

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

**(Geneva, 7 April 2020)**

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

1. This was the first of three Independent Expert Oversight Advisory Committee (IEOAC) meetings planned for 2020.
2. The meeting was held virtually with the chair of the IEOAC and the secretariat in Geneva. This was due to the current situation vis-à-vis COVID-19 and, in particular, the travel measures taken by some countries coupled with WHO's Business Continuity plan to ensure that it remains able to serve as the nerve center for this response.
3. Because of the COVID-19 situation the originally scheduled meeting had to be postponed, shifted to a virtual meeting, and the agenda substantially curtailed accordingly. Time constraints did not permit addressing and reviewing all issues raised by the PBAC to the IEOAC in its February 2020 meeting. This will be done in the next meeting of the IEOAC.
4. The agenda for this meeting is attached as Annex 1 and List of Participants as Annex 2.
5. In attendance throughout: Dr Jeya Wilson (Chair), Leonardo Pereira, Jayantilal Karia, Christof Maetze and Christopher Mihm.
6. The Chair confirmed a quorum with all members present. No conflicts of interest were recorded. The agenda for the 30<sup>th</sup> meeting 7 April 2020, was adopted.

## **Item 1 – WHO Overview Briefing**

7. The Deputy Director General (DDG), Dr Zsuzsanna Jakab, and the Chef de Cabinet (CdC), Dr. Bernhard Schwartlander provided a briefing to the Committee on the overview of the COVID-19 situation, the continuity of WHO core activities and the delivery of General Programme of Work 13 (GPW 13). The Assistant Director General of Business Operations provided information on the WHO Business Continuity Plan (BCP) and staff protection.
8. The committee noted that teleworking practices for non-critical WHO staff, currently in place as part of the BCP, was running smoothly with approx. 4,000 staff logging-in daily, necessary capacity enhancements were implemented and there had been no major cyber-security issues. The IEAOC suggested to Management that it continue to focus on remote tracking and surveillance of all devices used for teleworking irrespective of whether these are provided by the WHO or if they are own devices of staff within the boundaries of applicable data protection legislation to avoid cyber-security incidents and data leakage.
9. In addition, with respect to governing body meetings, WHO is liaising with other UN organizations and may consider a smaller World Health Assembly in May 2020 and a larger one later in the year. Such planning would take into account the lack of appetite from member states for a larger meeting, in light of the Covid-19 pandemic.

10. The IEOAC strongly recommends WHO Senior Management moves ahead with a condensed version of the WHA with the primary focus on issues relating to COVID-19 and also the requirements of the Rules of Procedure of the Health Assembly.
11. With regards to GPW13, the DDG informed the Committee about the reduction in the implementation of the WHO programmatic workplans to 60 % - 80 % of the original plans due to a fall in activities such as travels and meetings. The IEOAC recommended the use of WHO GPW Results Framework as a reference to managing trade-offs and that the prioritization of work should above all take into account the needs of under-developed and developing countries in the light of COVID-19.
12. The IEOAC agreed with Management that effectiveness and efficiency of teleworking overall should be assessed and evaluated after the crisis and inform the organizational teleworking strategy going forward.

## **Item 2 – Update on the WHO Financial Statements, Staff Health Insurance (SHI) and External Audit**

13. The External Auditor, the Commission on Audit of the Republic of the Philippines, confirmed that there were no major changes in accounting policies or judgements made by Management in the preparation of the financial statements in accordance with International Public-Sector Accounting Standards (IPSAS).
14. The 2019 financial results were reviewed and discussed following an overview given by the Comptroller a.i. The Committee assessed the key underlying accounting policies, the reasonableness of significant judgments and the clarity of disclosures. The Committee noted that the Financial Statements have been prepared and submitted in a timely manner with minimal audit recommendations.
15. In 2019, WHO reported the highest level of both revenue (US\$ 3.116 million) and expenditure (US\$ 3.088 million) in the history of the Organization. Much of the growth has been due to WHO's greater role in emergencies. Total expenditure to support emergency response grew by 76% from US\$ 419 million in 2018 to US\$ 739 million in 2019. The resulting surplus after finance revenue of US\$ 89 million after US\$ 442 in 2018 provides proof of the enhanced implementation abilities of the overall organization.
16. During 2019 total staff and other personnel cost increased by US\$ 60 million, however, staff cost as a proportion of total expenses decreased, representing 32% of total expenses in 2019 compared with 37% in 2018. Staff and other personnel costs increased by 10% for headquarters and by 4% for the regions. The increase in staff costs is mainly due to the increased number of staff at both headquarters and regional/country offices mainly due to the strengthening of the Organization's capacity under Health Emergencies Programme and scaling up sustainable universal health coverage efforts. The increase in the Post Adjustment Multiplier for Geneva staff retrospectively in accordance with ILO Administrative Tribunal judgement also contributed to the staff cost increase for headquarters during 2019.

