



Corte dei conti

REPORT OF THE EXTERNAL AUDITOR

WORLD METEOROLOGICAL ORGANIZATION

Audit of the financial statements for 2022

21 April 2023

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INTRODUCTION

The legal basis for the External Auditor's audit is set out in Article 15 of the WMO Financial Regulations and Rules and in the Additional Terms of Reference governing the External Audit of WMO.

This report informs the Executive Council of the results of our audits.

The audit looked at the WMO Financial Statements as at 31 December 2022 and their consistency.

This financial period is governed by the above-mentioned WMO Financial Regulations and Rules and by the WMO Standing Instructions, Chapter 5; the Financial Statements are presented in compliance with the International Public Sector Accounting Standards (IPSAS).

We audited the accounts for the Financial Year 2022, according to the INTOSAI standards, the IPSAS regime and according to the Financial Regulations of the WMO, approved in 2018, as updated in January 2021.

With the letter of Representation signed by the Secretary-General, referring to the Accounts for the Financial Year 2022, we received the report and the finalised version of the Financial Statements.

We planned our activities in line with our audit strategy in order to obtain a reasonable assurance that the Financial Statements were free from material misstatement.

We evaluated the accounting principles made by Management and we assessed the adequacy of the presentation of information in the Financial Statements.

The audit work

Also taking advantage of the assistance of the Controller, our focal point, for our audit work on the financial statements 2022 we had meetings (in person and through videoconference) with all relevant managers and officials.

We had preliminary meetings with the Secretary-General, the Deputy Secretary-General, the Assistant Secretary-General, the Director, Cabinet Office of the Secretary-General. We had also meetings with all Directors of Departments.

During the audit, all questions were discussed and clarified, in person and through emails' exchange and videoconferences, with the officials responsible. The audit team, while informing in general terms the Secretary-General on the progress of the audit, had meetings with Director, Governance Services Department, and with Deputy Director, regular meetings and in-depth discussions with Chief Human Resources Section and Chief Finance Section, and with members of their staff or staff

in other Units, depending on the subject matter under consideration. We also had meetings with Director, Infrastructure Department, with Director, WIS Branch, and with the CIO.

We have focused our work in the most sensitive areas, from a financial point of view, and we obtained a sufficient basis for the opinion given in the audit certificate. We have carried out, together with the usual controls, a specific IT audit on the process of the payroll payment, whose results are included in the report.

We have highlighted the results of our audit activity as “Recommendations” and “Suggestions”. Whilst Recommendations fall under the follow-up process carried out by the Organization through the Controller, Suggestions are only followed up by the External Auditor. However, in principle, the Executive Council, following advice from the Audit and Oversight Committee (AOC), may ask the Secretary-General to implement a “Suggestion”, where deemed necessary.

Finally, we wish to express our appreciation for the courtesy and helpfulness shown by all WMO officials to whom we had cause to request for information and documents.



Corte dei conti

AUDIT CERTIFICATE

Opinion

We have audited the Financial Statements of the World Meteorological Organization (WMO), which comprise the Statement of Financial Position as at 31 December 2022, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the World Meteorological Organization (WMO) as at 31 December 2022, and its financial performance, its changes in net asset, its cash flows and its comparison of budget and actual amounts for the Regular Programme General Fund for the year then ended, in accordance with IPSAS and the WMO Financial Regulations and Rules.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and the WMO Financial Regulations and Rules. In the field of financial statements audit, the ISSAIs are a direct transposition from the International Standards on Auditing (ISAs). The Corte dei conti applies the provisions of the ISAs in so far as they are consistent with the specific nature of its audits. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the WMO in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Nations system, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the WMO Secretary-General and Those charged with governance for the Financial Statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and WMO's Financial Regulations, and for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary-General is responsible for assessing the WMO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary-General either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the WMO's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Corte dei conti's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WMO's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WMO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the WMO to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, the transactions of WMO that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the WMO Financial Regulations and Rules and its legislative authority.

In accordance with the WMO Financial Regulations (Article 15) and the "Additional terms of reference governing external audit" we have also issued a detailed report on our audit of the WMO Financial Statements for 2022.

