



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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REPORT OF THE OFFICE OF INTERNAL OVERSIGHT AND EVALUATION SERVICES

Introduction and Scope of Work

1. The Office of Internal Oversight and Evaluation Services (IES) provides this annual summary report for calendar year 2011.
2. Financial Regulation 12.1(d) states that the Director of the Pan American Sanitary Bureau (PASB) shall “maintain an internal oversight function reporting to the Director.” On this basis, IES undertakes independent and objective assurance and advisory activities that are designed to assist the Organization to achieve its objectives by improving and adding value to the effectiveness and efficiency of institutional governance, internal controls, operations, and processes.
3. Using a systematic, risk-based approach, IES’s main activity is to undertake internal audit and evaluation assignments, for which very precise objectives are established through an assessment of the relevant risks. On the conclusion of an oversight assignment, IES prepares a detailed report addressed to the Director of PASB and copied to concerned individuals in PASB. The assignment reports include findings and recommendations to help management address risks, maintain or enhance internal controls, and encourage effective governance. Important findings and recommendations from individual oversight assignments in 2011 are discussed in this annual summary.
4. In addition to undertaking internal audit and evaluation assignments, IES seeks to contribute to Organizational governance, risk management, and internal controls by participating in a number of committees and working groups. For example, IES attends, as an observer, PAHO’s Integrity and Conflict Management System (ICMS) committee and the Asset Protection and Loss Prevention (APLP) committee, and observes the PASB Management Information System (PMIS) modernization project. IES also provides management with ad hoc advice on emerging risks and issues. Through these activities,

IES seeks to contribute to areas of institutional significance by providing forward-looking, risk-related, and timely advice.

Management of the Office of Internal Oversight and Evaluation Services

Independence and Resources

5. IES's independent status in the Organization is essential for its delivery of an objective and impartial oversight service. IES's activities therefore are advisory in nature, and IES avoids any involvement in managerial decision-making or tasks. In 2011, IES did not encounter any interference with its independent role, nor did it meet any obstacles in relation to the scope of its work or its full and free access to records and information in the performance of its duties (except for one incident, noted in paragraph 12 below). IES continues to emphasize its independent status within PASB.

6. To guide its work and to assist in maintaining the independent character of its activities, IES follows for internal audits the *International Professional Practices Framework* of the Institute of Internal Auditors, and for evaluations, the United Nations Evaluation Group's *Norms for Evaluation in the UN System* (dated April 2005).

7. In 2011, IES had personnel resources of six fixed-term posts and one short-term position, and this was adequate to implement the IES Work Plan. All but one of the IES fixed-term posts were occupied in 2011, and the final vacant post was filled in January 2012 with the hiring of a P4 Internal Auditor. For the continuity and completeness of its work, IES used consultants to perform the duties assigned to the vacant P4 post in 2011. In addition to human resources, IES incurs expenditure in areas like travel, external consultants, and minor operating supplies. In 2011, IES's funding was sufficient to cover necessary expenses, and no aspect of IES's work was either curtailed or deferred for funding reasons.

Development and Implementation of the IES Work Plan

8. The Auditor General, in consultation with the Director of PASB, establishes a Work Plan that seeks to balance an appropriate level of annual oversight activity (given PAHO's size and complexity) with a reasonable level of resources. IES currently undertakes 10 annual internal audit assignments, four of which have a thematic focus, and six of which focus on individual PAHO/WHO Representative Offices (PWRs) and Pan American Centers. It also carries out two evaluations. IES intends its Work Plan to be flexible and sufficiently agile to respond to the demands of emerging risks. The Director comments on and approves the IES Work Plan and any changes to it. Annex A sets out the implementation status of the 2011 IES Work Plan, showing that IES completed and reported to management on all of its planned assignments.

