



WORLD HEALTH ORGANIZATION

**AUDIT COMMITTEE OF THE
EXECUTIVE BOARD**
Fourth meeting
Provisional agenda item 3.1

**EBAC4/2
18 April 2001**

External Audit recommendations: implementation status

Submitted by the External Auditor

1. The Audit Committee requested at its second meeting on 11 and 12 May 2000, that a tabular inventory of external audit recommendations should be drawn up, which would include an age profile of such recommendations, their status of implementation, and comments by the Secretariat, if any. The first of these tabular inventories was submitted to the Audit Committee at its third meeting (10 to 11 January 2001). The Committee requested that this form reporting should be institutionalized for its future work, but broadened to cover all recommendations made by the External Auditor over a given period of time, including time frames, and assigning more specified responsibility.
2. The second tabular inventory for review by the Audit Committee is annexed to the present document. Part I includes the recommendations made arising from audit visits performed during the current financial period. Part II includes the updated status of the implementation of those recommendations made during the previous biennium and included in the previous tabular inventory, but that had not been fully addressed.
3. The status of implementation was compiled mid-March 2001, and was based on the responses furnished by the Secretariat. As mentioned previously, although it is standard procedure for external audit to follow up the implementation of the recommendations made, the timing of this follow-up is affected by a number of factors. Accordingly, the Secretariat's comments included in the tabular inventory have not necessarily been verified by external audit.

ANNEX

**EXTERNAL AUDIT RECOMMENDATIONS:
IMPLEMENTATION STATUS**

PART I: EXTERNAL AUDIT RECOMMENDATIONS MADE DURING 2000

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
Management letter on the findings arising from the audit conducted at the Regional Office for Europe during September-October 2000, dated 20 October 2000		
<p>Bank and imprest accounts</p> <p>(a) Bank reconciliations should be signed by both the preparer and the reviewer and items cleared in a timely manner.</p> <p>(b) Imprest accounts should be signed by account holders, reconciled and the necessary instructions given to allow for good cash management practices.</p>	<p>(a) Supervisory review and signature on all bank reconciliations has been re-emphasized and efforts to clear reconciling items in a timely manner continue. Outstanding items are currently followed up on a monthly basis.</p> <p>(b) New guidelines including signature by account holders and appropriate checklists were developed and communicated to all imprest holders in November 2000.</p>	Addressed
<p>Personal accounts</p> <p>Personal accounts should be actively reviewed and efforts made to clear amounts remaining unreconciled for a long period of time.</p>	<p>Personal accounts undergo transaction processing and general review monthly, and detailed reconciliation and follow-up in conjunction with the year-end closure. Steps have been taken to clear amounts identified as outstanding for a long period of time.</p>	Addressed
<p>Liaison offices</p> <p>(a) Detailed instructions and training should be given to liaison officers regarding financial controls and accountability.</p> <p>(b) The review process by the technical unit should be formalized.</p>	<p>An exercise to review the role, responsibility and accountability arrangements of the liaison offices is under way. Part of the exercise will entail an internal audit of the liaison office system with broad terms of reference looking into many issues. In the meantime the measures below have been taken</p> <p>(a) Detailed instructions for recording transactions and submission of supporting documentation have been distributed to the liaison officers.</p> <p>(b) Finance is requiring the approval of all financial statements received from the liaison officers.</p>	Main risk areas have been addressed

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>(c) More timely accounting for advances made to liaison officers should be considered</p> <p>(d) The adequacy of arrangements made in respect of safeguarding of cash held should be evaluated.</p> <p>(e) Policy guidelines should be issued regarding purchases of local goods and services in US dollars.</p> <p>(f) Use of internal commitments to obligate and advance funds should be considered for appropriateness.</p>	<p>(c) Reporting is now done on a quarterly basis.</p> <p>(d) Safes have been purchased where necessary and insurance coverage is being reviewed.</p> <p>(e) More attention is paid to currency used for payments.</p> <p>(f) Use of internal commitments is being discouraged.</p>	
<p>Travel</p> <p>(a) A travel policy should be formulated and implemented.</p> <p>(b) Travel arrangements should be made well in advance and travel authorities clearly state the amount authorized to be paid when own travel arrangements are made.</p> <p>(c) A policy in respect of the approval and monitoring of standing travel advances should be formulated.</p>	<p>(a) The global travel policy was adopted by the Regional Office on 1 January 2001. A consultant was hired to negotiate airline contracts with more flexibility and these should be in place during the first quarter of 2001.</p> <p>(b) Advance planning for travel is encouraged. Travel will establish WHO's liability and this amount will be obligated. Subsequent claims will be compared to obligated amount to ensure payment does not exceed WHO's liability.</p> <p>(c) Standing advances are included in the overall travel policy.</p>	Addressed
<p>Unliquidated obligations</p> <p>A more vigorous review of unliquidated obligations is required.</p>	<p>The report of unliquidated obligations will be provided to technical units every six months and justifications will be required to maintain the related obligations. Programme staff will be provided with information on the need for more frequent reviews of unliquidated obligations stressing the effect that these obligations have on programme and financial monitoring.</p>	Addressed