Rome, 21 April 2023

Guido Carlino
President of the Corte dei conti
(digitally signed)

STRUCTURE OF THE ACCOUNTING STATEMENTS

1. The WMO's Financial Statements, prepared and presented in compliance with IPSAS 1, included the following elements:
 - Statement of financial position (Statement I) – Balance sheet at 31 December 2022 with comparative figures as at 31 December 2021, showing Assets (divided into Current and Non-current assets), Liabilities (split into Current and Non-current liabilities) and Net assets;
 - Statement of financial performance (Statement II) for the year ended 31 December 2022, with comparative figures as at 31 December 2021, showing the Surplus/Deficit for the financial year;
 - Statement of Changes in Net Assets/Equity for the year ended 31 December 2022 (Statement III), with comparative figures as at 31 December 2021, showing the value of the Net assets, which include the surplus or deficit for the financial year including losses directly recorded in Net assets without being recorded to the Statement of Financial Performance;
 - Cash Flow (Statement IV): table of cash flows for the period closed on 31 December 2022, showing the inflow and outflow of cash and cash equivalents, purposely regarding the operational, investment and financing transactions and the treasury totals at the end of the Financial Year;
 - Comparison of Budget and Actual Amounts (Statement V) for the twelve months ending 31 December 2022;
 - Notes to the financial statements, providing information about accounting policies, segment reporting and additional information necessary for a fair presentation (quoted in this Report as "Note" or "Notes").

STATEMENT OF FINANCIAL POSITION 2022

ASSETS

2. In 2022, the WMO's Assets amounted to 247,995 kCHF, with an increase of 10,922 kCHF (4.6%) as compared with the value recorded in 2021 (237,073 kCHF).
3. They consisted of Current assets, which totalled 174,379 kCHF and represented 70.3% of Total Assets, and Non-Current Assets, amounting to 73,616 kCHF (29.7% of Total Assets). In 2021, the respective values were 163,762 kCHF for Current Assets (69.1% of Total Assets) and 73,311 kCHF (30.9% of Total Assets) for Non-Current Assets.

Current Assets

4. Total Current Assets in 2022 increased of 10,617 kCHF (6.5%) compared to 2021. The following main sub-headings increased: “Cash, cash equivalents and investments” (+4,867 kCHF), “Assessed contributions receivable” (+2,623 kCHF), “Voluntary contributions receivable” (+4,108 kCHF) and “Other receivables” (+135 kCHF), meanwhile the other sub-headings decreased: “Advances for projects and meetings” (-1,105 kCHF) and “Inventories” (-11 kCHF). The basis for evaluating Current Assets is given in the Accounting Policies (Note 2).

Cash and cash equivalents

5. The sub-heading “Cash and cash equivalents” totalled 127,999 kCHF, an increase of 4% compared to 123,132 kCHF in 2021.
6. It included unrestricted cash, for an amount of 42,092 kCHF (a decrease of 3,707 as compared to 2021), and restricted cash, amounting to 85,907 (an increase of 8,574 over 2021). A detailed breakdown of the sub-heading is shown in Note 3.1.

Bank accounts confirmations and closure of inactive accounts

7. We asked all banks and financial institutions with business relations with WMO to confirm the current account balances as of 31 December 2022.
8. As in past years, we asked Management to request all interested financial institutions to send directly to us the account confirmation with the detailed checklist, as at 31.12.2022.
9. We received the direct confirmation from all banks except for one; however, Management made all possible efforts in order to enable us to obtain this confirmation and provided us with supporting documents which we used for our audit.
10. We verified that the accounts’ balances in the banks’ confirmations had been properly recorded in the accounts. All variances detected were explained and justified.
11. It is worthwhile mentioning that last year Management started a process of revision of bank accounts in accordance with our recommendations in past reports. Accordingly, the Standing Instructions were revised and published, with a new version of Chapter V on this matter.
12. Moreover, during 2022 it was disposed the closure of an account at a bank and of two accounts at another bank, both related to Regional Offices. The documents concerning these closures were provided to us by Management as per our request. However, among them we noted that a formal direct communication from HQs to the relevant offices and banks was missing.

