World Health Organization

REGIONAL OFFICE FOR **Africa**

REGIONAL COMMITTEE FOR AFRICA

ORIGINAL: ENGLISH

Sixty-sixth session
Addis Ababa, Federal Democratic Republic of Ethiopia, 19–23 August 2016

Agenda item 21.12

REGIONAL MATTERS ARISING FROM REPORTS OF THE WHO INTERNAL AND EXTERNAL AUDITS

Information Document

CONTENTS

Paragraphs

ANNEXES

Page

BACKGROUND

1.   In February 2015, the WHO Regional Director for Africa promised Member States to fast track the WHO reform process in the African Region. This has become known as the Transformation Agenda.[1] The Transformation Agenda is a vision and a strategy for change aimed at facilitating the emergence of the WHO that the staff and stakeholders want. In this context, an Accountability and Internal Control Strengthening (AICS) Project was launched to support the Transformation Agenda by enhancing accountability and strengthening internal controls in the African Region, particularly in country offices.

2.   This report is prepared following requests made during the Fifty-seventh session of the Regional Committee (RC) for regular update of Member States on progress achieved in strengthening compliance with administrative rules, regulations, policies and procedures. Accordingly, the Regional Committee is updated every year.

3.   The report describes various initiatives recently adopted, in the context of the AICS Project, to increase accountability and strengthen internal controls. It outlines achievements and challenges in the areas of audit, compliance and risk management since the Sixty-fifth session of the Regional Committee.[2] In addition, the report illustrates the status of open external and internal audits in the African Region and provides information on overdue Direct Financial Cooperation (DFC) reports as of 31 March 2016.
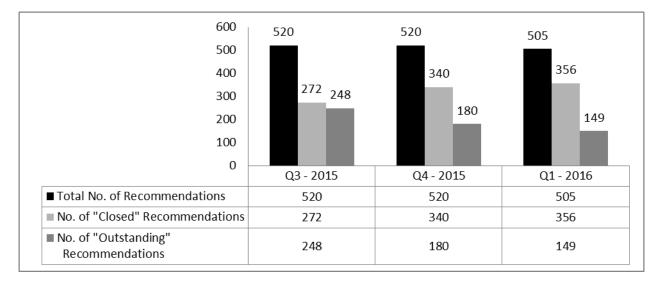
EXTERNAL AND INTERNAL AUDITS

4.   During the reporting period, significant efforts were made by the WHO Regional Office for Africa and WHO country offices (WCOs) to address open audits and, as a result, 161 internal and external audit recommendations were closed. The Internal and External Auditors issued 63 new recommendations. As of 31 March 2016, only 149 audit recommendations remain outstanding,[3] out of which 109 recommendations are already in progress. The detailed status of audit recommendations is shown in Annex 1. Efforts will continue to expedite the closing of the remaining audit reports.

5.   Between July 2015 and March 2016, the percentage of closed recommendations in relation to the total number of recommendations issued increased from 52% to 70.5% as depicted in Chart 1.

---

[1]   AFR/RC65/12. The transformation agenda of the World Health Organization secretariat in the African Region: 2015–2020. Regional Committee for Africa. Sixty-fifth session. N'Djamena, Republic of Chad, 23–27 November 2015. Final report.

[2]   AFR/RC65/ INF.DOC/2. Regional matters arising from reports of the WHO internal and external audits. Regional Committee for Africa. Sixty-fifth session. N'Djamena, Republic of Chad, 23–27 November 2015. Final report.

[3]   Audit recommendations are outstanding until the Auditors are satisfied that adequate corrective actions have been taken and recommendations are closed. When corrective actions have been initiated but not yet fully implemented, audit recommendations are considered "in progress".

**Chart 1: Progress in implementing internal and external audit recommendations
in the African Region (July 2015 - March 2016)**

	Q3 - 2015	Q4 - 2015	Q1 - 2016
■ Total No. of Recommendations	520	520	505
■ No. of "Closed" Recommendations	272	340	356
■ No. of "Outstanding" Recommendations	248	180	149

ACCOUNTABILITY AND INTERNAL CONTROL STRENGTHENING PROJECT

6.   The Accountability and Internal Control Strengthening (AICS) Project was launched to support the Transformation Agenda by enhancing accountability and strengthening internal controls in the African Region. The four objectives of the AICS Project are to strengthen the adequacy and effectiveness of Internal Control; improve Accountability, Transparency and Compliance; enhance the performance of individual staff and budget centres; and measure, monitor and report on progress and trends.

