

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

**(Geneva, 14 – 16 March 2018)**

- 1) Following the appointment of three new members by the Executive Board in May 2017, this was the first meeting of the newly constituted committee. The three new members are Jayant Karia, Christof Maetze and Christopher Mihm. In order to ensure a smooth transition of the Committee, the Executive Board also approved that the term of the current Chair of the Committee, Mr. Robert Samels, be exceptionally extended by one year, to end in January 2019. Consequently, of the three new members selected, two - Jayant Karia and Christof Maetze - would take up their tenure in January 2018, while the third, Christopher Mihm, would start his tenure in January 2019.
- 2) The meeting was preceded by a one-day induction program for the benefit of the three new members of the IEOAC, though the other three members also participated in the same. The Committee received orientation briefings on the WHO strategy, accountability and role of the IEOAC, WHO Governance, Financial management and reporting, Staff Health Insurance Fund, External Audit, Internal Audit, Risk Management, Global Service Centre and Evaluation and Organization Learning.
- 3) As this was the first meeting since the change in WHO leadership, the orientation was very much welcomed and appreciated by both the new as well as existing members. It was an excellent opportunity to get an overview vision of the new leadership and an outline of the major critical functions of the organization.

### **Item 1 – Opening and administrative matters**

1. This was the first of three IEOAC meetings planned for 2018. The agenda for this meeting is attached as Annex 1 and List of Participants as Annex 2.
2. In attendance throughout: Bob Samels (Chair), Jeya Wilson, Leonardo Pereira, Jayant Karia, Christof Maetze and Christopher Mihm (to take office in January 2019 but attended the induction program and the meeting as an observer).
3. The Chair confirmed a quorum with all members present and all declarations of interest or updates duly submitted. No conflicts of interest were recorded. The agenda for the 24<sup>th</sup> meeting, 14 -16 March 2018, was adopted.

### **Item 2 – Update on Financial Statements**

4. The IEOAC reviewed and discussed with management the 2017 financial statements. It assessed the key underlying accounting policies, the reasonableness of significant judgments and the clarity of disclosures. The External Auditor confirmed that there were no changes in accounting policy or judgement by management in the preparation of the financial statements. The Committee was pleased to note that the record keeping for Property Plant and Equipment was now in full compliance with International Public Sector Accounting Standards (IPSAS). However, it requested that management be

diligent to ensure that country offices continue to comply with the policy on annual asset and inventory management through the Fixed Assets Register.

5. The IEOAC further noted that the accounts were deemed compliant with IPSAS and that the External Auditor would be issuing an unmodified opinion on the December 31, 2017 Financial Statements of the WHO. The Committee had no reservation with regard to the submission of the financial statements to the Programme, Budget and Administration Committee and the World Health Assembly.
6. The Committee was pleased to note that the Director General has identified the most significant risks facing the Organization and has reported on them in the Statement of Internal Control section of the Financial Statements. Cyber security is listed as one of the significant risks and the Committee has requested management to provide an update on the Information Technology Strategic Plan including the Organization-wide Security Roadmap at the July 2018 meeting.

### **Item 3 – Update on Staff Health Insurance Financial Statements**

7. The IEOAC took note of the financial statements of the Staff Health Insurance Fund for 2017. The Committee observed that management is aware of the risks associated with the long-term unfunded liability; however, based on the update to the actuarial valuation the date of having a fully funded Staff Health Insurance Fund is now 2049 compared to the previous date of 2038. The Committee reiterated its concern regarding the sustainability of the Staff Health Insurance in its current form. It urged management to explore options on cost containment including reduction in benefits, use of generic drugs and increasing contributions. The Committee will continue to monitor the actions taken by management to enable the Fund to be fully funded by 2038.
8. The External Auditor advised the Committee that the audit of the December 31, 2017 Financial Statements of the Staff Health Insurance Fund is progressing and the only area of concern is a delay in receiving documentation of claim information from PAHO. Once this documentation is received, the External Auditor is confident that an unmodified audit opinion will be issued.

### **Item 4 – Programmatic and Financial Report for 2016-17**

9. The Director Planning Resource and Performance, made a short induction presentation about Planning of WHO's work, the Program Budget process and the new 13<sup>th</sup> General Programme of Work. The Committee received the WHO Organizational Performance Assessment Report and the Results Report for the Programme Budget 2016-17. It was pleased to note that there had been a considerable reduction in the length of the report plus the use high level financial information in a graphic form. At the same time the Committee also recognized that there might be a need to have detailed reports for many

of the Member States. To ensure the reports are well received all stakeholders should be consulted on the change in reporting.

#### **Item 5 – Update on FENSA**

10. Director Partnerships and Non State Actors presented details about WHO's engagement with non-State actors and the Framework of Engagement (FENSA). Management confirmed that the basic elements of FENSA such as the Register, Handbook, Review Committee and Statement of Operating Procedures will be finalized by WHA 71. However, the Global Engagement Management (GEM) software workflow tool will not be rolled out until the second half of 2018. Unfortunately, the change management, communication and training needs are more complex than originally anticipated and accordingly senior management delayed the full GEM implementation date. The Committee is looking forward to an update from management at a future meeting.