13. Moreover, in the newly modified instructions there are not foreseen the detailed steps of the process concerning the opening and closure of accounts, e.g., its approval in an internal document signed by Finance Department and by the Assistant Secretary-General.
14. Considering the above-mentioned points, we decided to consider the recommendation n. 4/2021 as ongoing.

Updating of lists of authorized signatures at banks and requirement of dual signature

15. As a result of our audit of the bank confirmations, we found some differences between the lists of authorized signatures kept by Management at HQs and the lists that we received from the banks. We acknowledge that Management acted promptly, explaining these discrepancies and communicating with the banks in order to solve them.
16. We also found that in the bank confirmations for field accounts there are correctly indicated at least two signatories, but it is not required the joint signature.
17. As mentioned above, we are aware that the implementation of a regulatory framework is in place, also including the revision of signatories, however, we underline again the importance that in internal instructions be clearly stated that the signatory powers for all bank accounts, be approved by the Assistant Secretary-General, and duly communicated by HQs to all relevant parties.
18. For the above-mentioned reasons, whilst acknowledging the actions taken by Management in this regard, we decided to consider as ongoing the Recommendation n. 3/2021.

Asset Management: our follow up of past recommendations revealed that accuracy should be further enhanced

19. As in past years, we have carried out physical stock checks based on a sample of items selected from the assets' register and we traced if all the tested items were properly recorded in the accounting system.
20. Last year we recommended the implementing of a comprehensive procedure concerning asset inventory and management through internal documents (see recommendation n. 4 of our report on financial statements 2021). We acknowledged that the Chapter 8 of the Standing Instructions is still under revision, meanwhile a Business Process Reference Guide was adopted and entered into force in October 2022. Therefore, we decided to consider the recommendation n. 4 of last year report as implemented. However, we will monitor the implementation of this guide in future audits.

Asset Management: the assignment of IT equipment to staff in the asset register is not always updated

21. In our last year report, we recommended also to increase the accuracy of the asset register (see rec. no. 1 for financial year 2021). To this regard, we have noticed that in the register at the entry that previews to insert the location and therefore the assignment of the articles, it is not always indicated with correctness the Department or in some cases it is not mentioned at all.
22. In addition, for some articles, in particular portable computer equipment, we found in the register that, sometimes, the name of the person to whom the equipment was assigned or delivered, does not appear in the dedicated box. From the clarifications received, it emerged that, in these cases, this happens because the equipment has been set aside in the appropriate deposit awaiting assignment.
23. It is recommended that the Management integrates the procedure in place with the appropriate organizational and liaison actions with the IT Department, so that entries in the register of activities are fully consistent with the actual situation and the destination of goods to staff.

Recommendation n. 1

24. **We recommend** that management should further develop the activities to improve the accuracy of the asset register, as for each activity it must always be recorded where they are located and the person to whom they are assigned for use. We recommend in particular to strengthen the procedure concerning IT portable equipment that are assigned to people (like some computer equipment), in order that the association of the item with the person, who at that time uses/owns it, is correctly indicated and updated, as well as the mention of the Department where each asset is placed.

Comments by the Secretary-General

Management accepts the recommendation. The process of recording the assignment of assets, including IT portable equipment, will be reviewed to reflect up-to-date information related to the user and the Department where the asset is placed throughout the lifecycle of the asset.

WMO Asset Register should be separated from assets under the control of other entities.

25. During our audit we found that in the WMO Asset Register items are included, which are not owned by WMO, for instance pertaining to funds like GEO; furthermore, we

also detected that their physical location did not correspond to the one indicated in the register.

Recommendation n. 2

26. **We recommend** that all items not under the control of WMO and assigned to people in charge of funds or entities that are different from the Organization, should be properly checked and not recorded in the WMO fixed asset register but separately listed.

Comments by the Secretary-General

Management accepts the recommendation and will appropriately segregate the assets owned by entities administered by WMO but not under its control.