9. Management has started to develop an Enterprise Risk Management (ERM) process to identify the risks to PAHO's objectives and the related risk mitigation mechanisms, including internal controls. In demonstrating the links between Organizational objectives, risks, and internal controls, the ERM process should analyze the ways in which management seeks to reduce gross (or "inherent") risks to the level of net (or "residual") post-mitigation risks. IES looks forward to the development of this management-driven ERM process, which can assist in shaping the IES Work Plan. In the meantime, IES continues to develop its Work Plans on the basis of its own risk assessments of topics for potential audit and evaluation. IES's risk assessments satisfy its planning needs, but they cannot substitute for a systematic and holistic managerial approach to risk management.

IES's Coordination with other Sources of Assurance

10. IES coordinates its activities with PAHO's External Auditor and with the Geneva-based Office of Internal Oversight Services (IOS) of the World Health Organization (WHO) to maximize the efficiency and effectiveness of all sources of oversight in PAHO and avoid the duplication of oversight effort. IES shares its Work Plans and assignment reports with both IOS and the External Auditor. In 2011, IOS relied fully on IES's work and therefore did not perform any oversight assignments in the Americas. IES also, on request, provided summary information on its activities to the Geneva-based Joint Inspection Unit of the United Nations in 2011. IES also interacts with and receives advice from PAHO's Audit Committee.

Principal Internal Audit and Evaluation Findings and Recommendations in 2011

Internal Audits: Thematic

11. The *Review of Travel Planning in PASB* (IES report 02/11, dated June 2011) had as its principal objective an assessment of the effectiveness and efficiency of travel planning in PASB, conducted with reference to best practices in sister international organizations. This assignment was complementary to IES's *Value-added Review of Travel Arrangements in PASB* (IES report 04/10, dated August 2010). IES found that the Organization's travel planning practices were incoherent, fragmented, and opaque. There appeared to be no clear relationships between travel planning and the Organization's objectives. The Biennial Work Plan and budget did not have specific expenditure lines or descriptive narratives to capture travel-related activity and costs, and the financial accounting system had inadequate disaggregation of travel-related expenditure. The financial transparency of this activity was therefore very weak. IES found significant changes to flight tickets and a tendency toward the last-minute booking of tickets, and IES interpreted these findings as symptoms of fundamental weaknesses in the travel planning process. IES also found anecdotal evidence of unnecessary travel in the

Organization, although the amount of unnecessary travel was very difficult to quantify. Finally, the Organization's travel patterns showed a low level of travel to the priority countries, which seemed at odds with the institutional identification of these countries as requiring close attention.

12. IES drew attention to the requirement for a suitable managerial information system to support travel planning. Its review of practices in other international organizations found evidence of a greater degree of automation of the travel process from its early stages, including metrics to follow up on performance. However, beyond procedural and information systems changes, IES concluded that cultural and behavioral changes were probably required to encourage the efficient and effective management of duty travel across PASB. To date, IES has seen little evidence of such changes. (IES experienced a limitation to the scope of its work in this assignment. Despite several reminders, IES received the travel-related information that it had requested from the PWRs in Mexico and Brazil too late for inclusion in the audit work. Consequently, this assignment focused mainly on regional-level travel planning.)

13. The *Internal Audit of Short-Term Contracts and Consultants in PASB* (IES report 04/11, dated July 2011) had as its principal objectives an assessment of the status of current contract reform initiatives; a review of the clarity of the guidelines that assist in choosing between different instruments for contracting human resources; and an assessment of the adequacy of competition in recruitment processes. IES found that Human Resources Management (HRM) had made significant progress in managing PAHO's wide-ranging contract reform initiatives, among other things by reducing the number of available contract types and defining more rigorously the different contract types in use. The contract reform had resulted in a closer alignment of *de jure* and *de facto* personnel contract activity.

