



WORLD HEALTH ORGANIZATION

**AUDIT COMMITTEE OF THE
EXECUTIVE BOARD**

Ninth meeting

Provisional agenda item 2.1

**EBAC9/2
4 December 2003**

Status of implementation of External Audit recommendations

Report by the External Auditor

INTRODUCTION

1. At its second meeting, on 11 and 12 May 2000, the Audit Committee requested 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. At its third meeting, the Audit Committee requested that this form of reporting should be institutionalized for its future work.¹ Accordingly, an updated tabular inventory for review by the Audit Committee is annexed to the present document.

FORMAT OF THE TABULAR INVENTORY

2. The tabular inventory is in three parts: Part I sets out the recommendations made in the current biennium (as at October 2003). Parts II and III include the updated status of implementation of the recommendations relating to the 2000-2001 and 1998-1999 financial periods respectively.

3. The tabular inventory reflects the Secretariat's position on each of the recommendations made, the status of implementation and the expected time frame for completion, where applicable. Where the recommendation is not accepted or partly accepted, the Secretariat has provided brief comments to support its position. Further comments have been provided by the External Auditor where necessary.

4. The Audit Committee will note that the responsibility for implementation has not been reflected for each recommendation. The Secretariat has indicated that the recommendations made by the External Auditor are the corporate responsibility under the direction of senior management.

¹ Document EBAC3/2.

OVERALL COMMENT BY THE EXTERNAL AUDITOR

5. It is pleasing to note that most of the recommendations made have been accepted by the Secretariat and have either already been implemented or are in the process of being implemented, as summarized in the table below.

Financial period	Total number of recommendations included in the current inventory	Number accepted and implemented	Number accepted and in process of being implemented or ongoing	Number noted and under consideration	Number not accepted
2002-2003	39	18	21	0	0
2000-2001	69	21	47	1	0
1998-1999	25	1	24	0	0

6. There are no instances where the Secretariat has indicated that it does not accept the recommendation made. In one instance, the Secretariat has noted the recommendation made by the External Auditor and has indicated that it will give serious consideration to its implementation.

7. An analysis of the recommendations that remain in the tabular inventory in respect of the audit of the 1998-1999 financial period revealed that these are mostly related to the improvement of the general information technology control environment at headquarters. In 2002, a review was performed to determine the progress made in rectifying the weaknesses noted and to focus on the corrective steps taken to this effect in order to highlight any remaining concerns. The review revealed that considerable progress had been made although, as indicated in this tabular inventory, a number of aspects were still in the process of being addressed or formalized. It is recognized that the Secretariat has embarked on major computing infrastructure projects and that it will only be possible for these recommendations to be fully addressed once these projects are completed. The External Auditor continues to urge the Secretariat to pay urgent attention to these and other recommendations relating to information and communications systems and technology.

8. Overall, it is noted that there are no significant areas of disagreement and that, in general, the progress achieved in addressing the recommendations of the External Auditor is satisfactory.

FOLLOW-UP OF THE IMPLEMENTATION OF RECOMMENDATIONS

9. The information on the status of implementation was compiled in October 2003 and was based on the responses furnished by the Secretariat. The Audit Committee is reminded that, although it is standard procedure for External Audit to follow up the implementation of recommendations, 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.