7.   The AICS Project comprises a series of complementary initiatives both at regional and country levels, some of which have been specifically designed for the African Region, while others have been launched organization-wide and are being operationalized and implemented in the African Region through the AICS Project. These initiatives were reported[4] to the Executive Board and were highly commended by WHO's Independent Expert Oversight Advisory Committee (IEOAC). Other WHO regions were subsequently encouraged to adopt similar measures towards strengthening accountability and the effectiveness of internal controls.

8.   An intranet site was launched for the AICS Project in August 2015. The site is used as a platform to exchange knowledge on WHO rules, procedures and best practices across the Region. Currently, 183 policy documents, standard operating procedures (SOPs) and internal control checklists have been published on this intranet site. In addition, collaborative spaces have been established to facilitate timely information sharing across the Finance and Logistics networks in the Region and to share information about best practices and systemic control weaknesses among WCOs.

---

[4]   EB138/5. Overview of reform implementation. Report by the Secretariat. Executive Board. 138th session. 15 January 2016. Provisional agenda item 5.1; EBPBAC23/3. Report of the Independent Expert Oversight Advisory Committee. Committee of the Executive Board. 4 December 2015. Twenty-third meeting. Provisional agenda item 3.2.

9.   The Compliance and Risk Management Committee (CRMC) was formally established in April 2016 in the Regional Office to ensure a strategic, transparent and effective approach to risk and compliance management. The CRMC is composed of the Regional Office executive management. The Committee is mandated to oversee compliance and risk management in line with WHO's accountability and internal control frameworks. The Committee considers reports on Key Performance Indicators, risk-related matters, and compliance review reports and decides on risk mitigation and escalation actions.

10.   A handbook on WHO business rules designed for staff of ministries of health (MoH) involved in collaborative work with WHO was developed and pilot tested in the first quarter of 2016. The handbook aims to raise the awareness of staff of the ministries of health about WHO rules and procedures and to improve compliance in the area of Direct Financial Cooperation (DFC), procurement and travel. The handbook will be rolled out during the second quarter of 2016.

11.   An induction programme for newly recruited international and national professional officers has been rolled out across the Region. The training includes a session on accountability, internal control and ethical behaviours. The training aims to raise the awareness of staff on recurring non-compliance issues, accountability requirements and standards of conduct and ethical behaviour.

12.   Post-facto compliance reviews were conducted in the areas of Procurement, Recruitment and Travel. Results are regularly shared with Management, so that corrective actions can be taken to improve controls and compliance. The scope of post-facto reviews will be expanded in 2016 to include DFC and Direct Implementation (DI), so as to further improve compliance in these areas.

13.   End-to-end workflow analysis is being undertaken to assess the adequacy of internal controls in the areas of DFC, DI and Imprest. The assessment results will trigger a review of existing workflow, to increase efficiency and strengthen the effectiveness of controls.

14.   Joint Programme Management and Administrative Review Missions and Compliance Reviews were conducted in Cameroon, Mali, Senegal, Sierra Leone and South Sudan with the aim of identifying challenges, control weaknesses and risks and supporting WHO country offices (WCOs) to improve their risk management and accountability. The Compliance Team of the Regional Office will monitor the implementation of the recommendations of review missions and will report on the progress thereon to the CRMC.

15.   All budget centres have completed the Internal Control self-assessment checklists. The results will be consolidated and adequate support will be provided to WCOs to overcome identified control weaknesses. WHO-wide, the results from the checklists will be analysed by the Compliance, Risk Management and Ethics Office (CRE) in headquarters. The results will be reported to the Independent Expert Oversight Advisory Committee and will inform the Director-General's reporting to the Programme, Budget and Administration Committee of the Executive Board and World Health Assembly on the progress achieved towards improving accountability and compliance.

16.   A Corporate Risk Management Policy was introduced in November 2015. The policy establishes a systematic mechanism to support decision-making and complements the risk register exercise that was completed across the Organization in 2015. The overall objective is to better inform management decisions and to calibrate WHO internal controls in the context of
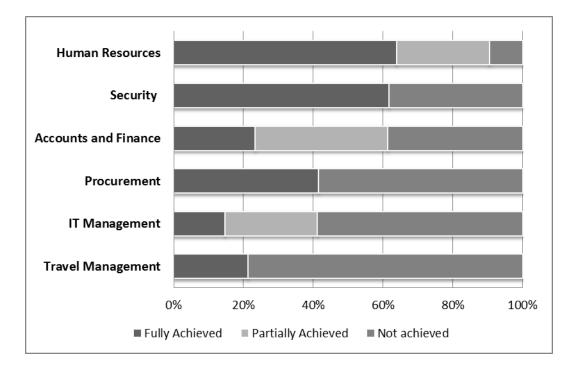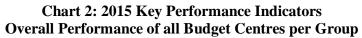
continuous improvement of operational processes. The policy outlines a two tiered approach composed of (1) a "bottom up" phase of risk identification undertaken at the budget centre level, and (2) a top down phase for senior management in the regional offices and at headquarters to validate risks and determine a risk response.

