

1. The Independent Expert Oversight Advisory Committee was established by the Executive Board in May 2009 under resolution EB125.R1, with terms of reference to advise the Programme, Budget and Administration Committee, and through it the Executive Board, on matters within its mandate, which include:

- review of WHO's financial statements, financial reporting and accounting policies;
- provision of advice on the adequacy of internal control and risk management;
- review of the effectiveness of the Organization's internal and external audit functions, and monitoring of the implementation of audit findings and recommendations.

2. The current members of the Advisory Committee are:

Name	Date of appointment by the Executive Board¹	Decision reference
Mr Robert Samels (Chair)	May 2013	EB133(8)
Mr Mukesh Arya	May 2013	EB133(8)
Mr Steve Tinton	May 2013	EB133(8)
Dr Jeya Wilson	May 2015	EB 137(4)
Mr Leonardo Gomes Pereira	May 2015	EB 137(4)

3. This report is an interim report of the Advisory Committee following its meetings in July and October 2017. During 2017, the Advisory Committee held its twenty-first, twenty-second and twenty-third sessions on 3–5 April 2017, 26–28 July 2017 and 24–26 October 2017, respectively. The last session was held at the WHO Regional Office for the Eastern Mediterranean in Cairo with some WHO headquarters staff present at the meeting and others joining through a videoconference link for the relevant agenda items. The session was preceded by a half-day mission to the Egypt country office. The twenty-third session was the last for two of the members, Mr Steve Tinton and Mr Mukesh Arya, as their four-year term of office comes to an end in January 2018.

4. Matters from the twenty-first session, held in April 2017, were reported in the annual report presented to the Programme, Budget and Administration Committee at its twenty-sixth meeting in

¹ The “date of appointment” refers to the date of adoption of the relevant decision by the Executive Board.

May 2017. The remaining two sessions addressed all areas of the Advisory Committee's mandate, with a particular focus on the areas set out below.

5. The Advisory Committee expressed its sincere condolences on the sad and untimely death of Dr Mahmoud Fikri, Regional Director for the Eastern Mediterranean. It placed on record its sincere appreciation that Dr Jaouad Mahjour, the acting Regional Director and his team had welcomed the Advisory Committee at such a trying moment and had allocated enough time to listen to its concerns and provide the necessary clarifications or answers.

INTERNAL OVERSIGHT SERVICES

6. At each of its sessions, the Advisory Committee met with the Director of the Office of Internal Oversight Services, both privately and with members of management present. The Advisory Committee was briefed about recent developments in the area of internal oversight, including an update on human resources matters, the scope and status of the 2017 workplan, progress in the implementation of recommendations, the introduction of the "Team Central" process improvement initiative and the status of investigations.

7. The Advisory Committee reviewed the scope and the audit workplan for 2018 and considered them to be focused and well-designed. In discussion with the Director of the Office of Internal Oversight Services, it also reviewed the adequacy of resources available to carry out the Office's mandate independently and efficiently. Given the funding constraints with respect to category 6 and the increased volume of investigation work within the Office, the Advisory Committee sought assurance that the Office is adequately resourced in the coming biennium to ensure key risk areas are covered under the audit plan.

8. The Advisory Committee is satisfied to report that the overall audit coverage is adequate and the outstanding audit recommendations are continuing to decrease. Nonetheless, it noted that overall control effectiveness in the area of supplier management is currently unsatisfactory, and looks forward to being briefed about the specific steps being taken by the management in one of its future meetings.

9. In respect of investigations, the Advisory Committee took note of the case prioritization model that is currently being developed, and suggested that old cases should be reviewed to ensure that they also fall within the ambit of this new tool.

EXTERNAL AUDIT

10. At its twenty-third session, the Advisory Committee met with the External Auditor (via videoconference) and reviewed the scope, plan and approach of the 2017 external audit. The Advisory Committee received additional information on the criteria for selecting the offices to be visited. It also requested that the External Auditors be ready to share their draft audit opinion on financial statements during its next meeting, scheduled in mid-March 2018. The Advisory Committee also held a private meeting with the External Auditors.

