

## REPORT OF THE AUDIT COMMITTEE TO EC-66 (2014)

### Introduction

1. During the EC intersessional period, the Audit Committee (AC) continued to discharge its mandate given in its terms of reference (Resolution 8 (EC-LXIII))<sup>1</sup>. It held two meetings on 14 November 2013 and 13 May 2014 chaired by Mr John Hirst. Ms Catherine Vendat joined the AC during the intersessional period following the resignation of Ms H el ene Ploix.

2. The Audit Committee continued to focus its oversight and advisory role on the review of annual Financial Statements, the reports of the External Auditor; the plans and progress reports of the Internal Oversight Office (IOO); follow-up to the recommendations of the Joint Inspection Unit (JIU); Enterprise Risk Management (ERM); and on other financial and management matters. It provided a set of recommendations to the Secretary-General and to the Executive Council and contributed to the harmonization of management actions to respond to various oversight recommendations.

### Significant progress

3. The year 2013 was the second year of the sixteenth financial period to be audited by the Swiss Federal Audit Office and represents the fourth financial year WMO is closing accounts using IPSAS. The AC reviewed the financial statements for the year ending 31 December 2013 and noted continued significant improvements. The AC noted with appreciation that the External Auditor issued an unqualified opinion on the accounts for the year 2013, which was the case for the year 2012 and for the fourteenth and fifteenth financial periods. The Audit Committee praised the Secretary-General, and through him the Secretariat staff, for all efforts in improving internal controls and overall financial management.

### **Recommendation 1: The AC recommends that the EC approves the financial statements for the year 2013**

4. The AC noted that following the transition to IPSAS, co-sponsored programmes such as the Global Climate Observing System (GCOS) and the World Climate Research Programme (WCRP), were excluded from WMO Financial Statements and have not been audited since 2009. The AC was content that these trust funds were small enough and that their non-auditing is not material.

### **Recommendation 2: The AC recommends that D/IOO reviews these trust funds separately to advise the management on the exposure of risks involving them to facilitate the making of an appropriate decision on their auditing**

5. The AC appreciated that the Investment Committee, together with the Risk Management Committee, continued to manage financial risks involving the Organization to minimize potential adverse effects on financial performance of the Organization.

6. The Audit Committee expressed its satisfaction with the quality of the work of the IOO. It assessed reports issued by the IOO on the completion of planned work as well as progress made by the Secretariat in the implementation of IOO recommendations. The AC noted with satisfaction that the Secretariat has managed to implement more than 75% of oversight and audit

---

1

[ftp://ftp.wmo.int/Documents/PublicWeb/mainweb/meetings/cbodies/governance/executive\\_council\\_reports/english/pdf/63\\_session\\_1078\\_part1\\_en.pdf#page=39](ftp://ftp.wmo.int/Documents/PublicWeb/mainweb/meetings/cbodies/governance/executive_council_reports/english/pdf/63_session_1078_part1_en.pdf#page=39)

\* In MS Word 2007 or 2003, go to "View" > "Document Map", or click on the "DocMap" button on the "WMO Tools" toolbar. In MS Word 2010, go to "View" > "Navigation Pane". In MS Word on a Mac, go to "View" > "Navigation Pane", select "Document Map" in the drop-down list on the left.

recommendations. The AC also appreciated the progress made by the Secretariat in the implementation of relevant JIU recommendations.

**Recommendation 3: The AC recommends that the EC approves the actions on new JIU recommendations addressed to the legislative bodies as suggested by management and presented in the IOO report**

7. The Audit Committee noted significant progress in the implementation of risk management. The Committee also noted that the Secretariat Risk Management Committee continued to review, identify and manage the risks that the Organization is exposed to through a system of departmental and top high-risk registers. The AC noted that the risk associated with the ICAO Aviation Systems Upgrade, as relates to impacts on NMHSs' cost recovery for aviation meteorological services, is being addressed by WMO and has been brought to the attention of Members, regional associations and the EC.

8. The AC also noted that the risks associated with budget cuts being faced by many Members' NMHSs are amongst the top high-risks being addressed by the Secretariat.

**Recommendation 4: The AC recommends that WMO advocates for NMHSs on the value of their services to minimize budget cuts**

9. The AC noted that the Secretariat made significant financial savings by moving to Google Applications. However the use of information technology (IT) remains a high risk. The AC appreciated the various steps being taken by the Secretariat to enhance security in the use of IT.

**Recommendation 5: The AC recommends that the Secretariat educates its staff on the IT security, including risks involving information sharing through electronic mails**

10. The AC reviewed the proposed changes on the WMO Risk Management Policy (Resolution 12 (EC-LXIII)) and was supportive of the proposed changes.

**Areas that need further improvement**

11. Notwithstanding the progress in the implementation of risk management and improvements in systems of internal control, further improvements are needed in the areas of procurement, and in the management of the payroll and projects. While the extensive use of IT enhances operational efficiency and effectiveness, it also exposes the Secretariat to ever evolving high risks related to IT security. The Secretariat should keep abreast of developments in the IT industry and, where appropriate, continue to make further improvements to enhance the IT security within the Secretariat.

12. The AC noted that liability involving employee benefits in the United Nations Joint Staff Pension Fund (UNJSPF) remained an issue that needs continuous monitoring.

---

Recommendations 1, 3 and 4 are addressed to the Executive Council  
Recommendation 5 and 2 are addressed to the WMO Secretariat