17.   A donor alert system linked to the GSM[5] has been launched. The system provides a proactive monitoring of reports to donors, sends alert messages to warn Award Managers, Heads of offices and Operations Officers about reports due and provides information on the actions to be taken, including uploading the donors reports and updating the GSM records accordingly. The system is expected to improve compliance in the areas of award management and donor reporting.

KEY PERFORMANCE INDICATORS

18.   Twelve (12) Key Performance Indicators (KPIs) were implemented for all budget centres in the Region in 2015 for the enabling functions: Human Resources Management (HRM), Security, Finance, Procurement, Information Technology (IT) and Travel. A report on the performance results of these KPIs shows a relatively good average performance in HRM and Security and lower average performance in the Finance, Procurement, Travel and IT KPIs, as depicted in the chart below.
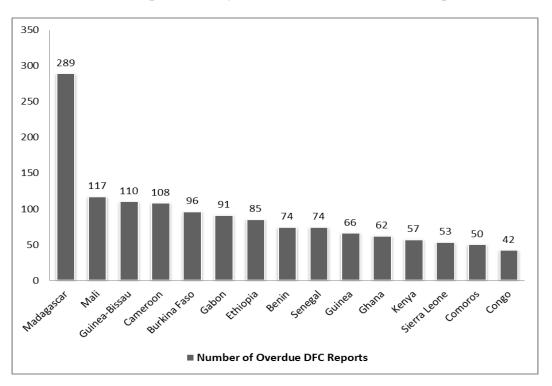
Chart 2: 2015 Key Performance Indicators
Overall Performance of all Budget Centres per Group

---

[5] The Global Management System is WHO's Enterprise resource planning (ERP) system.

19.   As of February 2016, twenty-three KPIs for country offices had been rolled out. Heads of offices were requested to ensure that the KPIs are linked to the performance objectives of the concerned staff so that staff performance is assessed on a more objective and transparent basis. The objective for 2016 is to make further progress towards the achievement of the KPIs, and increase the level of fully achieved KPIs. The AICS Project will provide staff with the required tools to improve their individual and team performance and will also enhance the Regional Office's capacity to monitor the performance of each budget centre.

DIRECT FINANCIAL COOPERATION

20.   Reporting by Member States on implemented Direct Financial Cooperation (DFC) activities continues to be a major area of concern. Between July 2015 and March 2016, the number of overdue reports almost tripled from 638 to 1861. The overdue reports amount to more than US$ 87 million. Chart 3 shows the top fifteen beneficiary countries with overdue reports. Annex 2 lists, by country, the number of overdue DFC reports with total unjustified amounts. It is worth noting that seven countries[6] represent 63% of total DFC funding for which reports are outstanding. Member States are urged to expedite the submission of the outstanding DFC reports.

Chart 3: Top beneficiary countries with overdue DFC reports

─────────────

[6]   Cameroon, Democratic Republic of Congo, Ethiopia, Kenya, Madagascar, Mali and Sierra Leone.

21.   Several measures have been taken to enforce the policy and increase the effectiveness of control over DFC. For instance, the DFC policy has been revised to set exigencies with regard to: (i) ensuring that using DFC as implementation modality is well justified by the Head of office prior to concluding new engagements with partners; (ii) routing all DFC requests above US$ 50 000 to the Regional Office for approval prior to signing new agreements; (iii) enhancing the quality of reporting using a three-level certification of financial reports; and (iv) reports received from partners are being routed to the Regional Office for consideration by the Accounts and Finance Manager prior to approving their receipts.

22.   Additional measures are being implemented to increase assurance activities in the area of DFC, including developing plans for partners' risk assessment and site verification missions. Member States are expected to provide support and facilitate the conduct of the planned assurance activities.

23.   The Regional Committee took note of this report.

The Implementation Status of the Audit Recommendations for the African Region (as of 16 Aug. 2016)