14. IES found very little evidence of competition in the selection of International Consultants. Selection Reports summarizing a choice between three potential candidates were required to support decisions to offer contracts to International Consultants, but IES found that in practice the Selection Reports were very rarely completed. The absence of competition heightened risks of patronage and favoritism. IES recommended that HRM be prepared to refuse to process such contract requests when evidence of competition was absent (other than for some emergency initiatives in which time is of the essence, and for some very narrow specialist areas in which the sourcing of expertise is very challenging). IES also expressed concern that management's intention to eliminate the requirement for advertising all Short Term Professional (STP) and Short Term General Service (STG) positions might reduce competition, not only for these categories of contracts but also, indirectly, for subsequent appointments to fixed-term posts (as candidates for fixed-term posts who are already under contract in STP and STG positions have an incumbency advantage over outside candidates, all other things being equal). In IES's view, it is

essential that a fully competitive hiring process be openly implemented for all types of contracts in PAHO—not merely for fixed-term posts, but for STPs and STGs and consulting contracts as well. IES also reported other findings to management and suggested ways to minimize risks for the payment of Daily Subsistence Allowances to Temporary Advisers (and to some other non-staff members such as participants in expert committees), given the non-use of travel claims for these contracts.

15. The main objectives of the *Internal Audit of Information Technology Governance and Investments* (IES report 08/11, dated November 2011) were to review the adequacy and effectiveness of information technology (IT) investments and to assess the effectiveness of IT governance in recent years. IES found that despite an institutional awareness of the problems arising from lack of a coherent approach to IT, a serious approach to IT governance seemed to have remained stubbornly elusive. In IES's view, the need for sound IT governance in PAHO had been made very clear by the consequences of its absence. Among these consequences were the lack of systematic, Organization-wide criteria for making decisions about IT investments. IES saw no evidence, other than for PASB current Management Information System (PMIS) modernization project, of any of the types of investment appraisal that one might reasonably have expected for material IT expenditure decisions. The absence of such appraisals effectively made impossible any up-front assessments of the value that might be added to (or detracted from) the Organization by such expenditure.

16. Management was unable to provide IES with comprehensive information on IT expenditure in recent biennia. This lack of transparent financial information appeared to reflect the fragmentation of IT activities in PASB. IES's own calculations indicated that the expenditure on IT between 1 January 2006 and 31 August 2011 was at least US\$ 45 million, and probably more. IES also found that IT initiatives had proliferated across PASB in a "silo" manner, without a central guiding hand. In addition, IES found that the administration of some important IT matters was often "personalized" through the allocation of responsibilities to specific individuals, without back-up arrangements. IES advised management never to place administrative responsibilities for, and knowledge of, important aspects of IT in the hands of a sole individual.

17. In contrast to the generally troubling findings of this internal audit, IES found that a new initiative proposed in March 2011 by the Director of Administration—titled *A Conceptual IT Governance Framework for PAHO*—provided a solid foundation for this area. IES encouraged management to implement this IT governance framework as soon as possible as a means of achieving a consensus on common IT endeavors.

18. The main objectives of the *Internal Audit of Translation, Interpretation and Editorial Services* (IES report 11/11, dated January 2012) were to review the efficiency and effectiveness of internal controls over language services and publications and to

assess the management of these areas. IES found that interpretation services in PAHO have been generally of good quality. In contrast, IES found that translation services appeared to have suffered from significant workload/resource discrepancies. As a result, only about half of English-language translations and one-quarter of Spanish-language translations had been through an internal review for quality control. IES also found that the absence of a central editorial function in PAHO had contributed to a lack of focus on fundamental editorial concerns like the maintenance of a rigorous house style and the promotion of accuracy and consistency in documents, both original and translated. IES found that many sister international organizations encouraged an overlapping of interpretation and translation services, at least in terms of sharing mechanisms of institutional knowledge such as glossaries and other information of use to both services. IES therefore recommended that management consider the consolidation of interpretation and translation services under a single managerial reporting line in PASB in order to bring greater coherence to the overall language services.