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>Obligations</p> <p>(a) Regional and headquarters management should actively investigate whether a more favourable schedule of payments would be possible in respect of humanitarian assistance programmes funded by the European Commission.</p> <p>(b) Obligations should be raised only against the correct allotments.</p> <p>(c) Transactions should be supported by the appropriate documents.</p> <p>(d) Possible improvements in respect of the system of "non-home" obligations should be explored.</p>	<p>(a) Contracts from the European Commission are currently being actively reviewed by headquarters in terms of both establishing a workable framework for future cooperation and reviewing the proper accounting procedure for these allotments. (HQ Finance and Legal)</p> <p>(b) Although obligations should be raised against the correct allotments, because of the time lag in receiving allotments, the success of many programmes depends on a temporary borrowing mechanism. Steps have been implemented to improve the monitoring of these temporary borrowings.</p> <p>(c) Proper obligating documents will be kept on file.</p> <p>(d) It is proposed that a feature to improve the review and monitoring of "non-home" obligations should be considered when developing the new accounting system.</p>	In process
<p>Suspense account</p> <p>Disbursements should be made only against authorized obligations.</p>	<p>The procedure for processing obligations raised in Copenhagen and disbursed in the field has been reviewed to ensure that field offices receive the obligating documents before disbursement.</p>	Addressed
<p>Inventory records</p> <p>Urgent attention should be given to the implementation of an efficient inventory system and the compilation of reliable inventory records.</p>	<p>The inventory application used by the Regional Office for the Western Pacific will be implemented and the records brought up to date. This will be a priority for the incumbent of the currently vacant Administrative, Supply and Conference Services post, with the goal of implementation by the end of the third quarter of 2001. (ASC)</p>	In process
<p>Receiving reports</p> <p>A system to record and track receiving reports should be implemented.</p>	<p>Will be addressed when implementing the inventory application of the Regional Office for the Western Pacific – see above.</p>	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>Procurement system</p> <p>The feasibility of implementing a computerized procurement and inventory system, together with the appropriate level of human resources, should be considered.</p>	<p>Will be addressed when implementing the inventory application of the Regional Office for the Western Pacific – see above.</p>	<p>In process</p>
<p>Agreements for the performance of work (APWs)</p> <p>(a) Clear guidelines for advance payments should be provided to protect the Organization from possible loss.</p> <p>(b) Procedures regarding the submission of supporting documentation to support claims should be reviewed</p>	<p>(a) Administration of the Regional Office for Europe has reiterated to all units the proper level of advance payments on APWs, which is also documented in the on-line programme-support handbook. The procedure will be reviewed in order to establish a reasonable standard level of maximum initial payment for future APWs in the Region. The review will be led by the Budget and Finance Officer with a goal to implement by the end of the third quarter 2001. (BFO)</p> <p>(b) The APW format should be reviewed globally, and standardized requirements for contractual partners should be established across the whole Organization. The Regional Office will follow up this matter with headquarters.</p>	<p>In process</p>
<p>Implementation of the Activity Management System (AMS)</p> <p>(a) Management should take active steps to ensure effective implementation of the system and achievement of the maximum benefits therefrom</p> <p>(b) Management should draw up a list of all types of transaction not currently provided for in the system and submit these to headquarters to enable the system to add value to the Organization.</p>	<p>(a) Some programmes are using AMS to its limits; others are finding some difficulty with certain facilities. The Regional Office has provided to headquarters detailed specifications for improvement and ideas to enhance the user interface.</p> <p>(b) Certain types of transaction within the Administration and Finance Information system which cause confusion when integrated with AMS have been communicated to headquarters, where solutions for standardized procedures are being developed. Unlinked obligations are a problem. A conscientious effort is being made to reduce them and the new Budget and Finance Officer has brought the situation under control.</p>	<p>In process</p>