CONCLUSION

10. The Audit Committee is invited to take note of the status of implementation of External Audit recommendations.

ANNEX

STATUS OF IMPLEMENTATION OF EXTERNAL AUDIT RECOMMENDATIONS

PART I. EXTERNAL AUDIT RECOMMENDATIONS RELATING TO THE 2002-2003 FINANCIAL PERIOD

Recommendation	Secretariat's comments	External Auditor's comments
Management letter dated 29 August 2003 on the findings arising from the interim audit of the 2002-2003 financial period conducted at headquarters		
<p>Strategic budgeting and operational planning</p> <p>(a) For 2004-2005 the indicative planning figures for all sources of funds should be communicated to clusters and regions in a timely manner, to ensure that comprehensive integrated operational planning can take place.</p> <p>(b) A more structured and transparent framework for the allocation of extrabudgetary funds should be determined for implementation by WHO.</p> <p>(c) The criteria for the allocation and use of funds from the Special Account for Servicing Costs should be further developed and communicated throughout WHO.</p>	<p>(a) Accepted and implemented by end October 2003.</p> <p>(b) Accepted. A framework will be implemented for 2004-2005.</p> <p>(c) Accepted. Implementation to be completed by end 2003.</p>	
<p>Programme monitoring and evaluation</p> <p>(a) Responsible officers should record relevant information on the progress made in the implementation of work plans, to ensure that effective monitoring occurs and corrective action is taken, where necessary.</p> <p>(b) Adequate detail should be recorded in the work plan review reports to enable a meaningful review of the actual delivery status of products and services.</p>	<p>(a) Accepted. Responsible officers will be requested to comply.</p> <p>(b) Accepted. Reflected in operational planning guidelines and compliance will be monitored.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>(c) Indicators, targets and baselines should be determined at the beginning of the period and should be used to analyse progress toward achieving expected results.</p> <p>(d) Responsible officers should be assigned to all products and services.</p> <p>(e) Efforts should be continued to improve the regular and systematic review and clearance of unlinked and rejected transactions on the Activity Management System.</p> <p>(f) All offices should ensure that comprehensive proposals for evaluations are prepared and submitted within the required time frames to facilitate the coordination of these efforts to the best advantage of WHO.</p>	<p>(c) Accepted. Reflected in operational planning guidelines and compliance will be monitored.</p> <p>(d) Accepted. Reflected in operational planning guidelines and compliance will be monitored.</p> <p>(e) Accepted. Efforts will be reinvigorated.</p> <p>(f) Accepted and implemented.</p>	
<p>Extrabudgetary resources</p> <p>(a) The individual efforts of the management support units to find a uniform system for the administration of extrabudgetary contributions should be better coordinated and consolidated in the interim.</p> <p>(b) All staff involved in donor relations should be made fully aware of the guidelines on working with the private sector to achieve health outcomes.</p> <p>(c) A resource mobilization framework for WHO should be developed and implemented across WHO.</p> <p>(d) Clusters and regions should comply with the requirements to provide the accounts department with donor agreements and contribution advisory notes to facilitate the prompt and accurate recording of voluntary contributions.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and implemented.</p> <p>(c) Accepted. Implementation will take place in 2004-2005.</p> <p>(d) Accepted and implemented.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>Investment and bank accounts</p> <p>(a) Every effort should be made to ensure that the required information is available at the end of the biennium to record investment values correctly.</p> <p>(b) The necessary resources should be made available to ensure that bank reconciliations are kept up to date.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and implemented.</p>	
<p>Imprest accounts</p> <p>(a) The reconciliation of imprest account cash books with the subsidiary ledger should be performed on a more regular basis and be reviewed by an independent person.</p> <p>(b) The person authorizing the imprest journal voucher should sign each page of the journal.</p> <p>(c) Where possible, the imprest account reconciliation should be prepared by one staff member with the imprest account holder performing a review.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and implemented.</p> <p>(c) Accepted and implemented.</p>	
<p>Expenditure</p> <p>(a) Allotment holders should comply with the provisions of the Financial Rules in managing allotments.</p> <p>(b) Responsible officers should perform a timely and thorough review of unliquidated obligations throughout the biennium.</p>	<p>(a) Accepted. Implementation taking place under the new framework for delegation of authority and administrative efficiency review process.</p> <p>(b) Accepted and implemented.</p>	