19. IES found that current publication practices were fragmented and incoherent. There was little evidence of a results-based planning approach to publications or of good practice in linking publications to the areas of knowledge management, marketing, and content management. IES found evidence of a significant waste of financial resources and personnel time on the development of hard-copy publications that were warehoused for long periods (sometimes several years) and ultimately destroyed without ever having been distributed. Although the absence of costing records has made this area less than transparent, IES estimated the cost of the destroyed, undistributed publications in recent years to be in the millions of dollars. However, it was not simply a case of wasting resources on readily identifiable costs like printing and warehousing. The opportunity costs of the time spent preparing the publications that were printed, stored, and eventually destroyed were probably incalculable. IES therefore encouraged management urgently to implement internal controls, including budgetary and financial controls, over the entire publication process throughout the Organization. For example, as the Director of PASB had already emphasized in the past, no proposed hard-copy publication should be processed without an indication of expected results, a firm distribution plan, and a justification for the proposed print run size. The pending revision of the Publishing Policy provided an excellent opportunity to address these matters. IES also recommended that management consider reducing the volume of printed publications in favor of electronic publishing (although the traditional hard-copy format may remain the best option in environments where access to e-published documents is limited).

Internal Audits: PAHO/WHO Representative Offices and Pan American Centers

20. The main objectives of the *Internal Audit of the Office of the PWR Colombia* (IES report 03/11, dated July 2011) were to review internal controls that mitigated administrative and financial risks and to follow up the recommendations made in a

January 2011 administrative review of this office. IES found that internal controls were generally operating satisfactorily, but also found scope for management to ensure a greater level of detail in the documentation that supported requests for check disbursements. For example, checks had been cut to pay for activities relating to courses and seminars without ready information on the nature of the course or seminar, nor on the expected number of participants. Although this information was obtainable through additional enquiry, busy check signers should have had adequate information immediately at hand in order to reach their approval decisions. IES also reported other findings and recommendations relating to administrative topics, including the security of information systems and the compliance of Letters of Agreement with established procedures.

21. The main objectives of the *Internal Audit of the Office of the PWR Venezuela* (IES report 05/11, dated August 2011) were to follow up the implementation status of pending recommendations from previous audits and to take a fresh look at internal controls over financial and administrative risks. In comparison with the findings of the previous internal audit of this PWR (IES report 01/10, dated March 2010), IES found that improvements had been made, but the overall situation in terms of internal controls in this office remained unsatisfactory. IES found that the office continued to face severe operational and administrative challenges. Maintaining personnel stability had been a challenge, especially for the key post of office administrator, and the limited number of personnel had made the adequate segregation of responsibilities a chronic problem. Although local management had made progress in implementing some recommendations, an orderly approach to addressing all oversight recommendations, with regional-level management support, was required. IES made additional recommendations across a range of areas and has monitored the status of previous recommendations that are still pending in its quarterly follow-up exercises.

22. The main objectives of the *Internal Audit of the Office of the PWR Nicaragua* (IES report 12/11, dated March 2012) were to review internal controls that mitigated administrative and financial risks and to assess the compliance with Organizational rules and policies of activities relating to Letters of Agreement. Overall, IES found that internal controls were operating well in this office. IES did note that a large number of relatively low-value Letters of Agreement were processed, and it encouraged management to lighten the workload by processing a smaller number of such documents with higher values. The findings of this audit also led IES to encourage regional-level management to review the Organizational policies for Letters of Agreement.

23. The objectives of the *Internal Audit of the Pan American Foot-and-Mouth Disease Center (PANAFTOSA)* (IES report 01/11, dated April 2011) were to assess the progress made in the institutional development of PANAFTOSA and in the development of a trust fund to pool the financial resources mobilized for the elimination of foot and mouth disease in the Americas, and to review internal controls that mitigated

administrative and financial risks. IES found that, as with the other Pan American Centers, PANAFTOSA was the subject of an ongoing debate involving the Member States and PASB on how it could best meet evolving political, economic, and technological risks. A particular challenge for PANAFTOSA was to demonstrate its ability to become more efficient and cost-effective, reducing its dependency on PAHO's Regular Budget resources through the mobilization of additional resources.

