Plan of work of the Internal Auditor

INTRODUCTION

1. The plan of work of the Office of Internal Audit and Oversight for the year 2001 is transmitted herewith for the information of the Audit Committee of the Executive Board.

2. The Office examines and appraises the manner in which activities are carried out at all organizational levels. It assesses whether the examined activities helped contribute to the attainment of the Organization’s objectives. More specifically, the Office reviews and appraises accounting, administrative and operating controls; ascertains the extent of compliance with established policies, plans and procedures; determines the extent to which assets are accounted for and safeguarded from loss; assesses measures taken to prevent fraud, waste and malfeasance; ascertains the reliability of financial and management information; and evaluates the responsible, efficient and economical use of the Organization’s resources.

3. In the course of its work, the Office routinely provides suggestions for savings and improvement in operations which will add value to the Organization. The Office views its role as aiding the process of instilling accountability in the use of WHO’s resources, not only through compliance, but also in terms of achieving results.

4. The staffing resources of the Office include eight professional auditor posts in addition to the Director’s post. The plan of work is based on assumed full staffing during the year.

5. The plan of work was prepared recognizing the modified business functions and organizational structure. During this period, the Office will fulfil its normal examining role, but will also be prepared to adjust its coverage rapidly in order to respond to a changing business environment.

AUDIT PLAN

6. The following summary plan is presented under the functional and organizational headings defining the areas of the Office’s work. Included with each heading is the percentage of available time planned to be devoted to the area. Specific assignments and allocation of resources are determined in accordance with professional risk assessment techniques and are focused to meet current needs. The plan includes work devoted to PAHO.

7. **Regional offices (32%).** Audit visits are planned for all six regions and IARC. In general, the scope of the audits will focus on the accounting and process functions, and the role of regional offices as the accountability centres for country offices. The work will seek to evaluate compliance with
established controls and procedures. Further, the operations of each regional office will be reviewed in the context of evaluating the control framework for its programme of work.

8. **Offices of WHO Representatives (17%)**. The Office continues to review the country offices in view of their significance in the collaboration between WHO and Member States. Traditionally, work in this area entails a review of all aspects of the offices’ activities and is categorized by issues related to programme delivery, managerial process, and administration and finance. During 2001, thematic reviews will be made across a sample of offices to ascertain the linkage between organizational objectives, corporate strategy and actual work in the field. An initial review is also planned for the Kobe Centre in Japan.

9. **Information systems (12%)**. In addition to continuing work on existing systems, the Office will look into audit risk relating to new or changed systems.

10. **Management support units (8%)**. During 2000, the Office completed initial audits of all eight management support units, which focused on the efficiency and effectiveness of their processes, other internal controls, and compliance. During 2001, each unit will be visited in order to verify effective implementation of previous audit recommendations.

11. **Headquarters technical programmes, central services and financial functions (25%)**. Increased emphasis will be laid on review of various programmes based on expenditure and audit risk, as well as management request. In general, work on technical programmes focuses on accountability, efficiency and reporting. Work on financial functions and central services are more narrowly focused reviews which attempt to evaluate compliance with established controls over specific accounts, processes or functions.

12. **Investigation and oversight (6%)**. Resources are reserved for this area which is then addressed on an ad hoc basis as specific situations develop. If necessary, regularly scheduled audit work is deferred to provide necessary staff for this area.

**FOLLOW-UP AND IMPLEMENTATION**

13. The Office monitors the implementation of all its audit recommendations until final disposition; this in turn forms a part of normal audit planning. During 2000, most of the audit recommendations have been or are being implemented. However, recommendations on the items discussed below were issued in 1999 and have not yet been fully implemented. All other outstanding audit recommendations were issued during the current year.

**Country offices**

14. Audits of two country offices, reports for which were both issued in August 1999, remain open. There was a delay in response initially because of the departure of both WHO Representatives. After the current representatives were named, responses were received. However, some portions were incomplete and others were unclear on specific implementation of several recommendations. At present, requests for clarification by the Office remain outstanding, primarily on recommendations relating to effective use of the programme monitoring system. Follow-up continues and closure of both audits is expected in the near term.
Investigation on vehicle purchase

15. The annual report of the Office to the Health Assembly for 1999 reported the case of a fraudulent purchase of six vehicles which originated in the office of a WHO Representative.\(^1\) Although the case has not been closed, no new information has been obtained since the report was issued in December 1999. WHO is currently negotiating with the supplier on an arbitration agreement and the audit will remain open until final settlement has been reached.

Cash shortage

16. In December 1999, the Office reported the results of a review of an alleged cash shortage in the office of a WHO Representative. The audit results showed that there was no actual cash shortage, but rather a series of erroneous bookkeeping entries and other processing errors. However, the audit did disclose a series of significant procedural errors in the leasing and the renovation of new office premises. The regional office is currently completing the necessary corrections and other remedial action and audit closure is expected soon.

EXTERNAL AUDITOR

17. The Office maintains a close working relationship with the Organization’s External Auditor. Periodic meetings are planned to coordinate audit work and to avoid duplication of efforts.

ACTION BY THE AUDIT COMMITTEE

18. The Committee is invited to take note of the plan of work.

\(^1\) Document A53/19, paragraph 19.