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
(c) A clear training policy on AMS should be drawn up identifying compulsory training modules linked to post levels.	(c) Training is offered at regular monthly intervals. The Regional Office would hesitate to link compulsory training to specific posts, but would continue to leave the programme manager with the responsibility to ensure that within his/her programme there is the necessary expertise in AMS to safeguard compliance with guidance.	
<p>Operational planning guidelines</p> <p>(a) Adherence to the operational planning guidelines should be closely monitored.</p> <p>(b) Where deadlines have been set, every effort should be made to meet them.</p>	<p>(a) Compliance can and must be improved. More emphasis will be laid on completion of work plans. The divisional directors have acknowledged this, and the newly appointed operational analysts will be in charge of monitoring completion and data integrity of all work plans for their respective divisions.</p> <p>(b) A planning officer is now in place and clearance of work plans has been delegated to divisional director level.</p>	Addressed
<p>Computer audit of the general controls within the Regional Office Administration and Finance System, Activity Management System, Personnel System and the Travel, Meetings and Administration System: Regional Office for Europe, dated 24 November 2000</p>		
<p>Planning, policies, procedures and standards</p> <p>(a) An information technology (IT) security policy should be established, formally approved and updated on a regular basis in order to formalize guidelines for compliance by staff members throughout WHO.</p> <p>(b) An authorized and tested disaster recovery plan and business continuity plan should be compiled. This should be tested on a regular basis, updated as required and a copy kept off-site.</p> <p>(c) A formal IT strategic plan should be developed, approved by management and updated on a continuous basis.</p>	<p>(a) A comprehensive IT security policy document is in preparation. It will be coordinated with a similar effort in headquarters and is expected to be completed by December 2001. (Regional Adviser, Information Support Services – RA/ISS)</p> <p>(b) A disaster recovery plan and business continuity plan are in preparation and will be completed and costed by September 2001. (Network Manager)</p> <p>(c) The Regional Office follows closely the effort of the Organization for deciding on an IT policy. An Information Policy and Management Committee (IPMC) has been established to advise the Regional Director on technical matters pertaining to support for information systems and technology. (Director, Information, Evidence and Communication – DEC)</p>	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>(d) Throughout WHO, formal change-control procedures and standards should be developed.</p> <p>(e) Formal operating procedures should be developed and approved.</p> <p>(f) Data dictionary development and maintenance policies and procedures should be developed.</p> <p>(g) WHO should ensure that formal IT standards and procedures are developed, formally approved, distributed throughout WHO, implemented and adhered to.</p>	<p>(d) A change-control register for implementation of software fixes to globally developed applications will be in place by December 2001. (Database Manager)</p> <p>(e) The structured query language (SQL) server provides clear registration of all end-of-day processing jobs. Additional mechanisms for notification of job success and failure will be implemented by July 2001. (Database Manager)</p> <p>(f) An update of the electronic data dictionary/database definition software is being sought. A final decision will be reached in collaboration with headquarters by December 2001. (Database Manager)</p> <p>(g) Action to be taken at headquarters – refer to Secretariat's comments below on general control review performed at headquarters.</p>	
<p>Systems development life cycle</p> <p>(a) A formal methodology for systems development life cycle should be developed to govern the process of developing, acquiring, implementing and maintaining computerized information systems and related technology throughout WHO.</p> <p>(b) WHO should develop a formal policy, including standards and procedures to control and manage application system development throughout WHO.</p>	<p>(a) The procedures in place for technical system specification of applications and program testing to aid in quality control will be further refined and documented in close collaboration with headquarters and the Informatics Management Coordination Committee.</p> <p>(b) Action to be taken at headquarters – refer to Secretariat's comments below on general control review performed at headquarters.</p>	In process
<p>Physical security</p> <p>(a) Adequate physical security measures should be put into place.</p> <p>(b) Adequate environmental and safety conditions with regard to the backup tapes should be put into place.</p>	<p>(a) In areas where Information Support Services (ISS) has complete control, additional physical security measures have been taken. Other areas are not under ISS control. (Network Manager)</p> <p>(b) Off-site storage options in other organizations of the United Nations system in Copenhagen are being investigated. Timeframe: April 2001 (Network Manager)</p>	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>Networks</p> <p>(a) Management should consider reviewing monitoring reports in the network environment.</p> <p>(b) Dial-back facilities should be considered to ensure that access from remote locations is restricted to authorized support staff only.</p>	<p>(a) The involvement of management in reviewing monitoring reports will be more actively sought and aided by additional reports. Timeframe: May 2001 (Network Manager).</p> <p>(b) Because of the cost, it has been decided not to use the call-back feature in the dial-up solution.</p>	In process