17. Total contractual services increased from US\$ 721 to US\$ 988 mainly due to the increase in activities to support emergency responses in the African Region and Eastern Mediterranean Region as well as for Polio eradication activities.
18. Transfer and grants increased from US\$ 272 to US\$ 381 and were highest in the African and the Eastern Mediterranean Regions. Most of the expenses recorded for transfers and grants to counterparts related to Direct Financial Cooperation (DFC) arrangements. In addition, the WHO provides grants to implementing partners such as non-governmental organizations. Many of these grants pertain to collaborative arrangements with NGOs in countries under emergencies where country level implementation is carried out by partners due to difficult access by WHO in security-compromised areas. The third important segment of this expenditure category is equipment purchased for third parties where WHO procures equipment directly for Ministries of Health of Member States for health facilities in countries.
19. Given the increased activity level the committee urged Management to continue focus on properly functioning internal control systems to mitigate risks associated with contractual services and transfers and grants.
20. The IEOAC strongly recommended to Management to address events after reporting date in the notes to the Financial Statements. The committee noted that COVID-19 pandemic occurred after the 2019 accounts were closed and is a non-adjusting event for the 2019 Financial Statements. However, Management should acknowledge that the current crisis will most likely have an impact on WHO costs and on the implementation of existing programs.
21. Given further that the accounts were compliant with IPSAS and that the Auditors would be issuing an **unmodified opinion** on the 31 December 2019 Financial Statements of the WHO, the Committee recommends the submission of the financial statements 2019 to the PBAC, and further to the World Health Assembly.
22. The External Auditor confirmed on request that internal control over financial reporting has been improved during the last years.
23. The Committee thanked the External Auditor, the Commission on Audit of the Republic of the Philippines for its work.
24. The Comptroller a.i and Head of SHI briefed the Committee on the Staff Health Insurance Fund, in particular with respect to current funding and funding projections until 2036.
25. With respect to the SHI financial statements, the Committee took note that as the reporting date is 31 December 2019, and the COVID-19 pandemic occurred after the 2019, accounts were closed. This is thus considered a non-adjusting event for the 2019 Financial Statements. However, given the global effects of this pandemic, there will be significant impacts on SHI's operations in 2020, the extent of which cannot be reliably estimated at this time.
26. Although the Committee appreciated the SHI cost containment methods, it recommended that it would be necessary to review SHI funding projections as these may need to be adjusted in light of the impact of COVID-19.

### Item 3 – Update on Internal Oversight Services

27. The Director IOS provided an update on the status of 2019 internal audits. The Audit workplan for 2019 has been finalized and the respective reports have been issued except one (WHO in Syria)

Audit No.	Audit Title	Audit conclusion
19/1161	WHO in South Sudan	Partially satisfactory with major improvements required
19/1162	Regional Office for the Western Pacific	Satisfactory
19/1163	Direct Implementation Activities	Partially satisfactory with major improvements required
19/1164-1	Country Office in the Democratic Republic of the Congo	Partially satisfactory with major improvements required
19/1164-2	Ebola Virus Disease Audit - DRC	Partially satisfactory with major improvements required
19/1165	WHO Cybersecurity Roadmap	Partially satisfactory with major improvements required
19/1167	WHO in Mozambique	Partially satisfactory with major improvements required
19/1171	WHO in Sudan	Partially satisfactory with major improvements required
19/1172	WHO in Iraq	Partially satisfactory with major improvements required
19/1175	WHO in Indonesia	Partially satisfactory with some improvements required
19/1176	Regional Office for South-East Asia	Satisfactory
19/1177	WHO Health Emergencies Programme at EMRO	Partially satisfactory with some improvements required
19/1166	Global Audit of Travel	Partially satisfactory with some improvements required
19/1185	Country Office in Tajikistan	Satisfactory
19/1178	Payment Services at GSC	Satisfactory
19/1173	Country Office in Libya	Unsatisfactory
19/1180	Country Office in the Democratic Republic of Korea	Partially satisfactory with some improvements required
19/1181	WHO in Syria (draft)	Partially satisfactory with some improvements required
19/1182	Country Office in Central African Republic	Partially satisfactory with some improvements required

28. IOS reported that overall ratings on the operating effectiveness of internal controls from the audits conducted in 2019 and rated either “satisfactory” or “partially satisfactory” was down to 53 % compared to 81 % in 2018. The committee remains concerned about the fluctuating results of effectiveness of internal controls across the WHO and the trends apparent and urges Management to continue its focus on appropriate application of internal controls even in challenging environments (graded emergencies).