<p>Accounts payable and receivable</p> <p>The responsibility and process for the monitoring of accounts payable and accounts receivable should be clearly defined. Existing long-outstanding transactions should be investigated and cleared, as appropriate.</p>	<p>Accepted and implemented.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>Personal accounts</p> <p>(a) All staff should be informed of the exercise to clear long-outstanding accounts and be urged to deal with queries sent by the personal accounts team promptly, to reduce the time and effort of continuously following up the same issues. Increased cooperation and communication between the representatives of the various elements of the personal accounts should also be facilitated to assist in this process.</p> <p>(b) The personal account age analysis report should be improved to reflect useful management information such as the totals per age category.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and implemented.</p>	
<p>Delegations of authority</p> <p>Priority should be afforded to the completion of the Organization-wide review of the delegations of authority.</p>	Accepted. Implementation in progress.	
<p>WHO manual</p> <p>The responsibility for the review of the WHO Manual should be clarified and the timetable agreed to ensure that this task is completed by the expected date.</p>	Accepted. Implementation in progress.	
<p>Management letter dated 13 June 2003 on the findings arising from the follow-up review of the internal audit function conducted at headquarters</p>		
<p>Risk management</p> <p>(a) WHO should review its current risk management activity and implement a mechanism in which the significant exposures to risk are identified and quantified and an appropriate strategy to manage these risks determined.</p>	<p>(a) Accepted. The development of a comprehensive risk management policy and strategy for WHO as a whole will be considered as part of the 2004-2005 work plans.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
(b) The Office of Internal Audit and Oversight (IAO) should assist the Organization in identifying, evaluating and implementing an Organization-wide risk assessment and risk management process and use this to prioritize its own activities and to determine its skill and resource requirements.	(b) Accepted. IAO will play an important part in the above.	
<p>Mandate</p> <p>The revised mandate of IAO should be approved and communicated to ensure that there is a mutual and clear understanding of the nature and extent of assurance and other services IAO is expected to provide.</p>	Accepted. The revised mandate is under review and will be issued in due course.	
<p>Operational plan</p> <p>The annual operational plan should be expanded to describe more fully the link between the high-level risks and the activities to be audited.</p>	Accepted and will be implemented as from the 2004 work plan.	
<p>Management letter dated 23 April 2003 on the findings arising from an information systems audit of the network and security controls conducted at headquarters</p>		
<p>Network policy</p> <p>The network policy should be approved by the appropriate management as soon as possible and should be distributed to all staff to signify their acceptance of the terms and conditions in the policy that apply to them.</p>	Accepted. End-user policies will be implemented by end 2003. Technology infrastructure policies will be implemented by mid-2004.	
<p>Perimeter/external network security</p> <p>(a) Priority should be given to redesigning the WHO networks, with special consideration for segregating those organizations that are hosted within WHO, from the rest of WHO networks.</p> <p>(b) The level of access to the network permitted through the firewall from the Internet should be improved to reduce the risk of unauthorized access to WHO's network.</p>	<p>(a) Accepted and will be implemented to coincide with LAN migration (May 2004).</p> <p>(b) Accepted and will be implemented to coincide with LAN migration (May 2004).</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>Internal network security</p> <p>(a) The configuration of the main internal servers should be critically reviewed and the required changes implemented to improve the internal network security.</p> <p>(b) A comprehensive review should be performed of the vulnerabilities detected on internal network devices and enhanced controls implemented.</p>	<p>(a) Accepted and will be implemented to coincide with LAN migration (May 2004).</p> <p>(b) Accepted and will be implemented to coincide with LAN migration (May 2004).</p>	
<p>Critical server security</p> <p>(a) The security configuration settings should be reviewed to ensure that unauthorized access to the network is prevented and that unsuccessful attempts will be detected promptly.</p> <p>(b) The logical access paths should be secured to prevent unauthorized access to the network, modifications to data files of application programmes and to detect unsuccessful access attempts promptly.</p>	<p>(a) Recommendation accepted in principle. All suggested changes to be considered during the LAN migration (May 2004).</p> <p>(b) Recommendation accepted in principle. All suggested changes to be considered during the LAN migration (May 2004).</p>	
Management letter dated 2 April 2003 on the findings arising from the follow-up audit conducted on the treasury and cash management of WHO		
<p>Limits</p> <p>Limits should be established for the dealer and Chief, Treasury and Risk Management, indicating the maximum deal size and maturity periods for which they have authority to transact.</p>	Accepted. Implementation by December 2003.	
<p>Contracts</p> <p>All legal documents should be dated on signature.</p>	Accepted and implemented.	
<p>Business continuation</p> <p>A continuation plan and off-site back-up policy should be established for treasury within the context of the business continuity plan for WHO as a whole.</p>	Accepted. Will be addressed within a policy for WHO as a whole.	