<p>Operations</p> <p>(a) Formal backup and restore procedures should be developed. These should be approved by management and tested regularly.</p> <p>(b) Management should consider reviewing performance-monitoring reports in the server environment.</p> <p>(c) Off-site backup arrangements should be formally documented and tested regularly.</p> <p>(d) Backup registers should comply with the backup standards and procedures and should be signed off by the supervisor after each backup is made.</p> <p>(e) Backup reports generated after each backup should be printed, checked by the supervisor and stored for a certain period.</p> <p>(f) Backups should be restored and tested periodically to ensure the integrity and recoverability of data.</p> <p>(g) Job schedules should be approved at the appropriate management level and job runs should be compared thereto.</p> <p>(h) An operator-run book should be compiled to ensure that the operator is aware of details on job set-up instructions, console messages, correct responses and actions to be taken if a job fails.</p> <p>(i) Procedures should be put in place to ensure that incident reports are followed up effectively and in a timely manner.</p>	<p>(a) Documentation has been set up for backup and restore procedures, and testing is carried out.</p> <p>(b) Performance monitoring report will be made available to management. Timeframe: April 2001 (Network Manager)</p> <p>(c) Off-site storage options in other organizations of the United Nations system in Copenhagen are being investigated. Timeframe: April 2001 (Network Manager)</p> <p>(d) Details such as failed backups are being documented in a backup register.</p> <p>(e) Electronic log of backup software checked daily to ensure successful backups.</p> <p>(f) Limited restores are on average performed twice per month. Comprehensive restores will be tested once per year.</p> <p>(g) Not relevant to current applications being run in a client-server environment.</p> <p>(h) Server logbooks have been established for each server and are used for information and messages.</p> <p>(i) Incidents are included in the server logbooks.</p>	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>Operation system and logical security</p> <p>(a) Activity logs and access violation logs should be printed and reviewed regularly by management.</p> <p>(b) Weaknesses identified in respect of logical access controls and security parameter settings should be addressed.</p> <p>(c) All the software used by the Regional Office should be reviewed regularly and users should be educated in the implications of using illegal software.</p> <p>(d) Procedures should be developed and implemented to ensure that the IT administrator is promptly notified when a staff member terminates his/her service.</p> <p>(e) Formal user registration procedures should be put in place to ensure that every user has his/her own unique user ID and password which is formally handed over.</p> <p>(f) Consideration should be given to running an anti-virus program on all servers and to implementing a policy regarding the loading of games and programs onto computers.</p>	<p>(a) Auditing features have been implemented for the computer operating system. The daily electronic file will be printed and reviewed by the Network Manager and quarterly reports will be submitted to IPMC. Timeframe: September 2001 (Network Manager)</p> <p>(b) A number of actions have already been taken. Additional security measures are being reviewed; implementation is scheduled for December 2001. Administrator account renaming is planned for June 2001. (Network Manager)</p> <p>(c) An application has been developed which checks software on workstation hard drives and compares it to the software configuration on record. It is being tested and it is planned to be in operation by August 2001. (Database Manager)</p> <p>(d) User accounts are set up to follow contract dates – when a contract expires or an individual is terminated the accounts are locked.</p> <p>(e) New users will be requested to officially acknowledge receipt of user-ID by signing ISS task reports when they are assisted in logging in for the first time.</p> <p>(f) A virus protection program has been installed on SQL server to study the effects on performance; installation on the other servers will be considered accordingly. Timeframe: May 2001 (Network Manager)</p>	In process
<p>Data</p> <p>(a) WHO should ensure that the latest version of system software is running on all systems to ensure continuity and availability of application systems.</p> <p>(b) A formal archiving policy for WHO should be put into place so that archiving is done regularly on the database to ensure an efficient response time.</p>	<p>(a) Migration to SQL 7.0 has been planned for all regional offices by October 2001. (Headquarters AFI)</p> <p>(b) Archiving of administration and finance information in the Regional Office has now been implemented on a biennial basis as per request from headquarters.</p>	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