#### **Item 6 – External Audit Findings**

11. The External Auditors provided the Committee with a summary of its most significant recommendations, draft audit results of the 2017 financial statements, review of control activities and implementation of previous audit recommendations. The Committee was satisfied to note that management had implemented 20 of the 26 external audit recommendations.

12. The Committee noted that of the six remaining recommendations, five are in the area of Information Technology. The Committee encouraged management to close the six open recommendations. At the next IEOAC meeting the open IT recommendations will be examined as part of the review of the Information Technology Strategic Plan.

13. The IEOAC also noted that there is still an issue with outstanding DFC reports, especially in the African Region, and it urged management to identify the root cause and find ways to resolve the underlying issues.

14. The IEOAC held a private session with the External Auditors.

#### **Item 8 – Update on Internal Oversight Services (IOS) Matters**

15. The Director IOS provided an update of the work accomplished since the previous IEOAC meeting, including internal resources, status of work of the 2017 internal audit plan, findings from internal audits completed, status of implementation of recommendations, audit workplan for 2018, investigations and other matters. It noted however that the 2018 requested budget for the department was reduced. The Director

indicated to the Committee that despite this reduction, efforts will be made so the current year audit plan can still be completed and that quality standards are maintained.

16. The Committee noted that 2017 workplan was substantively completed. The members were concerned to note that the overdue open recommendations have increased from 3.9% in March 2017 to 8.4% in February 2018. This increase was primarily caused by one major report from the African Region. The committee encouraged the management to take timely action to ensure recommendations are closed in a timely manner.
17. There are two audit reports whose recommendations are significantly overdue; Declaration of Interests and Department of Governing Bodies and External Relations. Senior management should review these reports with the Director of IOS to determine if the recommendations are still relevant and determine an appropriate process to close them.
18. The Committee was briefed on the status of investigation cases under review and discussed with the Director of IOS general issues regarding procedures for the conduct of investigations. It was pleased to note that an external quality assessment review concluded that the investigation function at WHO is in overall conformity with generally accepted standards of investigations in international organizations as reflected in the Uniform Principles and Guidelines for Investigations.
19. In 2017, the office of IOS received 82 reports of alleged wrongdoing. During the year 87 cases were closed of which 11 investigation reports were substantiated. The Committee reviewed the substantiated reports with respect to the impact on internal controls.
20. The area of concern to the Committee is the backlog of pending investigations within the Office of Internal Oversight Services. According to the external quality assessment review panel, the Office has sufficient investigation resources to address the current volume of reported cases. However, the Advisory Committee encourages management to consider options for dealing with the existing backlog of investigations to ensure there is a timely response to alleged wrongdoings.
21. The Committee was pleased to note that the Director of IOS would continue to report to the Director General.
22. The Committee also held a private session with the Director IOS.

#### **Item 10 – Compliance, Risk and Ethics (CRE) Update**

23. The Committee continues to monitor at all its sessions the progress being made in the area of risk management. It received briefings on the process of risk management and a status update on internal control Framework from Director CRE.

24. The Committee was pleased to note that the Baldwin Group completed an independent review of the WHO's Enterprise Risk Management program. The report confirmed that the organization has a strong framework of risk management and provided six key recommendations to improve senior management involvement and to align the risk management process with the budget and planning cycle. Management confirmed that the operationalization and recommendations of the Baldwin report are being tracked and will be reported back to the Committee.
25. The Committee also took note that a WHO Risk Committee has been formed and is pleased to report that it is being chaired by senior management. This has raised awareness of risk management Organization-wide.

**Item 11 – Update on Evaluation and Organization Learning**

26. The DG Representative for Evaluation and Organizational Learning briefed the IEOAC on its annual report to the governing bodies. In addition, a draft evaluation policy (2018) was also presented. The Executive Board will be invited to note the report and consider the draft evaluation policy for approval. The Committee reviewed the policy and found it appropriate.
27. The Committee noted the content of the annual evaluation report and is pleased to note the progress made in the last few years. The Committee further noted that there are many recommendations coming from various sources such as the UN Joint Inspection Unit, external audit, internal audit, CRE and evaluations. Management has recognized the need to have a consolidated process to address all the recommendations to ensure that they are managed appropriately and effectively.
28. The Committee was also briefly exposed to the Transformation Agenda of the Director General and understands that the agenda builds on the work already completed under the WHO Reform process. The Committee looks forward to reviewing the details of the transition from WHO Reform to the Transformation Agenda in much more detail at its next meeting in July 2018.

**Item 12 – Other Matters**

29. The next two meetings of IEOAC in 2018 are scheduled as below:

July 23 to 25 – Geneva

October 16 to 18 – Manila, Regional Office for the Western Pacific (WPRO)

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