PART II. EXTERNAL AUDIT RECOMMENDATIONS RELATING TO THE 2000-2001 FINANCIAL PERIOD

Recommendation	Secretariat's comments	External Auditor's comments
Management letter dated 14 August 2002 on the findings arising from the review of the format and disclosure in the financial statements of WHO		
<p>Structure and disclosure of accounting policies</p> <p>Information on WHO's objectives and accounting policies should be presented in notes 1 and 2 respectively. The current disclosure of the accounting policies should be reviewed to ensure that they are grouped together and clearly defined.</p>	<p>Accepted. Implemented in the presentation of the Interim Financial Report 2002.</p>	
<p>Nonexpendable equipment</p> <p>Information on acquisitions and disposals of nonexpendable equipment should be disclosed.</p>	<p>Accepted and in process of implementation.</p>	
<p>Liabilities for annual leave, end-of-service benefits and post-retirement benefits, including after-service medical benefits</p> <p>Details on the basis and assumptions used in determining the full liabilities in the above regard should be disclosed.</p>	<p>Accepted. Implemented in the presentation of the Interim Financial Report 2002.</p>	
<p>Corporate governance disclosures</p> <p>Consideration should be given to expanding the report of the Director-General included in the financial report to cover generally accepted corporate governance disclosures.</p>	<p>Noted. The inclusion of a statement on corporate governance in the report of the Director-General will be given serious consideration.</p>	
Management letter dated 14 June 2002 on the findings arising from the final audit for the 2000-2001 financial period conducted at headquarters		
<p>Information and communication systems and technology</p> <p>The key issues of information technology strategy, information technology governance and information technology skills should be taken forward as a priority to ensure that the considerable investment in information technology meets the full potential of supporting WHO in achieving its objectives effectively, efficiently and economically.</p>	<p>Accepted. Implementation in progress in 2002-2003 which will continue through future bienniums.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>Knowledge management</p> <p>The initiatives already taken by the Secretariat to manage its considerable knowledge resource effectively should be taken further as an Organization-wide priority.</p>	<p>Accepted. Implementation in progress in 2002-2003, which will continue through future bienniums.</p>	
<p>Fraud prevention and contingency policy</p> <p>A structured and comprehensive fraud prevention and contingency policy should be developed, implemented and continually reviewed.</p>	<p>Accepted. Implementation in process to be completed by end 2003.</p>	
<p>Code of ethics and conduct</p> <p>The development of a staff ethics framework should be afforded a high priority to ensure its completion by the planned date.</p>	<p>Accepted. Implementation anticipated by January 2004.</p>	
<p>Personal accounts</p> <p>The processes for the recovery of advances and the management of personal accounts over the longer term should be reviewed.</p>	<p>Accepted and implemented.</p>	
<p>Local cost subsidies</p> <p>The working group on local costs should complete its work within a reasonable time frame and the recommendations made for improvements in the local costs mechanism should be implemented Organization-wide as a priority.</p> <p>In the interim, steps should be implemented Organization-wide to ensure that the current provisions of the WHO Manual regarding the maximum limits on local cost subsidies are fully complied with.</p>	<p>Accepted. In process of implementation by end 2003.</p>	<p>The submission of financial reports by recipient governments in a timely manner and their subsequent review and certification by the responsible WHO official are fundamental steps in ensuring proper accountability for the funds advanced. It is noted that the working group established to find global solutions for improving the accountability arrangements in respect of the local cost subsidy mechanism is expected to complete its work by end 2003. The implementation of improved accountability arrangements by the planned date, as well as the cooperation of the recipients of such funds, is strongly encouraged.</p>

Recommendation	Secretariat's comments	External Auditor's comments
<p>Fellowships</p> <p>The follow-up efforts at both country and regional offices should continue to be emphasized as a crucial part of the fellowship programme and measures to improve the submission rate of the required reports should continue to be sought and implemented.</p>	<p>Accepted. In process of implementation through support to regions. Outcomes are monitored on a continuous basis.</p>	
<p>Inventory of capitalized assets</p> <p>An inventory record of all capital assets as required by the Financial Rules should be compiled.</p>	<p>Information is presently recorded at a summary level and represents additions and disposals made over nearly 40 years. A full review and analysis necessary to compile an inventory at an appropriate level of detail will be undertaken in order to comply with the relevant Financial Rule. This will be completed as part of the new global management system that will be introduced progressively by 2007.</p>	
<p>Nonexpendable inventory</p> <p>The processes for the recording, valuation and control of the inventory should be thoroughly reviewed and streamlined in the light of current business needs, and appropriate guidance should be issued to ensure compliance with a set of basic principles across the Organization.</p>	<p>Accepted. Interim measures will be implemented by the end of 2003 pending longer-term enhancements that will be made through the new global management system.</p>	
<p>Management letter dated 8 April 2002 on the findings arising from the audit conducted at the Regional Office for the Eastern Mediterranean during January-February 2002</p>		
<p>Training</p> <p>The Regional Office should develop an overall training strategy for staff. This could include formal training, mentoring and self-development programmes to upgrade technical skills and core competencies. In developing such a training strategy, due cognizance should be given to the individual development goals identified during the performance management process.</p>	<p>Accepted. Due to crisis in Iraq implementation could not be completed by September 2003 as planned. Revised target date is March 2004.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>Local costs</p> <p>Long outstanding statements of accounts should continue to be followed up on an ongoing basis.</p>	<p>Accepted. Monthly monitoring implemented.</p>	
<p>Management letter dated 6 February 2002 on the findings arising from the audit conducted at the Regional Office for the Western Pacific during October 2001</p>		
<p>Nonexpendable inventory</p> <p>The value of items should be recorded in the inventory records in accordance with the prescribed accounting policy.</p>	<p>Accepted. To be implemented in consultation with headquarters.</p>	
<p>Fellowships</p> <p>(a) The tracer report should be updated on a regular basis.</p> <p>(b) Appropriate action should be taken to follow up outstanding reports in order to ensure that the fellowship programme is effectively evaluated and monitored.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and implemented.</p>	
<p>Expenditure</p> <p>Allotment notifications should be approved and signed by the designated person.</p>	<p>Accepted and implemented.</p>	
<p>Local cost subsidies</p> <p>The policy of providing a 100% advance of the local cost subsidy should be reviewed. In those cases where expenditure returns have been long outstanding, more severe actions may be necessary, such as the suspension of further advances.</p>	<p>The activities undertaken through local cost subsidies are part of the technical cooperation with WHO and would not occur without WHO's financial support. The partial withholding of some of the advance may result in important programme activities not being implemented. The suspension of further advances is an option that will be considered further. This is a continuing problem and a balance is sought between proper financial control and implementation of the programme activity.</p>	<p>The submission of financial reports by recipient governments in a timely manner and their subsequent review and certification by the responsible WHO official are fundamental steps in ensuring proper accountability for the funds advanced. It is noted that a working group has been established to find global solutions for improving the accountability arrangements in respect of the local cost subsidy mechanism and is expected to complete this work by end 2003. The implementation of improved accountability arrangements by the planned date, and the cooperation of the recipients of such funds, is strongly encouraged.</p>