24. IES found that PANAFTOSA's institutional development process had been carried out in a transparent and participatory way. IES made several observations and recommendations relating to aspects of PANAFTOSA's institutional development, including the need to disaggregate more clearly the revenue and expenditure relating to its different areas of activity; the strengthening of its results-based management approach; the review and updating of administrative processes and the preparation of a procedural manual; the move of the Center's laboratory to a high-containment laboratory provided by the Brazilian Ministry of Agriculture; and the modernization of the production process for the reference biological reagents and kits. IES also made some recommendations relating to operational internal controls, but found, overall, that internal controls were operating satisfactorily.

25. The main objectives of the *Internal Audit of the Latin American and Caribbean Center on Health Sciences Information (BIREME)* (IES report 10/11, dated December 2011) were to review the efficiency, effectiveness, and economy of knowledge management and IT investments; to assess organizational governance and the management of operations; and to review the internal controls over financial and administrative risks. IES found significant risks in terms of governance, managerial operations, financial sustainability, and project management. Indications of these risks were delays in renewing and formalizing the legal agreements that supported the operations of BIREME; human resources practices (largely outside regional-level control) that had led to a probably larger than necessary number of personnel; and difficulties in managing cash flow. Also, a specific project (the SciELO project) had given rise to intellectual property and reputational risks.

26. The problems at BIREME appeared to have accumulated over several years, apparently resulting both from an overly autonomous stance taken by BIREME management and from a certain degree of regional-level management acquiescence to BIREME's autonomous behavior. The lack of focus at the regional level was not only on the part of management; PAHO's oversight mechanisms (including IES's predecessor function) had not highlighted the growing seriousness of the issues at BIREME. In late 2011, management started to take a vigorous approach to BIREME's institutional development. An immediate management action was to ensure the legal basis for the continuity of the Center's operations. IES made recommendations to address the various challenges at BIREME, to complement the management action plan developed in 2011.

On the positive side, IES found that the internal controls that address day-to-day financial transactions and operational activity were functioning satisfactorily.

27. The *Internal Audit of the Institute of Nutrition of Central America and Panama (INCAP)* (IES report 07/11, dated October 2011) was the second and final IES assignment at this entity during its transition out of PAHO's direct administration. The main objectives were to review internal controls that mitigated administrative and financial risks; to follow up prior internal and external audit recommendations; and to review risks and internal controls over Information Technology, including INCAP's Enterprise Resource Planning (ERP) project. IES found that the basic internal controls in place in INCAP to mitigate financial and administrative risks were generally satisfactory, but made some suggestions to address specific aspects of internal control. IES also found that management had followed up prior oversight recommendations generally well, but that some recommendations remained pending. There were also significant risks in terms of information systems security and the development of the center's ERP system. IES reviewed the options available to INCAP in obtaining an internal auditing service following the end of IES's transitional support. IES recommended that INCAP management assess the costs of an external service provider through a competitive procurement action, and also explore the possibility of support from the oversight mechanisms of the Central American Integration System (SICA).

Evaluations

28. The *Evaluation of the Impact of Disasters on Vulnerable Populations* (IES report 06/11, dated August 2011) had as its main objectives to assess the extent to which PAHO's Strategic Objectives had taken into account the impact of environmental disasters on vulnerable populations, and to evaluate the role of Cross-Cutting Priorities in this area. IES obtained on-site perspectives through two case studies with local communities in areas affected by natural disasters. IES found evidence of the perennial challenges of integrating the Cross-Cutting Priorities of vulnerable populations into PAHO's work, especially in regard to the needs of vulnerable and marginal groups in a disaster context. IES also found a need to protect achievements made toward the Millennium Development Goals in the context of post-disaster transitions. IES recommended that management define more clearly the differences between disaster and post-disaster phases, and that, as a matter of course, management should consider revising biennial work plans to take into account the impact of disasters, so as to ensure the relevance of work plans to changing conditions.

