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

Information document

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BACKGROUND

1. This information document has been prepared in accordance with the request of the Fifty-seventh session of the Regional Committee in Brazzaville in 2007 to regularly update its Members on the progress made in strengthening compliance with administrative rules, regulations, policies and procedures. The document sets out the challenges and achievements in the area of compliance management since the last session of the Regional Committee in Brazzaville in September 2013, and provides an update on the status of implementation of internal and external audit recommendations.
2. As part of the on-going WHO management reform, WHO headquarters and all WHO regions have intensified their efforts to strengthen risk and compliance management. Risk and compliance management therefore remains a high priority for all WHO budget centres in Africa.

ACHIEVEMENTS IN COMPLIANCE MANAGEMENT

Sixty-seventh session of the World Health Assembly

3. Audit and compliance issues were discussed again during the Sixty-seventh session of the World Health Assembly that took place in Geneva from 19 to 24 May 2014. The Internal Auditor submitted an annual report for the calendar year 2013 (A67/46), highlighting, *inter-alia*, specific control weaknesses in WHO activities, including in procurement, DFC and imprest management. For the African Region, the report summarizes the outcomes of audits conducted in the WHO Country Offices in Benin, Burundi, Chad, Ethiopia, Guinea, Madagascar, Senegal and Sierra Leone. The Internal Auditor also acknowledged the substantial progress made in closing outstanding audit recommendations, including in the African Region.
4. The Report of the External Auditor on the financial operations of the World Health Organization for the financial year ended 31 December 2013 (A67/45) was also submitted to the Health Assembly. In the report, the External Auditor issued an unqualified audit opinion on the Organization's financial statements and recommended measures to strengthen accountability and transparency. For the African Region, the report highlights improvements in controls in the WHO Country Office in Ghana and the progress made in implementing audit recommendations pertaining to the Regional Office.
5. The WHO Secretariat submitted a report (A67/4) summarizing the progress of the WHO reform since the Sixty-sixth session of the World Health Assembly. With regard to the management reform on accountability and transparency, the report sets forth the progress made, with better assessment of performance and increased transparency through, *inter-alia*, an improved internal control framework, an Organization-wide approach to risk management, and enhanced management of conflicts of interest.
6. Compliance and control mechanisms at all levels of the Organization have been integrated into a coherent and comprehensive internal control framework. The framework outlines a process whereby Management can be reasonably assured that the objectives related to operations, reporting and compliance will be achieved. It goes beyond financial objectives and controls to encompass programme operations, human resources, procurement, travel and safeguarding of assets. It describes the roles of governing bodies, senior staff and other managers in exercising internal control.

7. A new Office of Compliance, Risk Management and Ethics was established at WHO headquarters in October 2013, with the mandate to advise Management and staff on how to identify, mitigate and monitor Organization-wide risks and compliance gaps, and to raise awareness of ethical standards. That Office will facilitate a more strategic Organization-wide approach to risk management and, in the African Region, it will work closely with the Regional Director's Compliance Team.

AFRO action plan to strengthen internal controls

8. An analysis of the queries raised by the Internal Auditors and External Auditors in 2012 and 2013 showed that similar control weaknesses exist in many WHO country offices in the African Region. This was confirmed by compliance missions conducted by the Regional Director's Compliance Team (CT/RDO), which also showed that these weaknesses have common root causes such as unclear definition of responsibility, inadequate control procedures and tools as well as shortcomings in supervision and compliance management.

9. As a consequence, relevant Units in the General Management Cluster/AFRO and the Compliance Team of the Regional Director have been strengthened to enhance oversight of country office operations and to overcome generic weaknesses in risk management in areas such as *eImprest* accounts, logistics, inventory, procurement, travel and human resources management.

10. The Regional Office is currently strengthening the Compliance Team (CT/RDO) by recruiting additional staff. The CT/RDO will have five audit professionals and support staff to manage AFRO's compliance programme on a day-to-day basis and to be the focal point for all compliance issues in the African Region. The CT/RDO, which reports directly to the Regional Director, is headed by a senior compliance officer.

11. During the reporting period, the CT/RDO carried out compliance reviews of the WHO country offices in Central African Republic, Congo, Democratic Republic of the Congo, Ethiopia, South Africa and Zimbabwe and the Inter-country Support Team for Southern and East Africa. In addition, compliance reviews were conducted at the Regional Office in priority areas such as procurement, and AFRO managers were assisted in closing old audit reports. Furthermore, CT/RDO participated in training sessions and staff meetings to raise awareness among AFRO staff of internal controls and other compliance issues.