Recommendation	Secretariat's comments	External Auditor's comments
<p>Programme implementation, monitoring and evaluation</p> <p>(a) Both technical and financial monitoring data should be reflected in monitoring reports.</p> <p>(b) Work plans should continue to be refined to include milestones. As information in respect of extrabudgetary funds becomes available, the integrated planning process should be followed to revise the work plans. The need for specific training in the concepts of results-based management and integrated planning should be fully evaluated and an appropriate strategy developed.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and implemented.</p>	
<p>Management letter dated 31 October 2001 on the findings arising from the audit conducted at the Regional Office for South-East Asia during September-October 2001</p>		
<p>Human resources</p> <p>(a) Each department should maintain a record of attendance as required by the WHO Manual. A senior official should review the attendance record on a regular basis. Evidence of the review should be in the form of the signature of the reviewer.</p> <p>(b) The date the leave was requested and the date the leave was approved should be recorded in the "remarks" column on the leave card. In addition, the supervisor should provide a signature in the "approval" column.</p>	<p>(a) Accepted and will be implemented by end 2003.</p> <p>(b) Accepted and implemented.</p>	
<p>Local cost subsidies</p> <p>The policy of providing a 100% advance of the local cost subsidy should be reviewed. In those cases where expenditure returns have been long outstanding, more severe action may be necessary such as the suspension of further advances.</p>	<p>Accepted. 100% advances are warranted, in limited circumstances, most often for poliomyelitis immunization days for which funds are withheld when there are overdue statements of expenditure. Implementation is ongoing.</p>	<p>The submission of financial reports by recipient governments in a timely manner and their subsequent review and certification by the responsible WHO official are fundamental steps in ensuring proper accountability for the funds advanced. It is noted that a working group has been established to find global solutions for improving the accountability arrangements in respect of the local cost subsidy mechanism and is expected to complete this work by end 2003. The implementation of improved accountability arrangements by the planned date, and the cooperation of the recipients of such funds, is strongly encouraged.</p>