29. The main objectives of the *Evaluation of the Development of PAHO's Resource Mobilization Strategy* (IES report 09/11, dated December 2011) were to provide methodological support to the development of a resource mobilization strategy; to promote dialogue among different actors in order to encourage wide participation in the

development of a strategy; and to assess the progress made to date in this area. IES found that there was no common consensus in PASB on the nature, content, or even the need for a strategy (and/or a policy) in this area. The continuing disagreement on basic principles suggested to IES that the development of a strategy was likely to continue to be delayed or sidetracked by the impact of irreconcilable views, and that this probably explained why the development of a resource mobilization strategy had been pending for several years (most notably since the encouragement of the Joint Inspection Unit in 2005). Although the Organization developed a resource mobilization “road map” in 2005, this had not led to a concrete strategic approach.

30. IES’s view is that a resource mobilization strategy is required for several reasons: to make systematic the Organization’s approach to voluntary contributions, to tap fresh revenue streams, and to mitigate the risks of overreliance on a small number of external funding partners. Parallel to this, a clearer definition of institutional roles in the overall endeavor is needed. Moving forward, IES encourages participants in the process to consider an enhanced role for the private sector and to consider the successful experiences of United Nations sister organizations in the resource mobilization field (for example, with multiyear funding frameworks). At this writing, the development of the resource mobilization strategy is under way. At some point the coordinator of the process should propose firm decisions on the strategy. Given the existence of sometimes irreconcilable viewpoints, it may be necessary for Executive Management to empower the coordinator to cut through the disagreements to reach appropriate decisions.

Limited Scope Evaluative Reviews

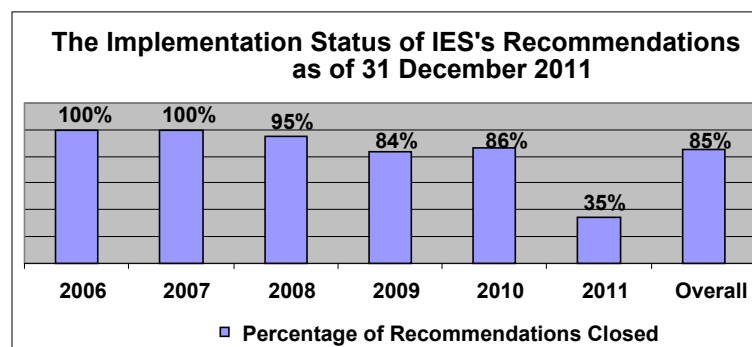
31. As part of its advisory function, IES performed small-scale evaluative activities of limited scope in 2011. IES undertook a fresh survey of the Organization’s Results-Based Management (RBM) process and found that personnel had several areas of concern. These included a continuing need for greater clarity on RBM-related instructions and resources; a perception of unreasonably short deadlines for collecting and reporting RBM information; the use of performance measurements that focus on quantity rather than quality; and the cumbersome and generally user-unfriendly nature of the AmpesOmis system, which recorded RBM information. IES also provided advisory support on the terms of reference and methodology of the Evaluation of the PAHO Regional Initiative and Plan of Action for Transfusion Safety, 2006–2010, which was undertaken by a team of external evaluators.

Other Areas of Activity

32. IES did not undertake any investigations in 2011, and all investigative activities were handled by the Ethics Office.