Member States' responsibility for DFCs

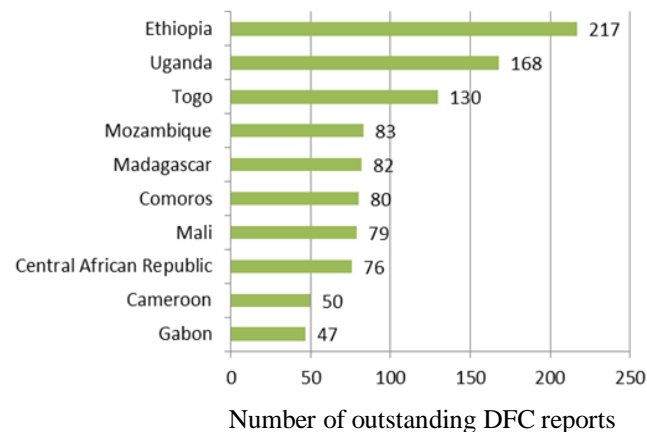
12. In the past years, WHO Member States have frequently stressed the importance of an effective internal control framework for WHO activities. In this context, Direct Financial Cooperation (DFC) Agreements with governments have received increasing scrutiny from auditors, especially in the Africa Region where DFC is the second highest expenditure item after staff-related expenses. The late submission or non-submission of financial and technical reports by Member States to provide justification for the use of these funds has been the subject of audit queries.

13. In November 2012, WHO drew the attention of ministers of health to outstanding DFC advances in their respective countries. Since then, progress has been made and the total amount of outstanding DFCs has decreased. However, further improvements are required. As of 31 March

2014, a total of 1642 DFC reports were outstanding in the African Region, including 219 reports that were outstanding for more than one year.

14. The top 10 countries in the African Region from which DFC reports are outstanding are shown in Table 1 below:

Table 1: Top ten beneficiary countries with overdue DFC reports



Status of external and internal audits

15. Internal and external audit reports are important management tools for continuous improvement of compliance and risk management in the African Region. The Regional Office has been able to close all internal audit recommendations issued prior to 2012. Significant efforts have been made to close all long-outstanding audit reports issued during the biennium 2012/2013. The status of internal and external audit recommendations as of 6 June 2014 is presented in tabular form in the Annex.

16. The Regional Committee is invited to take note of this information document and provide specific guidance to the Regional Office, as appropriate.

ANNEX: Status of implementation of external and internal audit recommendations as at 6 June 2014

N°	Audit Title	Audit report date	Audit report number	No of recommendations	Closed to date	Open recommendations	Comments
Internal Audits				(1)	(2)	(3)=(1)-(2)	
1	Integrated Audit of WHO in Angola	2012/02	11/872.	32	23	9	Implementation and communication between WCO and IOS on-going.
2.	Regional Office for Africa Post-GSM Implementation	2012/03	11/874	46	34	12	Implementation and communication between WCO and IOS on-going
3.	Integrated audit of WHO in Uganda	2012/06	12/883	32	32	0	Audit closed
4.	WHO Country Office, Bangui, Central African Republic	2012/07	12/891	53	19	34	Implementation and communication between WCO and IOS on-going
5.	WHO Country Office, Maputo, Mozambique	2012/11	12/903	52	48	4	Implementation and communication between WCO and IOS on-going
6.	Intercountry Support Team for West Africa, Ouagadougou, Burkina Faso	2013/01	11/882	9	0	9	
7.	WHO Country Office, Conakry, Guinea	2013/03	12/904	25	25	0	Audit closed
8.	WHO Country Office, Monrovia, Liberia	2013/01	12/908	28	28	0	Audit closed
9.	WHO Country Office, Bujumbura, Burundi	2013/04	13/915	35	25	10	Implementation and communication between WCO and IOS on-going
10.	WHO Country Office, Dakar, Senegal	2013/06	13/921	22	22	0	Audit closed
11.	WHO Country Office, Addis Ababa, Ethiopia	2013/09	13/924	69	0	69	Implementation and communication between WCO and IOS on-going
12.	WHO Country Office, Antananarivo, Madagascar	2013/10	13/928	43	14	29	Implementation and communication between WCO and IOS on-going
13.	WHO Country Office, Ndjamena, Chad	2013/12	13/931	65	0	65	Implementation and communication between WCO and IOS on-going
14.	WHO Country Office, Cotonou, Benin	2013/12	13/932	29	14	15	Implementation and communication between WCO and IOS on-going
15.	WHO Country Office, Freetown, Sierra Leone	2013/12	13/933	38	31	7	Implementation and communication between WCO and IOS on-going
External Audits							
1	Management letter on the audit of the Regional Office (AFRO)	2013/04	ML-FY2012-24	33	0	33	Implementation and communication between WCO and external auditors on-going.
2	Management letter on the audit of the WCO/Ghana	2013/04	EA-13-AF-03	19	19	0	Audit closed