

Item 21.2 - Report of the Internal Auditor

Docs

- [A67/46](#) (Report of the Internal Auditor)
- [A67/59](#) (PBAC report on the Report)

PBAC: VC of PBAC reads report in A67/59. rec Assembly accept report of IA

UK: thanks, welcome progress strengthening control and oversight; welcome staffing of risk management, ethics unit and oversight dept; hope that audit function not be jeopardised; corporate risk reg needs to be done by 2015; whistle blower policy needs to be strengthened; control framework needs to be strengthened; thanks for update on procurement; enc sect to pursue str proc plg; emphasise imp of follow up of all audit recs in a timely manner

Germany: impressed by the commitment of the senior staff to implement the compliance measures. We are on track for strengthening the internal controls. We are concerned about the procurement process. The processing team did not focus on the validity and need for procurement, but only on the process of procurement. This is highly problematic. Strengthen the global procurement unit and report on the this next year. Deeply concerned that the current way of dealing with DFC would affect the organization (including reputation). has been noted in 13/15 last audits; > \$500m per year in DFC; not just Sect's fault but also counterparts

Norway: for nordics; highlight issue of DFC; return of unused DFC funds and reports on use of such funds must be attended to; risk management perspective; appr DG commitment; need a better systemic response to this issue; reg timely systematic controls and requts; must str RM in relation to DFC; app that IOS is carrying out desk review of procedures; lessons from harmonised application of cash management system; look forward to further discussion; need easy access to relevant docs on WHO's web page

Dr Troezen (ADG GM): Thanks. I will clarify on both DFC and on procurement as raised again by Germany; for UK, we are victim of our success. We have actually seen a significant improvement. the problem is the global management system. It is completely transparent system. We can detect more issues now that need to be addressed. More issues are coming up and we are actively following them up. Processing the procurement at the global center as Germany indicated, yes, we are aware that the controls are not fully implemented. financial cooperation is not only the secretariat problem it is also a MSs problem. DFC reporting by national counterparts (MSs) is problematic; ignored by national counterparts; "we got the money, why are you harassing us?" To have a global review of the direct financial cooperation policy. We will stop if no improvement. Now it is not functioning optimally. Implementation of internal controls. We're making progress. Managing guide and checklist for the internal control. Training materials for the staff on accountability and the controls. Risk management framework will be rolled out in 20014 and 2015. We will report next year. Induction training, a very important component is on risk management and internal controls.

Mr Webb (IOS): on behalf of the office, express appr for the supp of MSs for the work of the Office; respond to questions; we encouraged (see p58) by the end to end process view; where the greatest points of risk are within the procurement cycle and where controls are needed; re DFCs: on our way to completing this audit; once it has been considered by mgt we will share with MSs, prior to GBs in Jan; we are taking a look at simple procedures such as shared resp between Sect and MS; looking for system for sharing MS access to audit reports remotely;

Committee to note report?

No objection

So decided