Follow-up of the Implementation Status of IES's Recommendations

33. IES follows up with management, on a quarterly basis, the implementation status of its oversight recommendations and reports the results to the Director of PASB. IES calculates cumulative implementation statistics for all recommendations that have been accepted by the Director since 1 January 2006 (thereby including some recommendations from IES's limited-scope, predecessor function). The following table shows the cumulative annual and overall implementation rates as of 31 December 2011. IES considers the implementation rates to be rather slow—although they are similar to those in sister international organizations—and is discussing with management how IES's recommendations could be better addressed. IES classifies some of its recommendations as “priority,” based on materiality, risk, and need for changes in Organizational practice and behavior. Annex B lists the three pending, priority IES recommendations that were more than two years old as of 31 December 2011.



IES's Overall Opinion of the Internal Control Environment

34. The Institute of Internal Auditors (IIA) has defined an internal control as “any action taken ... to manage risk and increase the likelihood that established objectives and goals will be achieved.” In the context of PAHO, this deliberately broad definition covers risk-mitigating actions as varied as the use of authorizing signatures for the approval of transactions, password-controlled access to information systems, the physical security of the Organization's premises, and the use of “End of Service Reports” to capture the institutional memory of separating personnel. The IIA has stated that the control environment “provides the discipline and structure for the achievement of the primary

objectives of the system of internal control. The control environment includes the following elements—integrity and ethical values; management’s philosophy and operating style; organizational structure; assignment of authority and responsibility; human resource policies and practices; competence of personnel” (glossary to the IIA’s *International Professional Practice Framework*, January 2009).

35. Based on the findings of its oversight activities in 2011 and in previous years, IES’s overall opinion is that PAHO’s internal control environment is adequate to provide reasonable assurance that transactions and activities are authorized and properly recorded. Absolute assurance is, of course, impossible, as internal controls have inherent limitations. The degree of compliance with internal controls may deteriorate (or improve) over time, and a range of factors (including error, fraud, and changes to conditions and internal procedures) may render some internal controls inadequate. As a consequence, the dynamism of the Organization’s activities and its changing risk profile pose a continuing challenge to the efficiency and effectiveness of internal controls. To enhance PAHO’s internal control environment beyond adequacy to a more satisfactory level of rigor and transparency, internal controls should be less manual in nature, and they should be embedded to a greater extent into the processes of information systems. The PMIS project should bring greater possibilities for automating internal controls. In IES’s view, the development of an ERM process (as discussed above in paragraph 9) that is closely linked with Results-Based Management, thereby aligning objectives and risks, is fundamental to the strengthening of the Organization’s internal controls. The justification for every internal control should be the risk (or risks) to institutional objectives that the internal control purports to address. At present, the connections between the Organization’s objectives, risks, and internal controls are not as clearly articulated as they should be.

Annexes

IMPLEMENTATION OF THE IES WORK PLAN FOR 2011

No.	Thematic Internal Audits	Date and Reference Number of IES Report
1	Review of Travel Planning in PASB	June 2011 – No. 02/11
2	Internal Audit of Short-Term Contracts and Consultants in PASB	July 2011 – No. 04/11
3	Internal Audit of Information Technology Governance and Investments	November 2011 – No. 08/11
4	Internal Audit of Translation, Interpretation and Editorial Services	January 2012 – No. 11/11
No.	Internal Audits of PWRs and Pan American Centers	Date and Reference Number of IES Report
5	Internal Audit of the Office of the PWR Colombia	July 2011 – No. 03/11
6	Internal Audit of the Office of the PWR Venezuela	August 2011 – No. 05/11
7	Internal Audit of the Office of the PWR Nicaragua	March 2012 – No. 12/11
8	Internal Audit of the Pan American Foot-and-Mouth Disease Center (PANAFTOSA), Brazil	April 2011 – No. 01/11
9	Internal Audit of the Latin American and Caribbean Center on Health Sciences Information (BIREME), São Paulo, Brazil	December 2011 – No. 10/11
10	Internal Audit of the Institute of Nutrition of Central America and Panama (INCAP)	October 2011 – No. 07/11
No.	Evaluations	Date and Reference Number of IES Report
11	Evaluation of the Impact of Disasters on Vulnerable Populations	August 2011 – No. 06/11
12	Evaluation of the Development of PAHO's Resource Mobilization Strategy	December 2011 – No. 09/11