Assessed and voluntary contributions receivable from Member States

27. Assessed contributions receivable from Member States for the regular budget are composed of:
- a) *Current*, which are due within 12 months, amounting to 22,829 kCHF (in 2021, they were 20,206 kCHF, an increase of 13%);
 - b) *Non-current*, which are due after 12 months from the date of the financial statements: they totalled 164 kCHF in 2022 (64 kCHF in 2021, a percentage increase of 156.6). This includes discounted long-term contributions.
28. Voluntary contributions receivable from Member States for the regular budget are composed of:
- a) *Current*, totalling 12,751 kCHF in 2022 (they were 8,643 kCHF in 2021, increasing by 47.5%);
 - b) *Non-current*, amounting to 14,290 kCHF in 2022 (10,371 kCHF in 2021, an increase of 37.8%).

Advances for projects and meetings and other current assets

29. *Advances for projects and meetings* amounted to 8,156 kCHF, a decrease of 11.9% with reference to 2021 (9,261 kCHF); they represented the 3.3% of total assets.
30. An amount of 2,620 kCHF is shown in the 2022 closing balance sheet under “*Other receivables*”: they represented 1.1% of the Total Assets, with a slight increase compared to 2021 (2,485 kCHF). A detailed breakdown of these values is reported by Management in Note 3.5, showing the different categories of receivables. The two

major accounting lines are related to “education grant advances” and “prepaid expenses”.

Inventories

31. At the end of 2022, items related to Inventories were recorded at a net value of 24 kCHF, a decrease of 11 kCHF (-30.8%), compared to the 2021 net value of 35 kCHF. Inventories are detailed in Note 3.3 and the values recorded in the Financial Statements are related to Publications (1 kCHF in 2022) and souvenirs (24 kCHF); the decrease is entirely due to the reduction in value of the goods, due to age. No sales or distribution were made in 2022.

Non-current assets

32. As of 31 December 2022, Non-current assets totalled 73,616 kCHF, with an increase of 305 kCHF as compared with 2021. The basis for the evaluation of Non-current assets is given in the Accounting Policies (Note 2).
33. This heading is composed of: a) “Assessed contributions receivable”, amounting, as seen above, to 164 kCHF (0.2% of total Non-current assets); b) “Voluntary contributions receivable”, 14,290 kCHF (19.4% of total Non-current assets); c) “Property, plant and equipment”, amounting to 57,470 kCHF (78.1% of total Non-current assets; d) “Intangible assets”, amounting to 195 kCHF, around 0.3% of total non-current assets; e) “Interest in joint ventures and associates”, 2% of total non-current assets (1,497 kCHF). The above-mentioned headings are illustrated in Notes 3.2, 3.6, 3.7 and 3.16 respectively.

Property, plant and equipment

34. The above seen amount of 57,470 kCHF is shown in heading “Property, plant and equipment”; it is the net value at 31 December 2022 (in 2021 it was 60,987 kCHF) of the capitalised cost for “Headquarters building”, “Computer equipment”, “Furniture & fixtures”, “Machinery & Equipment” and “Vehicles”, as explained in Note 3.6. Additions during the year amounted to 627 kCHF and depreciations totalled 4,144 kCHF.

Leasehold Agreement signed on 15 December 2015: current negotiations ongoing between WMO and Swiss Authorities in order to prevent severe impairment of the WMO Headquarters Building value, built with Member States’ Contributions.

35. Last year, Legal Counsel informed us that the former Secretary-General had signed the Leasehold Agreement, dated 15 December 2015, against her opinion. Considering the relevance of this Agreement for WMO, we highlighted in our last year Report that

nothing on this issue had been reported to us by the former External Auditors during the handover.

36. We recall that, the signature of this Agreement (around 20 years after the construction of the building, happened in a period between 1994 and 1998), might lead to risk a decrease in the overall value of the value of the investment in the building by WMO.
37. In our last year report, we presented a summary table on construction costs, as in the Document named "Presentation of the Project" dated August 1994, that represent the investing and financial effort of WMO for the Building. Enclosing the table below we acknowledge also the benefit granted by the Swiss Federation on waived loan interests.