OVERVIEW OF THE REGIONAL OFFICE FOR THE EASTERN MEDITERRANEAN AND THE COMPLIANCE AND INTERNAL CONTROL FRAMEWORK

11. At the twenty-third meeting, the Director, Administration and Finance, of the Regional Office for the Eastern Mediterranean provided an overview of the Region's internal control framework, using different dashboards and key performance indicators, such as outstanding direct financial contribution reports, overdue donor reports, compliance with the performance management and development system, programme budget management. The Advisory Committee was pleased to note the existence of a strong compliance structure, despite the political complexities and generally challenging environment, with several countries experiencing protracted emergencies in the Region.

12. The Advisory Committee noted with satisfaction that the Region is carrying out regular assurance activities for both direct financial contributions and direct implementation, to ensure the quality of reports and timely submission. The Region is tracking compliance through the key performance indicator dashboards. There are no open external audit recommendations. In respect of internal audit, too, most of the open recommendations are quite recent. The Advisory Committee was informed that the key reasons behind this better compliance were the tone set by senior management and regular monitoring by the compliance unit.

13. The Advisory Committee further observed that senior management is well aware of the areas of concern, such as the high cost of security, implementation challenges in emergency countries such as Yemen and Somalia, the recruitment and retention of high-quality staff, dependence on core funding and a small but complex regional donor base.

RISK MANAGEMENT

14. The Advisory Committee continues to monitor the progress being made in the area of risk management and has been encouraged by the development of a risk register throughout WHO in the last few years. The Advisory Committee has seen evidence that the risk register is accepted and used at all levels of the Organization.

15. The Advisory Committee has urged that the current risk register should be developed into a risk management system. It envisages arrangements to link corporate-wide top risks with bottom-up risks which are integrated with a management system, demonstrating how those risks are being managed, identifying gaps and opportunities and ascertaining the actions needed.

16. The Advisory Committee took note of the update provided during the twenty-third meeting about the roll-out of the current bottom-up risk register to coincide with the current budget and planning cycle. However, there is still a need to move from quantitative management of risks that would present a comprehensive picture in a manner that can be shared and understood by Member States and donors.

17. The Advisory Committee has previously recommended that the Organization should consider a high-level external review or evaluation of the status, direction and implementation of the risk management process, so as to take stock of possible future steps for the benchmarking of the current arrangement. It is unfortunate that the external study has been delayed until January 2018; WHO has missed an opportunity to incorporate any potential improvements into the current round of planning and budgeting.

18. In relation to the risk register and risk management system, the Advisory Committee is pleased to report that it is encouraged by the efforts within the Regional Office for the Eastern Mediterranean to implement risk management in a manner which appears robust and is being utilized at the operational level. Headquarters management should incorporate some of the elements adopted by the Regional Office into the corporate-wide risk management model. This sharing of best practice will assist other business units in operationalizing risk management.

REVIEW OF POST-POLIOMYELITIS TRANSITION PLANNING

19. In all its meetings, the Advisory Committee continues to monitor the progress being made by the Organization in polio transition planning in all its meetings. At the twenty-second session, the Advisory Committee received an update from the Director, Polio Eradication regarding progress and challenges in polio transition planning at country level. The Advisory Committee noted that the transition team is reviewing all the activities currently being provided by the Global Polio Eradication Initiative, using the following three categories: (a) functions needed to maintain eradication; (b) functions that will no longer be needed; and (c) functions that will need to be transferred to non-polio activities. The Advisory Committee recognizes that the withdrawal of funding for polio control activities will have an impact on the effective delivery of health-care programmes, particularly in poorer countries with vulnerable populations. The Advisory Committee encourages the Secretariat to work closely with Member States, donors and partners to highlight the associated risks to global health and to identify alternative resources so as to maintain adequate health-care programmes in these countries.

20. At its twenty-third session, the Advisory Committee received an update from the Manager, Polio Eradication of the Regional Office for the Eastern Mediterranean about polio transition planning, ramp-down activities, critical risks and challenges and opportunities post-certification. The Advisory Committee noted that WHO expenditure on polio eradication in the Eastern Mediterranean Region is about one third of the total regional budget, since four countries of the Region, namely Afghanistan, Pakistan, Somalia and Sudan, are among the 16 polio transition priority countries. As polio funding shrinks in the coming years, there will be a direct impact on the implementation of other programmes which are being supported by polio-funded staff.

21. Several countries in the Eastern Mediterranean Region are dealing with complex protracted emergencies and have fragile health systems. There appear to be weak absorptive capacities, at both national and country office levels, to accommodate post-polio certification functions and knowledgeable human resources.