**PENDING, HIGH-PRIORITY IES RECOMMENDATIONS
MORE THAN TWO YEARS OLD AS OF 31 DECEMBER 2011**

1. IES report 08/011, *Internal Audit of the Regional Revolving Fund for Strategic Public Health Supplies*, dated January 2009, recommendation 16: “The procurement function [at regional level] should establish a payment policy as part of its PAHO Procurement Procedures manual.” The risk relating to this recommendation is that of paying liabilities too rapidly to vendors, thereby not taking full advantage of the time value of money, with related cash flow considerations.

Management has informed IES that this matter will be addressed in the context of a revision of the procurement manual and has given an expected (and now expired) implementation date of the end of 2011.

2. IES report 08/012, *Internal Audit of the Office of the PWR Bahamas*, dated January 2009, recommendation 2(e): “Management at the regional level should evaluate the usefulness and value of the reporting system for courses and seminars, and should designate responsible officers at the regional level to carefully and periodically review the accuracy of the reports.” The risk relating to this recommendation is that the treatment of expenditure on courses and seminars may be inconsistent and fragmented throughout the Organization, with inadequate internal controls over advances for these activities. This may heighten the risk of incurring unrecoverable advances.

Management has informed IES that a policy to address this matter is currently in development. As with the previous recommendation, management’s expected implementation date of the end of 2011 has expired.

3. IES report 5/09, *Evaluation of the Key Countries Management Process*, dated November 2009, recommendation 1: “PAHO should establish a clear operational strategy for key countries, defining exactly what entails for PAHO’s operations the recognition of a country as a key country, taking into consideration the concept of National Health Development process and progress towards achieving the Millennium Development Goals.” The risk relating to this recommendation is that the Organization may give inadequate or inconsistent attention to the key countries, thereby reducing the impact of its technical cooperation in some of the most needy and high-priority locations.

Management has informed IES that it is working on a strategic approach to this matter, but has not provided IES with a target implementation date.



PAN AMERICAN HEALTH ORGANIZATION

Pan American Sanitary Bureau, Regional Office of the

WORLD HEALTH ORGANIZATION

CE150/23 (Eng.)

Annex C

ANALYTICAL FORM TO LINK AGENDA ITEM WITH ORGANIZATIONAL MANDATES	
1. Agenda item:	5.4: Report of the Office of Internal Oversight and Evaluation Services.
2. Responsible unit:	Internal Oversight and Evaluation Services (IES)
3. Preparing officer:	David O'Regan, Auditor General, Office of Internal Oversight and Evaluation Services (IES).
4. List of collaborating centers and national institutions linked to this Agenda item:	None.
5. Link between Agenda item and Health Agenda for the Americas 2008-2017:	There is no direct link, but IES's work touches on PAHO's general institutional mechanisms for addressing the Health Agenda.
6. Link between Agenda item and Strategic Plan 2008-2012:	Strategic Objective 15, RER 15.1: Effective leadership and direction of the Organization exercised through the enhancement of governance, and the coherence, accountability, and synergy of PAHO/WHO work to fulfill its mandate in advancing the global, regional, subregional, and national health agendas. Strategic Objective 16, RER 16.2: Monitoring and mobilization of financial resources strengthened to ensure implementation of the Program and Budget, including enhancement of sound financial practices and efficient management of financial resources. Strategic Objective 16, RER 16.5: Managerial and administrative support services, including procurement, strengthened to enable the effective and efficient functioning of the Organization.
7. Best practices in this area and examples from countries within the Region of the Americas:	None.
8. Financial implications of this Agenda item:	Many of IES' recommendations address issues of organizational efficiency and effectiveness, some of which may have financial implications.