(c) Adequate controls, such as hash totals, should be put into place to ensure that the AFI dump created by the Regional Office is accurate and complete when sent to headquarters; it should also be compared with headquarters' hash totals.	(c) The Regional Office will formulate a recommendation that a new control report should be created that reflects hash totals to be faxed to headquarters to accompany the database dump. This will be implemented in coordination with headquarters. Timeframe: June 2001	
<p>Organization</p> <p>(a) In order to prevent unauthorized changes from being made to production data and/or programs, programmers should not have access to the programs or data in the production environment.</p> <p>(b) Procedures should be implemented to ensure that adequate segregation of duties exists between the database administrators and the application programmers.</p> <p>(c) The establishment of a management-level IT steering committee should be considered to monitor the IT function.</p> <p>(d) Responsibilities of all IT staff members should be formally documented in job descriptions/terms of reference.</p> <p>(e) Backup should always be made available when key IT staff members are not available to perform the duties usually done by them.</p>	<p>(a) Separate test and development server-based domains are being established. Segregation of duties between programmers and database administrators is not possible given the small number of staff. The same staff are entrusted with applying changes to production environments and logging these changes. Network access to production environments has been reviewed and is strictly controlled. Development and testing tasks and environments are clearly separated. Procedures to document and control moves to production will be implemented. Timeframe: December 2001 (Database Manager)</p> <p>(b) See comments above.</p> <p>(c) IPMC has been created to advise the Regional Director on technical matters pertaining to support for information systems and technology.</p> <p>(d) All contracts for IT-related personnel are channelled through ISS for technical clearance. This will include terms of reference for short-term personnel.</p> <p>(e) A Network Manager has taken up duties. Although there is better overlap, the resources of ISS staff remain overstretched.</p>	In process
<p>Applications</p> <p>(a) In order to ensure that only authorized changes are made to programs, a change control committee should be established.</p>	(a) IPMC has been created to advise the Regional Director on technical matters pertaining to support for information systems and technology.	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
(b) Procedures throughout WHO should be implemented to ensure that the program change process is administered effectively and that changes are completed in a timely manner.	(b) Program changes to the Regional Office Administration and Finance Information system are the responsibility of the development team at headquarters. This matter will be addressed by headquarters when improving the change control process.	
(c) Formal test plan standards and procedures for program changes should be established throughout WHO.	(c) Test plan standards at headquarters are to be completed by April 2001 .	
(d) Test documentation should be kept to indicate the nature and extent of all tests performed throughout WHO.	(d) Test feedback on Regional Office Administration and Finance Information system is submitted to headquarters. Headquarters file the test documentation.	
(e) Management should implement procedures to ensure that system documentation exists and is updated after every system change throughout WHO.	(e) Database and process flow models are to be kept in a forthcoming upgrade of data dictionary/database description software. Timeframe: December 2001.	
(f) Procedures should be implemented throughout WHO to ensure that program documentation is updated after every program change.	(f) Additional documentation for Regional Office applications will be made with the upgrade of data dictionary/database description software.	
(g) Procedures should be implemented throughout WHO to ensure that user documentation is compiled and kept up to date.	(g) ISS will request owners of the data to appoint a focal point for update of user documentation for applications developed in the office. Timeframe: March 2001 (RO/ISS).	
(h) Formal procedures for emergency changes should be established throughout WHO and formally approved by management.	(h) Emergency changes are applied and logged in the same manner as regular changes. A change-control register for implementation of software fixes to globally developed applications is being established and will be in place by December 2001. (Database Manager)	
(i) Quality assurance involvement in the program-change process should be established.	(i) IPMC in the Regional Office is expected to establish standards and guidelines for quality assurance.	
(j) Formal, detailed back-out instructions should be put into place throughout WHO.	(j) Program changes are not backed out. If necessary, data and software backups are restored.	

