



**World Health  
Organization**

REGIONAL OFFICE FOR

**Africa**

AFR/RC61/INF.DOC/2

9 August 2011

**REGIONAL COMMITTEE FOR AFRICA**

**ORIGINAL: ENGLISH**

Sixty-first session

Yamoussoukro, Côte d'Ivoire, 29 August–2 September 2011

Provisional agenda item 18.2

**WHO INTERNAL AND EXTERNAL AUDIT REPORTS**

**Information document**

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## **BACKGROUND**

1. This information document provides an update on the status of implementation of internal and external audit recommendations and ongoing risk mitigation efforts to improve controls and accountability in the Region. The report is prepared in accordance with the request from the Fifty-seventh session of the Regional Committee in Brazzaville in 2007 to regularly update its Members on progress made in strengthening compliance with administrative rules, regulations, policies and procedures.
2. In the year since the last Regional Committee meeting in September 2010 one performance audit was conducted at the WHO Country Office in Mali by the Office of Internal Oversight Services. In addition, external audits were performed at the Regional Office in Brazzaville and the country office in the Democratic Republic of Congo. As of June 2011 there were 12 open audits in the Region – four from 2008, one from 2009, five from 2010 and two from 2011.
3. Among the main findings of the internal and external audit reports open in 2011 are: low fund utilization and implementation rates; untimely imprest returns and bank reconciliations; lack of segregation of duties for cash handling and management; late reporting on Direct Financial Cooperation (DFC) contracts and Technical Services Agreements (TSAs); lax oversight of Agreement for Performance of Work (APW) contracts; outdated inventory records; unreconciled salary and travel advances.
4. In its audit of the WHO accounts for 2010, the external auditor also commented on the large number of travel and salary advances outstanding in the African Region. Members of the Executive Board and delegates at the World Health Assembly sought clarifications about these advances and an update on the status of clearing them.

## **PROGRESS MADE**

5. Regarding the outstanding advances noted above, the Regional Director reported to the Health Assembly that most had become necessary during the transition between the legacy accounting system and the new Global Management System (GSM) when many staff went unpaid because their personal information was not recorded correctly in the GSM. By April 2011 those problems had been largely resolved and more than 90% of all advances had been cleared. Since then, over half of the remaining advances have been settled. The Region will report on the final resolution of advances at the January 2012 meeting of the Executive Board.
6. Moreover, since the Regional Committee meeting in Malabo, Equatorial Guinea, in September 2010, the following progress has been made:
  - (a) Stricter rules and procedures have been put in place to limit and tightly control any future advances.
  - (b) Suitable action has been taken to satisfactorily close internal audits of the Kenya and Niger country offices, dating from 29 May 2009 and 19 June 2009 respectively.
  - (c) Organizational restructuring is underway to strengthen monitoring, oversight and compliance in the Regional Office, Intercountry Support Teams and country offices.
  - (d) The Regional Office, along with other regions and headquarters, has developed a risk register to identify, track and mitigate significant financial and operational control risks.

- (e) The role of the Compliance Officer has been strengthened, and that has significantly improved the implementation of internal and external audit recommendations and compliance with the rules, regulations and procedures.
- (f) The Global Management System (GSM) has put in place many system controls, such as preventing over-expenditure (formerly called red balances), and has increased transparency in all financial transactions, which will enhance oversight and monitoring.
- (g) The Regional Office has contributed to re-writing of WHO's long-outdated financial and administrative manual, which will bring clarity to operational rules and procedures in the GSM environment.
- (h) Financial management support and training to enhance accountability and controls has been provided by Regional Office staff during country visits to Botswana, Democratic Republic of Congo, Mozambique, Namibia, Niger, Rwanda, South Africa and Tanzania.

## **NEXT STEPS**

7. As of 5 August 2011, 66% of the recommendations of the 12 audits presently open have been implemented (see Annex below). Extra emphasis will be placed on closing the longest-outstanding audits, and effectively addressing the highest-risk recommendations.