Recommendation	Secretariat's comments	External Auditor's comments
<p>Programme implementation, monitoring and evaluation</p> <p>A management-level task force should develop a detailed project plan for the implementation of the full functionality offered by the Activity Management System for the Region as a whole. There should be a firm commitment to the resolution of those problems still being experienced in order for the Activity Management System to be used from the beginning of the 2002-2003 biennium.</p>	<p>Accepted and will be fully implemented by the end of the 2004-2005 biennium.</p>	
<p>Management letter dated 3 July 2001 on the findings arising from the interim audit of the 2000-2001 financial period conducted at headquarters during January-March 2001</p>		
<p>Extrabudgetary funds</p> <p>(a) In order to determine the real level of the administrative and support costs of the increase in extrabudgetary resources, more details of the costs incurred in this regard should be maintained so that an evaluation can be made of the sustainability of the trend noted.</p> <p>(b) An integrated system to record details of voluntary contributions to which the various technical units, management support units, resource mobilization and financial services have access should be considered in order to improve efficiency in this area.</p>	<p>(a) Accepted. Implementation by end 2003.</p> <p>(b) Accepted. Interim systems have been implemented. This will also form an important part of the new global management system that will be implemented by end 2007.</p>	
<p>Budgetary, financial and related transactions</p> <p>(a) Improved controls should be implemented to ensure that contracts are signed in a timely manner by all parties concerned.</p> <p>(b) Uniform guidelines for the method and retention of delegations of authority, including temporary delegations, should be established to ensure accountability in accordance with Financial Rule 101.6. Furthermore, the use of e-mail as an appropriate means of delegating authority should be carefully considered in the light of the risk associated with unauthorized and/or shared access to e-mail accounts.</p>	<p>(a) Accepted. In the process of implementation through a new system to be deployed by January 2004.</p> <p>(b) Accepted. Implementation is taking place through a new framework for delegations of authority.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>Human resources management</p> <p>Consideration should be given to the implementation of a leave and time management system, which could integrate with the existing human resources and payroll systems, in order to streamline the process of recording attendance at work and leave and improve controls in this area.</p>	<p>Accepted. To be addressed within the scope of the project for the global management system.</p>	
<p>Management letter dated 2 July 2001 on the findings arising from the audit conducted at the Regional Office for Africa during May-June 2001</p>		
<p>Imprest accounts</p> <p>A validation check on the amount paid, at the time of processing at the country office, should be considered in the future developments and improvements of the system.</p>	<p>Accepted and implemented.</p>	
<p>Expenditure</p> <p>The adequacy of the accountability arrangements surrounding the National Immunization Day activities should be reviewed. For example, the submission of the financial reports in a timely manner, the responsibility for review of financial reports and the review and approval for over-expenditures should be addressed.</p>	<p>Accepted. The monitoring of local cost advances has been considerably strengthened but there are still some countries where there are difficulties in obtaining financial reports in a timely manner.</p>	
<p>Human resources</p> <p>Efforts to develop a strategic training programme in order to ensure efficiency in the development and training of staff should be intensified. Interim and alternative measures, such as using the staff performance evaluation for the identification of training needs, should be considered.</p>	<p>Accepted. Implementation to be completed by end 2003.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
Management letter dated 20 October 2000 on the findings arising from the audit conducted at the Regional Office for Europe during September-October 2000		
<p>Obligations</p> <p>Possible improvements in respect of the system of "non-home" obligations should be explored.</p>	<p>Accepted. WHO's European Region has tested access to the headquarters Administration and Finance Information database which is now available to all regions.</p>	<p>Other WHO regional offices should also utilize the facility for accessing the headquarters Administration and Finance Information database to improve the controls over "non-home" obligations.</p>
<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>Accepted and will be implemented by end 2003.</p>	
<p>Receiving reports</p> <p>A system to record and track receiving reports should be implemented.</p>	<p>Accepted and implemented.</p>	
<p>Procurement system</p> <p>The feasibility of the implementation of a computerized procurement and inventory system, together with the appropriate level of human resources, should be considered.</p>	<p>Accepted and will be implemented by new e-procurement system in 2004.</p>	
Computer audit of the general controls within the Regional Office Administration and Finance Information Support system, Activity Management System, Personnel System and Travel, Meetings and Administration System at the WHO Regional Office for Europe dated 24 November 2000. Progress review dated 23 June 2003.		
<p>Planning, policies, procedures and standards</p> <p>(a) The draft information technology security policy should be formally approved at the appropriate management level.</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>(a) Accepted. Implementation planned by end 2003.</p> <p>(b) Accepted. Expected completion by end 2003.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>(c) A formal information technology strategic plan should be developed, approved by management and updated on a continuous basis.</p> <p>(d) Management should approve the draft change control procedures and standards and the compliance with these monitored regularly.</p> <p>(e) The draft operating procedures should be approved by management and the compliance with these procedures monitored regularly.</p> <p>(f) Data dictionary development and maintenance policies and procedures should be formally documented and approved.</p>	<p>(c) Accepted. Expected completion by end 2003.</p> <p>(d) Accepted and will be implemented by mid-2004.</p> <p>(e) Accepted and will be implemented by mid-2004.</p> <p>(f) Accepted and will be implemented by mid-2004.</p>	
<p>Systems development life cycle</p> <p>The systems development life cycle methodology developed should be formally approved and structured into phases that yield measurable end products.</p>	<p>Accepted by the Regional Office locally and partly completed. Full completion by end 2004.</p>	
<p>Networks</p> <p>Management should consider reviewing monitoring reports in the network environment.</p>	<p>Accepted and implemented.</p>	
<p>Operations</p> <p>(a) Management should consider reviewing performance-monitoring reports in the server environment.</p> <p>(b) The draft incident reporting procedures should be approved.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and will be implemented by end 2004.</p>	
<p>Operating system and logical security</p> <p>(a) The draft procedures for the revision of activity and violation logs should be updated and formally approved by management.</p>	<p>(a) Accepted and will be implemented by end 2004.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>(b) The weaknesses in the security parameter settings that have not yet been completely addressed should be addressed as soon as possible.</p> <p>(c) The draft software policy and procedures should be approved by management.</p> <p>(d) The draft user registration and termination policies and procedures should be approved by management.</p> <p>(e) The draft policy on computer viruses should be approved by management, distributed to all users and enforced.</p>	<p>(b) Accepted and will be implemented by end 2004.</p> <p>(c) Accepted and will be implemented by end 2004.</p> <p>(d) Accepted and will be implemented by end 2004.</p> <p>(e) Accepted and will be implemented by end 2004.</p>	
<p>Organization</p> <p>(a) Compensating controls and processes should be implemented to monitor the activities of the database administrators/programmers or procedures should be implemented to ensure the duties of the database administrators and the application programmers are adequately segregated.</p> <p>(b) Consideration should be given to the establishment of a management-level information technology steering subcommittee to monitor the information technology function.</p> <p>(c) Backups should be available for when key information technology staff members are not available. The implementation of the formal assignment of job responsibilities should be considered.</p>	<p>(a) Accepted and will be implemented by end 2004.</p> <p>(b) Accepted and will be implemented by end 2003.</p> <p>(c) Accepted and implemented.</p>	
<p>Applications</p> <p>(a) Change control committees should be established by the different application system owners.</p> <p>(b) Formal test plan standards and procedures for programme changes should be established.</p> <p>(c) Procedures should be implemented to ensure programme documentation is updated after every programme change.</p>	<p>(a) Accepted and implemented. Present arrangements are considered to be as effective as a change control committee.</p> <p>(b) Accepted and will be implemented by end 2004.</p> <p>(c) Accepted and implemented.</p>	