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
(k) Program changes should be logged and reviewed by senior officials to ensure that only authorized program changes are made.	(k) The Database Manager in collaboration with the owners of the data will ensure that only authorized program changes are implemented and logged. A form will be developed for data owners to approve changes. Timeframe: December 2001 (Database Manager)	
(l) Formal version-control procedures or library management software should be established throughout WHO to ensure that version numbers of program changes are recorded and that only one source code exists.	(l) In the Regional Office, version control exists between database and client software to ensure that the same release level is being used.	
(m) Formal program change documentation should be established throughout WHO.	(m) Given the limited staff available, keeping of formal program-change documentation is considered an ineffective use of available resources.	

PART II: EXTERNAL AUDIT RECOMMENDATIONS MADE DURING 1998-1999 BIENNIUM

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
Follow-up computer audit of the general controls within the Administration and Finance Information Support System at WHO: Geneva, dated 13 December 1999.		
Management should review informal security policies and procedures for completeness and include it in a formal security policy.	The IT Adviser and the Security Officer should participate in this task, therefore, target date moved to June 2001 . A number of interim measures have been taken. Policies have already been drafted for security of firewall and computer operating system. A project on a security policy for the global private network is under way; the reporting dates will be determined later. A remote access security policy has been issued. (Informatics and Telecommunication Services – ITS)	In process
A formal network policy for the entire WHO network should be developed, approved and enforced by management to ensure proper network control.	Work is under way on the development of a network policy. The completion date depends on recruitment of the IT Security Officer. (ITS)	In process
An appropriate official should be identified and trained to ensure that physical and logical security is administered effectively.	A Security Officer has been identified. (ITS)	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
Availability of the necessary knowledge and skills to manage the system at all times should be established, without compromising the segregation of duties, to ensure continuity of the IT environment.	An IT adviser was appointed with effect from September 2000. Seven fixed-term staff are to be recruited, and two positions are being converted from short-term to limited duration contracts. Recruitment is in progress. (ITS)	In process
Formal procedures should be put into place to ensure that no more than the prescribed number of users can access the application at the same time. Control over acquisition and installation of software should also be centralized.	The existing policy of end-user computing will be reviewed by June 2001 . (ITS)	Still to be addressed
Procedures should be put into place to ensure that virus protection software is installed on every personal and notebook computer. Anti-virus software should be updated on a regular basis.	Existing policy was formalized and compliance monitoring procedures put in place by the end of 2000. Virus-checking software has been installed as part of the e-mail system and it is planned to extend this in the firewall system. (ITS)	In process
A formal service level agreement should be established between WHO and the International Computing Centre (ICC) to ensure responsibilities are clearly defined.	An ICC service level agreement has been in effect since October 2000.	Addressed
Change control procedures and standards should be established and approved by management.	WHO policy and procedures for administration and finance information were reviewed by an auditing and consultancy firm (KPMG) in February 2000. An implementation plan was developed in December 2000. Definition work is to be completed by the end of July 2001 . (AFI)	In process
Formal test plan standards and procedures for program changes should be established.	Test plans for new environments are to be completed by the end of April 2001 . Current environments are to be replaced by four new environments: test and installation environment for the database administrator; development; test and quality assurance; and production. (AFI)	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
Formal procedures for emergency changes should be established and formally approved by management. Changes should be logged, reviewed and approved by management.	Procedures for formal change and emergency change will be defined by the end of July 2001 . These procedures will be tested and validated by migrating from the new development environment to the new test environment at the beginning of August 2001 . Similarly, the procedures will be used to migrate from the new test environment to the new production environment at the end of August 2001 . The procedures will be in complete operation when all new environments go live in mid-October 2001 (see above). (AFI)	In process
Quality assurance involvement in the program change process should be established.	Quality assurance is entrusted to each programmer/analyst and to the supervisor, which is considered adequate.	Not addressed
Formal, detailed back-out instructions should be put into place.	Instructions are included in change control procedures above.	In process
Management should implement procedures to ensure that system documentation is updated after every system change.	Technical documentation software has been installed. Older systems have gaps in documentation. Within the current resources this has not been given priority.	Partly addressed
Procedures should be implemented to ensure that user documentation is compiled and kept up to date.	Plans are to be drawn up by application owners by July 2001 .	In process
Procedures should be implemented to ensure that program documentation is updated after every program change.	Changes to programs are annotated in comment boxes within each program.	Partly addressed
A group or individual independent of programming should move changed programs from the test to the production library.	Definition of roles are to be implemented by mid-October 2001 (new separate user identifications for individual roles, but operation will still be undertaken by the same person until additional human resources are allocated). (AFI)	In process
Formal version control procedures should be established. Access to or the use of source code should be controlled.	Will be addressed by change control procedures, mentioned above. (AFI)	In process
A change control committee should be established	To be defined in connection with change and emergency change procedures referred to above. (AFI)	In process
Users should sign off change control forms.	This is done for important changes.	Partly addressed