Construction Cost	Cost amount (CHF)	Funding	Amount (CHF)
Building (cost forecast)	105,000,000	Sale of the former WMO building	26,000,000
		Loan request FIPOI (which is going to be refunded every year through the WMO Budget)	79,000,000
TOTAL	105,000,000	TOTAL	105,000,000
Loan Interests (waived by FIPOI)	3,352,500		
Provision for cost increase	7,852,500		
Cost of the Work (forecast)	93,795,000		
TOTAL	105,000,000		

38. The table shows, and this has been occurring in practice, that the loan is being repaid to FIPOI through the WMO Regular Budget; in substance, this means that the Member States will have the building fully financed through their assessed contributions.
39. As stated last year in our previous report, *However, Article 14 point 1 of the Leasehold Agreement states that, at expiration of the agreement, the ownership of the WMO Headquarters Building will pass to FIPOI and FIPOI will be only obliged (art. 14 point 2) to refund a targeted "market value" (at the end of the ground lease), but deducting certain costs from this "market value", such as interest waived, "rente foncière" etc.*
40. We presented 4 recommendations and, also, we drew the Attention of the Council on the matter of the leasehold, and on conditions imposed that might impair the WMO's Member State investments.
41. Below, we list an extract of the follow-up table annexed to this report, showing all our points, jointly with Managements replies and our follow up based on our audit and on input and evidence received by Management. This allows us to dedicate specific evidence to the explanation of the reason to maintain the recommendations as "ongoing".

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Further considerations of the External Auditor
2022/5	<p>We consider that several elements of the Leasehold Agreement are heavily limiting the freedom of WMO of selling the building, such as:</p> <ul style="list-style-type: none"> (i) the Ground Lease expiring in 2048 (possible renewal till 2068); (ii) the waiver of “rente foncière” (art. 6 and 7); (iii) the limitation for selling (art. 8, 9), adding that according to art. 10 WMO is limited also in its right of locating part of the building to third parties; (iv) more important, all other conditions envisaged at art. 14. <p>Therefore, we recommend that Management start a process (a) to periodically assess if there has been any substantive reduction in the “market value”, as calculated by the independent expert in the valuation report, that may result in an impairment related to the FIPOI and <i>État de Genève</i> conditions, as per IPSAS 17 and (b) to disclose not only the existence of restrictions but also the potential financial impacts that could be derived from all the conditions in the leasehold Agreement.</p>	<p>We will review the valuation report and make the assessment as recommended. The restrictions and financial impacts will also be assessed. We note that the Leasehold Agreement was already audited extensively during the previous financial period by the Swiss External Auditors. No observations were made at the time.</p>	<p>1) Implemented 2) 2022-05 CERN droits; 2022-05 ITU droits. Memo on accounting issues for the Building</p>	<p>We received from Management a comprehensive Memo titled “Accounting Policy-Accounting for elements of the ‘droits du superficie’ between FIPOI and WMO with respect to rents, interest and potential environmental remediation (October 2022)”.</p> <p>In the Memo Management proposed that “(...) comparative market analysis be performed every five years, beginning in 2023, unless other factors come to the attention of the Secretariat that would indicate an analysis be performed earlier.” We took note of it.</p> <p>With reference to the last year reply, in particular to the sentence “We note that the Leasehold Agreement was already audited extensively during the previous financial period by the Swiss External Auditors. No observations were made at the time”, we recall that last year we found that the independent expert report considered, as “useful life” of WMO Building, items (for instance, the preparatory works and part of the building construction costs) for periods of 99 years, around 49/29 years longer than the Ground Lease expiring date (2048 or 2068, at latest). Only according to our observations expressed during our last year audit, Management agreed to adjust depreciation costs, restating the Financial statements for the year 2021 according to the new value of 64,537 kCHF in the line “PPE” (-880 kCHF on the former value), with an impact on Statement II of 220 kCHF in the line “Depreciation expense”, which increased to 4,211 kCHF from the previous 3,991 kCHF. From 2022 on, the correspondent values already reflected these adjustments.</p>
2022/6	<p>Considering that, in substance, Member States have completely financed the WMO Headquarters Building through the Regular Budget and these resources have not been</p>	<p>The organization initiates discussions with FIPOI with a view to addressing the concerns raised by the auditors. The results of these</p>	<p>1) In progress 2) First contact with Swiss Mission has been established. Determining the conditions that the counterpart is ready to negotiate and</p>	<p>We have been informed by Management of current discussions ongoing with Swiss Authorities</p>