Recommendation	Secretariat's comments	External Auditor's comments
<p>(d) Procedures should be implemented to ensure that user documentation is compiled and kept up to date.</p> <p>(e) Quality assurance should be included in the programme change procedure.</p> <p>(f) Programme changes should be logged and reviewed by senior officials.</p> <p>(g) Version control procedures should be formally documented and approved.</p> <p>(h) The programme change documentation should be formally approved by management.</p>	<p>(d) Accepted and implemented.</p> <p>(e) Accepted and will be implemented in 2004.</p> <p>(f) Accepted and will be implemented by end 2003.</p> <p>(g) Accepted and will be implemented by end 2004.</p> <p>(h) Accepted and will be implemented by end 2004.</p>	
<p>Regional Office Administration and Finance Information Support to be addressed by application owner</p> <p>(a) The latest version of the system software should be installed on all systems to ensure the continuity and availability of application systems.</p> <p>(b) A formal archiving policy should be put in place for WHO.</p> <p>(c) Adequate controls, such as hash totals, should be put in place to ensure that the Regional Office Administration and Finance Information Support system dump created by regions is accurate and complete when sent to headquarters.</p>	<p>(a) Accepted and implemented.</p> <p>(b) Accepted and implemented.</p> <p>(c) Accepted. Expected completion by June 2004.</p>	
<p>Global issues to be addressed throughout WHO</p> <p>(a) Formal information technology standards and procedures should be developed, formally approved, distributed throughout WHO, implemented and adhered to.</p> <p>(b) A formal system development policy, which should include standards and procedures for the control and management of application system development throughout WHO, should be developed.</p>	<p>(a) Accepted and will be implemented in 2004-2005.</p> <p>(b) Accepted and will be implemented in 2004-2005.</p>	