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
A methodology for systems development life cycle should be developed, approved by management and implemented	No new developments are taking place in the Administration and Finance Information system; therefore this measure is not necessary	Not addressed
Programmers should not have access to the programs or data in the production environment.	Starting mid-October 2001 , there will be no access by programmers to the production database. Programs will be moved between the environments by the database administrator on the instruction of the Administration Assistant who will keep full track of the updates. (AFI)	In process
Security policies for the Resource Access Control Facility and the Multiple Virtual System should be finalized, approved by management and implemented.	Basic security measures using the Resource Access Control Facility have been implemented according to ICC's recommendations. The IT Security Officer will be responsible for defining the security policy to be approved by management. (ITS)	Still to be addressed
The change control procedures and standards for the Multiple Virtual System programs and the Resource Access Control Facility database should be finalized and approved by management.	Implemented mid-October 2000.	Addressed
Formal employee termination policies and procedures should be established.	Implemented mid-October 2000.	Addressed
Formal user registration procedures should be put into place.	Implemented mid-October 2000.	Addressed
Data security management should develop standards and procedures for the review and follow-up of security violations. The security office should regularly review system logs. Various recommendations relating to logical access and attribute settings on Resource Access Control Facility.	Item is ICC's responsibility and goes, in some cases, beyond current ICC's recommendations. Once the security level and policy for the Resource Access Control Facility have been defined and agreed upon between ICC and the WHO Security Officer, they will be looked at as an integrated part of a proper service level agreement with ICC. (ITS)	Still to be addressed
Various recommendations relating to the security parameter settings and logical access controls on the server for the computer operating system	A security policy for the computer operating system has been drafted and is in final review stage. (ITS)	In process
Physical security standards and procedures should be documented and implemented by management.	This measure will be addressed by the IT Security Officer, when appointed. In the interim, additional physical security measures for the LAN centre and server farm are being proposed. (ITS)	In process
Physical security control measures should be put into place.	As above	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
A formally approved disaster recovery plan should be established, documented and regularly tested.	A disaster recovery plan exists for ICC and therefore also for the mainframe application of the Administration and Finance Information System. A project is under way to determine the technical feasibility and costs involved for a disaster recovery plan for the WHO server farm. (ITS)	In process
Management report in respect of an audit conducted on the treasury and cash management of WHO at headquarters, dated 3 March 2000		
<p>Strategy, policy and structure</p> <p>(a) The mandate of the Advisory Investment Committee should be evaluated and updated.</p> <p>(b) The Committee should meet regularly.</p> <p>(c) The composition of the Committee should be considered.</p> <p>(d) The role and mandate of the Internal Investment Review Group should be re-examined.</p> <p>(e) The terms of reference and responsibilities of the Committee and the Group should be formally defined.</p> <p>(f) The investment policy should be updated more frequently.</p>	<p>(a) The terms of reference of the Advisory Investment Committee have been updated.</p> <p>(b) The Committee will meet twice per year.</p> <p>(c) The current composition has been altered to ensure adequate representation.</p> <p>(d) The group has been subsumed in the Committee, which has broader representation.</p> <p>(e) The terms of reference of the Committee have been updated.</p> <p>(f) Investment policies for Staff Health Insurance and WHO funds have been completed and approved by the Director-General. Regular monthly treasury reporting is being implemented. Investment managers have been asked to report using a standard format to allow easier comparison.</p>	Addressed
<p>Risk management measures</p> <p>(a) There should be regular reporting, discharging the responsibility for the identification of risks, probability of risks occurring, probable quantum and planned actions.</p> <p>(b) The policy on exposure limits should be considered.</p>	<p>(a) A monthly summary risk-management report has been implemented and reporting from fund managers has been improved to include meaningful risk analysis.</p> <p>(b) New exposure limits have been confirmed by the Advisory Investment Committee. The tender exercise for selecting new fund managers has begun, and the first stage will be completed by June 2001. The second stage (WHO funds) is expected to be completed by September 2001.</p>	Mostly addressed