Audit No.	Audit Title	No. of Audit Rec.	CLOSED RECOMMENDATIONS			OUTSTANDING RECOMMENDATIONS			Remarks
			No. of Rec. "Closed" prior to 2016	No. of Rec. "Closed" in 2016	Total no. of "Closed" Rec.	No. of "Open" Rec.	No. of "In-progress" Rec.	Total No. of Outstanding Rec.	
			(1)	(2)	(1) + (2)	(A)	(B)	(A) + (B)	
Internal Audit									
11/872	Integrated audit of WHO in Angola	**32**	23	2	25	0	7	**7**	Implementation in-progress
11/874	Regional Office for Africa Post-GSM Implementation	**46**	39	7	46	0	0	**0**	**Audit report fully closed on 8 January 2016**
12/891	WHO Country Office, Bangui, Central African Republic	**53**	42	11	53	0	0	**0**	**Audit report fully closed on 2 February 2016**
11/882	Intercountry Support for West Africa, Ouagadougou, Burkina Faso	**9**	0	0	0	0	9	**9**	Implementation in-progress
13/924	WHO Country Office, Addis Ababa, Ethiopia	**68**	65	0	65	0	3	**3**	Implementation in-progress
13/928	WHO Country Office, Antananarivo, Madagascar	**43**	33	4	37	0	6	**6**	Implementation in-progress
14/943	WHO Country Office, Kinshasa, Democratic Republic of the Congo	**54**	37	0	37	0	17	**17**	Implementation in-progress
14/946	WHO Country Office, Abuja, Nigeria	**47**	0	19	19	3	25	**28**	Implementation in-progress
15/981	Regional Office for Africa	**57**	0	48	48	2	7	**9**	Implementation in-progress
15/992	WHO Country Office, South Africa	**9**	0	9	9	0	0	**0**	**Audit report fully closed on 18 May 2016**

Audit No.	Audit Title	No. of Audit Rec.	CLOSED RECOMMENDATIONS			OUTSTANDING RECOMMENDATIONS			Remarks
			No. of Rec. "Closed" prior to 2016	No. of Rec. "Closed" in 2016	Total no. of "Closed" Rec.	No. of "Open" Rec.	No. of "In-progress" Rec.	Total No. of Outstanding Rec.	
			(1)	(2)	(1) + (2)	(A)	(B)	(A) + (B)	
15/986	WHO Country Office, Kenya	31	0	30	30	0	1	1	Implementation in-progress
16/1021	Integrated audit of WHO in Tanzania	37	0	0	0	37	0	37	New audit report issued on 26 May 2016 Implementation in-progress
15/1011	WHO Country Office, Juba, South Sudan	40	0	0	0	40	0	40	New audit report issued on 16 June 2016 Implementation in-progress
	Sub-total	*526*	*239*	*130*	*369*	*82*	*75*	*157*	
	External Audit								
ML-FY2012-24	Management letter on the audit of the Regional Office AFRO	33	23	10	33	0	0	0	**Audit report fully closed on 22 March 2016**
ML-FY2015-04	Management letter on the audit of WHO Country Office in Zambia	23	0	22	22	1	0	1	Implementation in-progress
ML-FY2016-09	Management letter on the audit of WHO Country Office in Burkina Faso	24	0	12	12	12	0	12	Implementation in-progress
ML-FY2015-12	Management letter on the audit of WHO Inter-country Support Team for West Africa	22	0	0	0	22	0	22	Implementation in-progress
	Sub-total	*102*	*23*	*44*	*67*	*35*	*0*	*35*	
	GRAND TOTAL	**628**	**262**	**174**	**436**	**117**	**75**	**192**	

ANNEX 2: List of overdue Direct Financial Cooperation reports as at 31 March 2016

Country	Number of Overdue DFC Reports	Value of Outstanding DFC Reports (in US$)
Angola	16	1 118 328
Benin	74	1 978 982
Burkina Faso	96	1 499 294
Burundi	8	106 735
Cameroon	108	6 830 268
Cabo Verde	30	435 880
Central African Republic	30	599 701
Chad	14	368 940
Comoros	50	274 365
Congo	42	1 386 140
Democratic Republic of Congo	18	4 457 989
Côte d'Ivoire	36	557 317
Equatorial Guinea	11	466 317
Eritrea	21	1 093 319
Ethiopia	85	8 280 647
Gabon	91	1 490 842
Islamic Republic of the Gambia	41	321 301
Ghana	62	1 805 081
Guinea	66	4 066 261
Guinea-Bissau	110	921 685
Kenya	57	16 216 200
Lesotho	8	93 190
Liberia	4	5 206 089
Madagascar	289	8 149 100
Malawi	12	228 995
Mali	117	5 601 584
Mauritania	24	200 782
Mauritius	2	92 177
Mozambique	15	330 603
Niger	34	1 281 233
Rwanda	36	766 304
Senegal	74	965 280
Seychelles	4	39 577
Sierra Leone	53	4 994 734
Swaziland	25	105 202
Tanzania, United Republic of	20	746 261
Togo	41	1 719 956
Uganda	30	2 000 843

South Sudan	1	80 000
Zambia	2	8524
Zimbabwe	2	62 050
South Africa	2	231 430
Grand Total	**1861**	**87 179 505**