8. In addition, the steps below will be taken to improve compliance and accountability in the Region:

- (a) Enact a new administrative organizational structure at all levels – the Regional Office, country offices and Inter-country Support Teams – to strengthen compliance and control functions, adapt to the GSM environment and improve operational efficiency;
- (b) Complete and implement the AFRO-specific accountability framework to clarify the roles and responsibilities of all staff particularly Cluster Directors, WHO Country Representatives, IST Coordinators, Unit Heads and Programme Managers;
- (c) Provide training and develop reports and tools to improve compliance with the reporting and oversight requirements for Direct Financial Cooperation (DFC) Agreement for Performance of Work (APWs) contracts, and Imprest;
- (d) Enhance monitoring of budget implementation through monthly meetings of the Regional Office Management Development Committee, to ensure timely and appropriate use of available resources;
- (e) Continue to provide training for country office staff in finance, administration and GSM operations;
- (f) Prepare country offices for audits through pre-audit visits by the Compliance Officer, and help them adequately address and implement the recommendations and findings post-audit;
- (g) Report on the final resolution of travel and salary advances, including write-offs, at the January 2012 meeting of the Executive Board.

9. The Regional Committee took note of this report, and provided guidance to the Regional Director.

## ANNEX

## IMPLEMENTATION STATUS OF OPEN INTERNAL AND EXTERNAL AUDITS – AS AT 5 AUGUST 2011

N°	Audit Title	Audit report date	Audit Report Number	No of Recommendations	Closed to date	Open Recommendations	Percent Closed	Comments
<b>Internal Audits</b>				(1)	(2)	(3)=(1)-(2)		
1	Regional Office AFRO (Follow-up)	12.02.2008	07/757	25	23	2	92	Response from IOS dated 26 October 2010.Two outstanding recommendations under review by DAF.
2	WCO/South AFRICA	23.05.2008	08/767	38	34	4	89	Response from WCO dated 14 July 2011 sent to Director IOS.Awaiting his response.
3	WCO/Ghana	06.08.2009	09/806	32	30	2	94	Response from WCO dated 15 June 2011 sent to Director IOS.Awaiting his response
4	WCO/Zambia	10.03.2010	09/817	26	11	15	42	Response from WCO dated 15 July 2011 sent to Director IOS.Awaiting his response.
5	Regional Office AFRO	22.03.2010	09/820	46	15	31	33	Response from IOS dated 1st November 2010.Thirty one outstanding recommendations under review by DAF.
6	WCO/Nigeria	09.07.2010	10/832	58	37	21	64	Response from IOS dated 17 January 2011.Fourty six recommendations under review by the WCO.
7	WCO/Burkina Faso	30.08.2010	10/836	29	23	6	79	Response from WCO dated 12 July 2011 sent to Director IOS.Awaiting his response.
8	WCO/Mali	23.12.2010	10/842	45	34	11	76	Response from IOS dated 6 May 2011. Twenty two recommendations under review by the WCO
	<b>Total Internal Audits</b>			299	207	92	69	
<b>External Audits</b>								
1	Regional Office AFRO	17.12.2008	N/A	15	13	2	87	Response from the Director of External Audit dated 13 October 2010. Two outstanding recommendations under review by DAF.
2	WCO/Nigeria	11.12.2008	N/A	11	6	5	55	Response from the Director of External Audit dated 28 April 2009. Five outstanding recommendations under review by the WCO.
3	Regional Office AFRO	10.02.2011	EA/2010/AFRO/12	15	2	13	13	Response from Director of External audit dated 13 July 2011. Thirteen recommendation under review by DAF
4	RDC	28.01.2011	EA/2010/WRODRC/09	8	3	5	38	Response from WCO to Director External Audit dated 18 July 2011.Awaiting his response
	<b>Total External Audit</b>			49	24	25	49	
	<b>GRAND TOTAL</b>			348	231	117	66	