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Further considerations of the External Auditor
	<p>duly allocated to core scientific activities, and also considering that the clauses in the Leasehold Agreement signed on 15 December 2015 (like Article 14, point 1 and 2) are limiting WMO Headquarters' market value, not only through a series of costs and refunds that will be charged but also through the passage of the building's ownership to FIPOI at the end of ground lease (2048 or 2068), we recommend that Management: (i) start as soon as possible a full renegotiation with FIPOI and État de Genève of all clauses, in order that the Member States' financing will be fully recognised at the end of the ground lease without negative implications on its value; (ii) in case of refusal of renegotiating, take as soon as possible all possible actions to invite Member States to submit proposals, for more favourable Host State Agreements, that could guarantee that Member States contributions could be dedicated to scientific core activities instead of financing a Building.</p>	<p>discussions will be brought to the Executive Council for further consideration.</p>	<p>prepare the conditions that WMO will be asking for.</p>	
2022/7	<p>Management recorded in the Financial Statements in-kind contributions linked to the FIPOI loan, which are expensed at the same time as they are recognized as revenue. Art 14 of the Leasehold Agreement, signed on 15 December 2015, point 2, stated that this interest generated by the FIPOI loan should be deducted from the "indemnity" that FIPOI will ultimately pay to WMO at the end of the agreement. We therefore recommend assessing, in line with previous recommendations, whether this amount should continue to be accounted as in-kind contribution and related expenditures in future financial statements.</p>	<p>We agree to make the necessary assessment and reflect these in the future financial statements,</p>	<p>1) Implemented 2) Memo on accounting issues for the Building (evidence provided in the shared folder)</p>	<p>Implemented, We will review the proposed accounting in the future based upon any changes to the underlying terms of the land lease agreement.</p>
2022/8	<p>We recommend that Management accurately investigate what could be the risks and the possible impact for the WMO financial resources (potential loss) for remedial actions</p>	<p>The requested investigation will be carried out and any potential liability resulting therefrom will be reported to the Executive Council.</p>	<p>1) Implemented 2) Memo on accounting issues for the Building (evidence provided in the shared folder)</p>	<p>We have been informed by Management of current discussions ongoing with Swiss Authorities. We consider this recommendation</p>

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Further considerations of the External Auditor
	to contaminations, as indicated on the Geneva land register, reporting to stakeholders if further costs are due to the État de Genève.			<p>as ongoing due to the abovementioned Memo received from Management.</p> <p>In such Memo, we were informed that, in order to prevent article 17.2, Management performed an investigation into portal of SITG polluted sites and is stated that contamination is dated 1990 and 1980, i.e., before the building of WMO HQ which started in 1998.</p> <p>In our opinion, having built on a polluted area without any remediation could also involve the risk of a spread or enlargement of the pollution, or of exposing the personnel to health risks; in order to have exact knowledge, in our opinion, a technical expertise would be necessary.</p> <p>With regard to obligation of decontamination, we underline that this is present in the contract. The organization has not provided us with any technical analysis/study; therefore, given that it is an ancillary obligation of the contract, this is not released from this obligation. In the event of the exercise of the right of return, the WMO may face costs or have the amount of compensation reduced by these amounts as well.</p>
2022/2/EC	<p>We draw the attention of the Executive Council (i) on the need to ask Management to start immediately a renegotiation with FIPOI of all the unbalanced clauses and, (ii) on the necessity to invite Member States to forward to the WMO Secretariat proposals for potentially more favourable Host State Agreements to host WMO Headquarter, which could ensure that, in the future, Member States' contributions are earmarked for scientific core activities instead of funding a building in Geneva, from which the only ones to benefit financially will be the FIPOI and the État de Genève.</p>			<p>For the Maintenance cost please refer to Paragraph 43</p>

42. During our audit in 2023, we have also been informed by Legal Counsel that negotiations are ongoing with the Swiss Authority, in order to renegotiate conditions that might impair Member States investments.
43. As reported in the table, some of our recommendations are still ongoing; nevertheless, we consider that some further considerations still need to be done in relation to the “contamination” of the cadastral parcel and in relation to Maintenance costs.