22. The Advisory Committee recommends that management continues to treat polio transition as one of its strategic priorities.

WHO FRAMEWORK OF ENGAGEMENT WITH NON-STATE ACTORS (RESOLUTION WHA69.10)

23. As mandated by the Sixty-ninth World Health Assembly, the Advisory Committee has been monitoring the progress of implementation of the WHO Framework of Engagement with Non-State Actors at each of its sessions so as to report to the Programme, Budget and Administration Committee at the latter's annual January meeting. The Advisory Committee accordingly received a status update from the Director, Department of Partnerships and Non-State Actors, at both its twenty-second and its twenty-third sessions.

24. The Advisory Committee noted that the guide for staff on engagement with non-State actors has been finalized and is currently being field-tested. The briefing sessions on the Framework of Engagement across all levels of the Organization are continuing, training materials are being developed, change management planning is being undertaken, and both internal and external websites have been updated.

25. The Advisory Committee reiterates that, in the absence of a structured, cohesive, project management plan for implementation of the Framework of Engagement, with a clear definition of the plan's scope, concrete deliverables, key milestones, timelines, approved budget and progress reports, it is not in a position to provide reassurance to Member States, as it is unable to assess whether the Organization is on track to implement the Framework of Engagement by May 2018. It will continue to monitor progress in this area.

EVALUATION AND ORGANIZATIONAL LEARNING

26. The Advisory Committee reviewed the evaluation workplan for the biennium 2018–2019 at its twenty-third session, with the Director-General's Representative for Evaluation and Organizational Learning attending via videoconference. The proposed workplan incorporates both corporate and decentralized evaluations. The Advisory Committee urged the Secretariat to ensure that the quality of decentralized evaluations meets the quality standards that apply for corporate-wide evaluations.

27. The Advisory Committee also received a short update on the independent review of the implementation of the WHO evaluation policy and the framework for strengthening evaluation and organizational learning, commissioned by the Director-General's Office. The Advisory Committee looks forward to reviewing the detailed assessment and management response at its forthcoming sessions.

REFORM IN THE AREA OF HEALTH EMERGENCIES AND DEALING WITH PROTRACTED EMERGENCIES IN THE EASTERN MEDITERRANEAN REGION

28. At its twenty-third session, the Advisory Committee spent considerable time discussing and reviewing the progress made in the area of health emergencies, from an overall perspective covering headquarters, the regional offices and some country offices. The Advisory Committee expressed its appreciation to the acting Regional Director for the Eastern Mediterranean for providing an opportunity to discuss face to face the issues and challenges of protracted emergencies with the heads of country offices of Iraq, the Syrian Arab Republic and Yemen.

29. The Executive Director, Health Emergencies Programme, updated the Advisory Committee about the current emergencies being dealt with by WHO and the progress made in the areas of detection, risk assessment, response and capacity strengthening. The Advisory Committee noted that the key external challenges to the programme are sustainable, predictable and multiyear funding. It is crucial that partners and donors understand the business costs of operating in fragile and weak countries with high security risks.

30. The Advisory Committee noted that considerable progress has been made in establishing consistent structures at all three levels of the Organization, developing standard operating procedures and establishing quick and efficient processes. Nevertheless, there are still internal challenges in the areas of supply chain and cost management and other issues related to security, rapid implementation of the WHO Framework of Engagement with non-State Actors in emergencies, consistent statements

of authority to enable WHO Representatives to mobilize and manage resources and other human resources issues.

31. The Advisory Committee further observed that emergency work is still being hampered by the fact that the “Fit for Purpose” business processes are still not fully developed. The Advisory Committee once again emphasized the importance of avoiding duplication of processes and urged the Organization to “manage the overlap” so as to tap into corporate-wide solutions to ensure aligned, streamlined and integrated ways of working at the three levels of the Organization.

32. The Advisory Committee found the interaction with the heads of country offices immensely valuable. It was impressed to observe what they have accomplished under extraordinary circumstances, with the efficient coordination and support of the Regional Office. The issues of the lack of a sustainable financing model and the cost of operating the business for prolonged periods in a politically complex and challenging environment were noted by the Advisory Committee.