29. The Committee took note of the 2019 areas with lowest control effectiveness:

- Further strengthen assurance activities over direct financial cooperation. The intended plans to conduct such activities have not been fully implemented in a consistent manner and more focus is required to implement corrective actions, including timely follow-up;
- Strengthen systems support and monitoring controls over direct implementation activities;
- Improve vendor management (pre-selection and evaluation of vendors), which has a potential negative impact on fraud risk; and
- Improve resource mobilization for some key programmes that remain underfunded (such as those addressing NCDs, neglected tropical diseases, social determinants of health and the effects of climate change on health), given their high dependence on specified voluntary contributions.

30. Unfortunately, these areas were also reported in 2018 and the Committee is concerned with the low level of improvement on control effectiveness.

31. The root cause analysis of the problems posed by the current financing mechanisms DFC and DI recommended by the IEOAC in its 29<sup>th</sup> report and the recommendation to identify alternative implementation mechanisms remains outstanding.

## INVESTIGATIONS

32. The Committee was briefed on the overall developments in IOS since its last meeting and specifically on internal investigations and the Ernest and Young (EY) report. With respect to investigations the Committee was informed of the issue of understaffing in IOS in light of the current volume of investigations. Director IOS, Mr. David Webb, informed the Committee on planned operational improvements by reducing fragmentation and increasing interactions in and between Headquarters and Regional offices.
33. With regards to EY the Committee received an update from the Chef de Cabinet on the EY business integrity functional analysis which identified five main areas of improvement: the need to 1) work collectively and reduce silos 2) to review WHO's current Standard Operational Procedures (SOP) environment 3) focus on WHO core values 4) become a serving organization 5) become more digital.
34. The next step following the above is the Sprint assessment of WHO accountability functions. This is an external, independent assessment which will examine how best to maximize the impact of the Business Integrity functions and explore how to harmonize their roles and responsibilities, by leveraging the interdependencies of the functions, in order to enable them to work better together towards a joint vision. This has been slightly delayed due to competing tasks which arose due to the COVID-19 pandemic.
35. The Committee requested access to the Sprint report which was provided by the Chef de Cabinet. While noting the review undertaken, the Committee recommends that the Accountability framework of WHO issued in 2015 is updated as soon as possible so that all stakeholders are aware of their responsibilities related to accountability.

## Item 4 – Update on Evaluation

36. The Committee took note of the evaluation update and proposed workplan for 2020 - 2021 as well as the presentation on FENSA provided by the DG Representative for Evaluation and Organisational Learning, Dr. Elilarasu Renganathan.
37. The Committee requested clarification on the follow up of findings and how these are effectively managed and implemented. Although the committee appreciated the work done in this area, it recommended that further follow up with respect to the implementation of the findings is required. The Committee noted that WHO created good quality evaluations however it lacks the full implementation of the corresponding findings. The Committee recommended that a review be conducted on timely implementation of all accepted recommendations of Evaluation. Based on this the committee suggested a best in class review. The effective implementation of the recommendations of oversight bodies is management responsibility. However oversight bodies, including Evaluation have an interest in ensuring that recommendations are acted upon and demonstrable results achieved. Therefore, they should closely monitor actions taken in response to recommendations.
38. With respect to FENSA, the committee reiterated the importance of continuing dialogue with the private sector above all in the current environment of COVID-19.
39. The Committee said it looks forward to next year's evaluation plan. The Committee suggest that plan include as a core focus assessments of how the Organization responded to and managed the covid-19 pandemic.

**Item 5 – Update on Compliance Risk and Evaluation (CRE)**

- 40. The Committee received an update from Director CRE, Mr. Andreas Mlitzke. It was informed of the shortage of staff in the CRE department and that the current main outputs of CRE are the WHO policies on harassment.
- 41. Director CRE further elaborated on the use of due diligence and a common sense approach by WHO in the engagement of all partners and also informed members of the Committee on ongoing work carried under Risk Management 3.0.
- 42. The Committee pointed out that it is critical that WHO continues to inculcate a culture of enterprise risk management to include cyber risks compliance risks, and Covid-19 related risks so that they are not in silos.
- 43. The need to have a risk-aware but not risk-averse culture at all three levels of the Organization was reiterated. In this respect, the Committee repeated its request for a high-level risk appetite statement for WHO that articulates the risks that the Organization is willing to take in pursuit of its strategy.
- 44. Such risks should be identified and quantified to the extent practicable in a structured way to permit strategic risk-taking. The WHO should further articulate a hierarchy of cascading risk appetite statements with measures and limits as considering the important role WHO has been playing in light of the COVID-19 crisis, the Committee recommended that Management sticks to its core values and principles whilst using transparency and effective communication in this domain. This should mitigate reputational and political risks that are natural to rise substantially under the current conditions.

**Other Matters**

- 45. It was the last meeting for Dr . Wilson and Mr Pereira as it is end of their terms of office. The three remaining Committee members, unanimously elected Mr. Christof Gabriel Maetze as the next chair of the IEOAC as of 1 May 2020. Those remaining members also thanked Dr. Wilson, and Mr. Pereira for their dedicated service to the Committee, contributions and warm collegiality.

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