Recommendation n. 3

44. As also stated in past year report, “*considering that, in substance, Member States have completely financed the WMO Headquarters Building through the Regular Budget and these resources have not been duly allocated to core scientific activities, and also considering that the clauses in the Leasehold Agreement signed on 15 December 2015 (like Article 14, point 1 and 2) are limiting WMO Headquarters’ market value, not only through a series of costs and refunds that will be charged but also through the passage of the building’s ownership to FIPOI at the end of ground lease (2048 or 2068)*”, we acknowledge that management has started ongoing negotiations with Swiss Authority and **we recommend** that Management submit to a future Executive Council session all the issues related to our current and past recommendations in this field.

Comments by the Secretary-General

The progress on these recommendations will be routinely reported to the Executive Council. We continue to work with the Swiss authorities on the above matters and will provide additional information in due course.

Intangible Assets

45. In 2022, Intangible Assets amounted to 195 kCHF, a decrease of 71 kCHF compared to the amount of 2021, entirely corresponding to the depreciation in the category “Software internally developed”. No additions were recorded in 2022. A detailed analysis is illustrated in Note 3.7.

LIABILITIES

46. In 2021, Total Liabilities amounted 270,504 kCHF, an increase of 55,256 kCHF (25.7%) in comparison with the value recorded in 2021 (215,248 kCHF). They consisted of:

- a) *Current Liabilities*, amounting to 94,506 kCHF, i.e., 34.9% of Total Liabilities (in 2021, they totalled 81,153 kCHF and were 37.7% of Total Liabilities), and
- b) *Non-Current Liabilities*, totalling 175,998 kCHF, composed mainly of actuarial liabilities related to Employee benefits; they were 65.1% of Total Liabilities; in 2021, the amount was 134,095 kCHF, i.e., 62.3% of Total Liabilities.

Current Liabilities

47. Total Current Liabilities increased in 2022 by 13,353 kCHF (16.5%) over 2021. They were composed of:

- a) "*Payables and accruals*", which totalled 4,685 kCHF in 2022, increasing by 619 kCHF (15.2%) over 2021;
- b) "*Employee benefits*", amounting to 7,150 kCHF; they increased by 1,774 kCHF (33%) over 2021, when they amounted to 5,376 kCHF; see dedicated paragraph below for further considerations;
- c) "*Contributions received in advance*", 6,975 kCHF in 2022, decreasing by 3,217 kCHF (-31.6%) as compared to 2021;
- d) "*Unearned revenue from Exchange transactions*", a small amount of 20 kCHF, which represented a decrease of 97% from 2021, when they were 651 kCHF;
- e) "*Deferred revenue*" amounting to 42,155 kCHF (they were 28,502 kCHF in 2021, +47.9%);
- f) "*Borrowings*" amounting to 1,442 kCHF (same as in 2021);
- g) "*Provisions*", recorded for 1,706 kCHF, decreasing by 10.7% as compared to 2021, when they amounted to 1,910 kCHF;
- h) "*Funds held in trust*", amounting to 30,373 kCHF; they increased by 1,359 kCHF (+4.7%) over 2021.

Non-current Liabilities

48. Total non-current Liabilities are related to:

- a) “*Employee benefits*”, which showed an amount of 120,065 kCHF, an increase of 40,765 kCHF (51.4%) as compared to 2021 (79,300 kCHF); see dedicated paragraphs below for further considerations.
- b) “*Deferred revenue*” amounting to 29,146 kCHF (10.8% of Total Liabilities); in 2021 they amounted to 27,235 kCHF.
- c) “*Borrowings*”, 26,787 kCHF in 2022; they represented 9.9% of Total Liabilities; in 2021 they were 27,560 kCHF.