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
(c) Sensitivity analyses should be performed.	(c) Sensitivity analysis is addressed in the monthly treasury reporting. (Treasury and Risk Management – TSY)	
Monitoring of risks (a) There should be reporting to indicate actual cash balances and other key information.	(a) The treasury reporting process covers most of the measures recommended. Further refinement will be made once the process of selecting, then implementing, a new treasury management system has started. (TSY)	Mostly addressed
Risk philosophy and limits (a) Risk appetite should be reviewed. (b) The expansion of authorized products should be considered. (c) Implementation of global cash-flow management should be considered.	(a) The investment policy has been updated. (b) The revised investment policy includes a wider range of investment products. (c) A new regional/country cash replenishment system has been implemented in the three regions where the largest cash balances are held and where there is the greatest economic and political risk. (TSY)	Mostly addressed
Human resource management (a) The inadequate segregation of duties should be addressed.	(a) Work on the rewriting of job descriptions, which will better define the distinction between “front office” and “back office” treasury and cash management functions, will be completed by summer 2001 . Segregation of tasks within the treasury function will not be fully completed before a new treasury management system is installed. It is expected that such a system will provide considerable efficiency improvements in the way in which treasury transactions are executed, confirmed, accounted and reported, as well as providing better controls over these processes. A new integrated treasury management system will not be implemented until the next biennium. Work on evaluating systems and assessing requirements will commence within the next few months. Installation will not be before summer 2002 . (TSY)	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
(b) A code of conduct should be implemented	(b) Having considered the recommendation within the Treasury context, it is believed that treasury-specific procedures do not need to be developed and that the existing provisions within the Staff Regulations and Staff Rules provide sufficient protection. Chief, Treasury, is responsible for ensuring that any situations in which a conflict of interest may arise are referred to Director, Financial Services.	
Management information system Inefficiencies in capturing and access issues should be addressed.	An evaluation of a new treasury management system and of WHO treasury requirements is scheduled to take place later this year. Implementation is not expected before summer 2002. (TSY)	Still to be addressed
Performance measurement Formal performance objectives and evaluation should be introduced and the monitoring of performance of external asset managers should be reviewed.	Performance measures have been implemented for both funds managed by WHO and funds managed by external managers.	Addressed
Cash-flow management (a) Consideration should be given to the pooling of funds. (b) Cash-flow management should be improved.	(a) An investment policy review has been completed and addresses the appropriate split for investments and the appropriate strategy to use for investment of short-term cash balances. (b) Short-term cash-management procedures will be modified and electronic bank-balance reporting used to fine tune the process. Forecasting will be developed in cooperation with regions. (TSY)	In process
Reconciliations The number of bank accounts should be rationalized.	The number of bank accounts is being reduced. (TSY)	In process

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>Accounting and disclosure</p> <p>Consideration should be given to accounting and disclosure issues.</p>	<p>Existing financial policies in respect of valuation and accounting for securities and financial instruments will be reviewed by December 2001. The review will consider any changes to the United Nations system accounting standards in respect of financial instruments in the light of recent papers of the International Accounting Standards Committee. (TSY)</p>	<p>Still to be addressed</p>
<p>Management letter on the findings arising from the final audit of the 1998-1999 biennium conducted at headquarters, dated 7 March 2000</p>		
<p>Assessed contributions, obligations established and disbursements made</p> <p>Action, including possible revision of the relevant Financial Regulations, to enhance the collection of assessed contributions in a timely manner, should be taken.</p>	<p>The Financial Regulations and Financial Rules have been revised. The process for handling special arrangements has been proposed to the Fifty-fourth World Health Assembly.</p>	<p>Addressed</p>
<p>Budgetary, financial and related transactions</p> <p>(a) Proof of receipt of goods should be obtained prior to payment.</p> <p>(b) Imprest accounts should be journalized on a more timely basis.</p> <p>(c) Policy of providing in full for outstanding members' contributions should be reassessed.</p>	<p>(a) Since WHO takes legal title on the basis of shipping documents, proof of receipt prior to payment is not necessary. Goods lost between the time WHO takes title and physical delivery is due are covered by insurance.</p> <p>(b) Imprest account levels are being reviewed as part of treasury restructuring. (TSY)</p> <p>(c) The accounting policy will be reviewed before next closure. (Accounts)</p>	<p>In process</p>
<p>Recording and valuation of inventory</p> <p>Consideration should be given as to whether the current valuation method is the most appropriate and the policy should be clearly communicated.</p>	<p>The policy has been re-communicated to regional and country offices.</p>	<p>Addressed</p>

RECOMMENDATION	SECRETARIAT'S COMMENTS	STATUS
<p>Environmental management policy</p> <p>An environmental management policy for WHO globally should be developed.</p>	<p>WHO operates on the basis of voluntarily observing the laws of the countries in which it operates. IIS is consulting the WHO environmental unit regarding formulation of a policy that could be adhered to by all WHO operations and offices. (Informatics and Infrastructure Services – IIS)</p>	<p>In process</p>
<p>Revision of the WHO manual</p> <p>Revision of the WHO manual should receive the necessary attention.</p>	<p>The content of the WHO manual has been updated to reflect the policies and procedures of the Organization, with an emphasis on the sections on administration of human resources and financial services. A process has been established to improve continual updating to reflect changes in policies and procedures. The electronic version of the manual is now the official version and is updated monthly</p>	<p>Addressed</p>

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