33. Currently category 6 funding is being developed to support the base programmes. However in the Eastern Mediterranean Region, for example, where two thirds of the budget is allocated to polio and emergencies, category 6 funding cannot support the increased activity. This has created a situation where some non-base programmes are providing category 6 functions, which has made it difficult to define category 6 requirements clearly. In order to obtain the support of Member States and donors, it is essential that the Secretariat describes, defines and quantifies the “cost of running all operations” in an understandable manner.

34. The Advisory Committee thanked the Secretariat for the informative discussion and looks forward to future updates.

VISIT TO EGYPT COUNTRY OFFICE

35. The twenty-third session of the Advisory Committee was preceded by a special mission to the Egypt Country Office in Cairo. The Advisory Committee met with the Head of the Country Office and his senior management team. The Advisory Committee was given a brief overview of the structure of the Country Office and reviewed its strategic technical priorities, budget and funding status, issues related to compliance and risk management and overall challenges and opportunities.

36. The Advisory Committee was impressed with the excellent presentation and the well-structured overview presented by the WHO Representative and his team. The Advisory Committee appreciated the frank and open discussions about the key challenges being faced by the Country Office, which is dealing with fragmented health systems, a high turnover of officials and evolving priorities.

37. The Advisory Committee was informed that Ministry of Health staff require high-level security clearance in order to share any information with WHO, which is a challenge to the smooth and timely functioning of operations. The Country Office is making every effort to work closely with all partners and stakeholders from different sectors in identifying common priorities through negotiation, keeping in view the national strategy of the country. The Advisory Committee noted WHO’s contribution to assisting the Ministry of Health to define the overall health strategy, and identifying areas where it can support the Ministry and add value.

38. The Advisory Committee was encouraged by its observation that there is a strong alignment between three levels of the Organization in respect of priorities and objectives, and was pleased to see

them working in tandem with various national health and non-health counterparts applying health-in-all-policies approaches.

39. The Advisory Committee was informed that one of the biggest challenges for the Country Office is its high dependence on flexible funds for base programmes, especially to meet human resources costs. The issue is compounded by the fact that the funds are received in unpredictable tranches; this leads to delayed implementation and, at times, affects the Country Office's credibility in planning and funding its operations effectively.

40. The Advisory Committee was pleased to meet with the strong, motivated team, which has a sound compliance and internal control system in place. It is pleased to report that there are no open audit recommendations and zero outstanding direct financial contribution reports for the Egypt Country Office. Importantly, the Advisory Committee noted that emphasis is being placed not only on timely closure of reports, but also on verifying that the objectives were achieved. The internal checklists for all transactions are embedded in the usual workflow, and the general audit recommendations and lessons learned are being shared among country offices in the Region.

OTHER MATTERS

41. **Treasury functions:** During its twenty-second session, the Advisory Committee heard a presentation on the Organization's current investment structure and the risks associated with it. The Advisory Committee was pleased to note the innovative and excellent management of treasury functions with limited resources, performing above benchmark standards through intelligent outsourcing while managing risks. The Advisory Committee does not have any reservations or concerns.

42. **Information technology:** At its twenty-second session, the Advisory Committee received an update on the area of information management and technology, which covered the key pillars of the WHO strategy on information technology (IT), the governance structure for the information technology capital investment fund (global IT fund), other policy issues and implementation status of audit recommendations. The Advisory Committee took note of several initiatives in the areas of emergency response and preparedness, emergencies and infrastructure, and issues around funding and governance. It was pleased to note that the Organization has implemented an appropriate governance structure for IT. The Advisory Committee was informed that the Director-General has established a new governance structure for information management and technology, including an IT Governance Board, with representatives from all regions and from headquarters. The Advisory Committee urged senior management to ensure that the Board provides corporate governance for a robust decision-making process on the overall level of IT spending and its priorities, with a stronger business-driven strategy rather than merely responding to ideas being proposed by the IT department. It is essential that the business strategy drives the IT business case.

43. **Update on procurement policy:** The Chief, Procurement Policy and Strategic Direction, briefed the Advisory Committee at its twenty-second session on the current implementation status of the procurement policy across the Organization. The Advisory Committee was satisfied to note that there exists a clear timeline with identified milestones to facilitate roll-out at all the levels of the Organization. The Advisory Committee is encouraged by the new initiatives being put in place to streamline procurement functions, both in daily activities and in emergencies.

Robert Samels (Chair), Mukesh Arya, Leonardo Gomes Pereira, Steve Tinton, Jeya Wilson.

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