PART III. EXTERNAL AUDIT RECOMMENDATIONS RELATING TO THE 1998-1999 FINANCIAL PERIOD

Recommendation	Secretariat's comments	External Auditor's comments
Follow-up computer audit dated 13 December 1999 of the general controls within the Administration and Finance Information Support system at headquarters. Progress review dated 23 June 2003.		
Management should review informal security policies and procedures for completeness and include them in a formal security policy.		This recommendation has been addressed in the information systems audit of the network and security controls at WHO dated 23 April 2003 (see Part I of the tabular inventory).
WHO policy on the acceptable use of information systems should be approved by management as soon as possible. It should then be distributed to all staff and signed by them to signify their acceptance of the terms and conditions in the policy that apply to them.		This recommendation has been addressed in the information systems audit of the network and security controls at WHO dated 23 April 2003 (see Part I of the tabular inventory).
The 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 information technology environment.	Accepted. Completion expected by end 2004.	
Procedures to ensure that access to licensed applications is limited to prescribed users should be approved by management.	Accepted. Completion expected by June 2004.	
The procedures for anti-virus protection should be approved by management. Anti-virus software should be updated on a regular basis.	Accepted. Completion expected by June 2004.	
A formal detailed service-level agreement should be established between WHO and the International Computing Centre to ensure that responsibilities are clearly defined.	Accepted. Completion expected by June 2004.	
Formal test plan standards and procedures for programme changes should be established.	Accepted. Completion expected by June 2004.	
Formal procedures for emergency changes should be established and formally approved by management. Changes should be logged, reviewed and approved by management.	Accepted. Completion expected by end 2003.	

Recommendation	Secretariat's comments	External Auditor's comments
Quality assurance involvement in the programme change process should be established.	Accepted. Completion expected by June 2004.	
Formal, detailed back-out instructions should be put into place.	Accepted. Completion expected by end 2003.	
Management should implement procedures to ensure that system documentation is updated after every system change.	Accepted. Completion expected by June 2004.	
Procedures should be implemented to ensure that user documentation is compiled and kept up to date.	Accepted. Completion expected by June 2004.	
Procedures should be implemented to ensure that programme documentation is updated after every programme change.	Accepted. Completion expected by June 2004.	
A group or individual independent of programming should move changed programmes from the test to the production library.	Accepted. Will be completed by end 2003.	
Formal version control procedures should be established. Access to or the use of source code should be controlled.	Accepted. Completion expected by end 2003.	
The implementation of a change management software system, which would ensure that programme changes are logged, regularly reviewed by senior officials and that only authorized programme changes are made, should be considered.	Accepted. Completion expected by end 2003.	
A methodology for the systems development life cycle should be developed, approved by management and implemented.	Accepted. Completion expected by June 2004.	
Programmers should not have access to the programmes or data in the production environment.	Accepted and implemented.	
Standards and procedures, including change control procedures, should be finalized and implemented for the OS/390 security server and the OS/390 operating system.	Accepted in part. Items under WHO's control will be completed by end 2003. Other items are the responsibility of the ICC who will be informed about the recommendation.	
Formal user registration and termination policies and procedures should be established and enforced.	Accepted. Completion expected by end 2003.	

Recommendation	Secretariat's comments	External Auditor's comments
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 the logical access and attribute settings on the Resource Access Control Facility.	Accepted. Completion expected by end 2003.	
Various recommendations relating to the security parameter settings and logical access controls on the network server.		This recommendation has been superseded by more detailed recommendations made in the information systems audit of the network and security controls at WHO dated 23 April 2003 (see Part I of the tabular inventory).
Physical security standards and procedures should be documented and implemented by management.	Accepted. Implementation is in progress with completion by end 2003.	
Physical security control measures already implemented, and those planned, should be maintained and upgraded as required.	Accepted. Implementation is ongoing.	
A formally approved disaster recovery plan should be established, documented and regularly tested.	Accepted. Completion expected by end 2004.	
Management letter dated 7 March 2000 on the findings arising from the final audit of the 1998-1999 biennium conducted at headquarters		
Environmental management policy		
An environmental management policy should be developed for WHO globally.	Accepted. A global policy has been drafted for implementation by end 2003.	
Management letter dated 3 March 2000 on an audit conducted on the treasury and cash management of WHO at headquarters		
Risk management measures		
Sensitivity analyses should be performed.	Accepted and will be implemented by December 2003.	
Human resources management		
The inadequate segregation of duties should be addressed.	Accepted. Implementation to be completed by end 2003.	