



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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REPORT ON INTERNAL OVERSIGHT SERVICES

Introduction

1. The document reports on the activities of PAHO's Internal Oversight Services and updates the activities previously reported on during the Second Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee (SPBA) held during 10-11 March 2008.
2. Financial Regulation XII establishes the mandate for the Director of the Pan American Sanitary Bureau (PASB) to maintain an internal audit function responsible for the review, evaluation, and monitoring of the adequacy and effectiveness of the Organization's overall systems of internal control. For this purpose, all systems, processes, operations, functions, and activities within the Organization shall be subject to such review, evaluation, and monitoring.
3. In August 2006, the Director of the WHO Office of Internal Oversight Services (WHO IOS) and the Director of the PASB agreed that PAHO would assume the internal oversight of the PAHO-funded projects, through compliance audits and program implementation evaluations. It was also agreed that WHO IOS would continue its oversight of the WHO-funded projects in the Region of the Americas, similar to its role in other WHO regions, through compliance audits and program implementation evaluations.

Background

4. The charter, mission, risk assessment plan, responsibilities and staffing of the PAHO Internal Oversight Services (PAHO IOS) were reviewed with the support of WHO IOS and an external consultant who specializes in audit services.

5. PAHO IOS will cover both the audit and the evaluation functions. The position of Evaluation Officer was filled at the beginning of January 2008. Since then, the Evaluation Officer met with Executive Management, technical and administrative staff to become familiarized with relevant issues; collaborated in the preparation of a proposal for an institutional framework for evaluation at PAHO, and gave a presentation on IOS evaluation during the Sub-regional meeting for the Andean and Southern Countries held in Quito, Ecuador, from 2 to 6 March 2008. The Evaluation Officer also developed a program to enable heads of evaluation services of other UN Agencies and regional banks share their experiences and problems related to the evaluation function with PAHO managers. In April 2008, the Inter-American Development Bank opened the program series with a presentation at PAHO.

6. The recruitment of a Senior Internal Auditor has been challenging. Initial efforts to find a suitable candidate were unsuccessful. The post has been upgraded with the objective of attracting more experienced candidates. In the meanwhile, an auditor has been hired on a short term contract to assist with the audit activities scheduled for this year.

Progress Report

2008 Audit Program

7. The 2008 approved work plan includes audit visits to PAHO's 15 Field Offices and/or Centers and 6 program items to be completed at Headquarters. The actual work to be undertaken will depend on available staffing resources. In addition to audits/evaluations to be conducted by PAHO's Internal Oversight Services, the Organization will also be audited by the WHO Internal Oversight Services and PAHO's External Auditors in accordance with their own audit plan for the year.

8. The overall work plan of PAHO IOS had been reviewed to incorporate the evaluation plan which is the responsibility of the Evaluation Officer. Evaluation activities during 2008 include preparation and approval of a mission and policy for integrated evaluation at PAHO; establishment of evaluation norms and standards; improvement of feedback mechanisms so that they could be incorporated into program design; the compilation of lessons learned to be made available to managers along with a comparative analysis of three or four countries; two evaluations of PAHO management processes; and one country evaluation on selected crosscutting issues.

9. As of time of writing this report, PAHO IOS performed five Field Offices audits¹ in 2008 and one program item audit² at Headquarters.

¹ PWR's Offices Trinidad and Tobago, Suriname, Uruguay, Panama and CLAP.

10. The audit activities to be performed by WHO IOS during 2008 will cover three areas:

- (a) Financial and operational audits in Country Offices:
 - (i) Peru
 - (ii) Ecuador
 - (iii) Honduras
- (b) Program performance audit in PAHO's Area for Health Systems and Services.
- (c) Thematic evaluation in PAHO's Area of Emergency Preparedness and Disaster Relief.

11. The results of the financial/administrative audits conducted by PAHO's External Auditor have been included in the "Financial Report of the Director and Report of the External Auditor for 1 January 2006 – 31 December 2007." The Report of the External Auditor will be presented to the 142nd Session of the Executive Committee under Agenda item 5.4.

12. Following the recommendation of PAHO's External Auditors and in consideration of the various management initiatives currently being promoted throughout the United Nations system, including the United Nations Transparency and Accountability Initiative" (UNTAI), PAHO will explore the possibility of establishing an advisory audit committee consisting of external experts to assist the Member States to exercise their governance responsibilities to the Organization by providing advice on oversight and evaluation issues. In addition, PAHO will consider the appropriate scenarios under which it may disclose internal audit and oversight reports to PAHO Member States upon request.

Action by the Executive Committee

13. The Executive Committee is invited to comment on this report and provide general guidance to the Secretariat.

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² The Parking Fund.