Employee Benefits

49. Employee Benefits are disclosed in the Financial Statements under “Current Liabilities” with an amount of 7,150 kCHF and under “Non-current liabilities”, with a value of 120,065 kCHF, as summarised in the table below. The total increase in the Liabilities (Current and Non-current) is 42,539 kCHF.

Liabilities	Year (KCHF)		Variance 2022-21	
	2022	2021	kCHF	%
<u>Current</u>	7,150	5,376	1,774	33.0%
<u>Non-current</u>	120,065	79,300	40,765	51.4%
Total	127,215	84,676	42,539	50.2%
Composition				
After-service health insurance	117,444	74,496	42,948	57.7%
Repatriation liabilities	5,498	5,835	- 337	-5.8%
Accumulated annual leave	4,273	4,345	- 72	-1.7%
Total	127,215	84,676	42,539	50.2%

50. The overall increase in these Liabilities, jointly with their disclosure, is explained by Management in Note 3.9, and the basis for the evaluation of Non-current liabilities is given in the Accounting Policies (Note 2, paragraphs 28-31).

Liabilities generated by benefits related to the ASHI, Leaves and Grants are influenced by actuarial assumptions

51. As shown in the table above, the increase of these liabilities, in comparison with 2021, is totally related to the non-current liabilities, precisely to the sub-heading “After Service Health Insurance” (ASHI). On the contrary, for all other lines, liabilities decreased.

52. The increase in the ASHI liabilities is due in large part to actuarial losses; liabilities were calculated by an actuary chosen by Management (AON), according to actuarial assumptions reported by Management in Note 3.9, paragraph 104.
53. These assumptions consider elements like the discount rate, calculated using an AON AA Corporate Bond Yield Curves as of 31 December 2022. In compliance with IPSAS 39, a sensitivity analysis related to the rate at which medical costs are expected to increase in the future and to the discount rate is disclosed by Management in paragraphs 110-113 of the Notes.
54. The actuary chosen by the organization, under Management's request, also disclosed the amount of the ASHI actuarial liabilities calculated using the discount rate of the long-term Swiss government bonds and to disclose it in the notes to the Financial Statements. The request arises from our recommendation n. 8 on FS 2020, that was issued based on paragraph 88 of IPSAS 39, according to which, in a country with a deep market in government bonds, "*market yields at the reporting date on government bonds will provide the best approximation of the time value of money*". Using the resulting discount rate, actuarial liabilities would have increased by 17.9% (about 21,000 kCHF).

Based on the WMO's assumptions, the value of liabilities is substantially correct

55. The choice of actuarial assumptions is the sole responsibility of Management. In relation to the audit of the Financial Statements, the External Auditor checks their plausibility and their consistency with IPSAS 39 and with previous years and validates them.
56. Our actuaries carried out a review of the key assumptions related to 2022, which were discussed with Management. We found that these assumptions were in line with economic trends and rates and also consistent with data available at the WMO at the moment of our audit, and we validated them.
57. To carry out their work, our actuaries recalculated the valuations prepared by AON Hewitt related to the ASHI and the Repatriation liabilities; they also performed an in-depth analysis of all actuarial valuations and assumptions in order to review their plausibility and the algorithms used by AON. Management and its experts provided full cooperation and assistance to our actuaries.

58. The work of our actuaries revealed that the amounts recorded in the accounts were substantially correct. There was only a small difference (about 1.9%), which can be considered normal in an actuarial review.

WMO's Net-assets value is highly influenced by actuarial liabilities.

59. In 2022, the amount for non-current liabilities (120,065 kCHF) represented 44.4% of total liabilities (270,504 kCHF) and had a strong impact on the WMO's net asset, especially considering actuarial liabilities only in the context of the "general fund".
60. Indeed, as results from note 8.1 (Statement of financial position by segment), the total assets of WMO amount to 247,995 kCHF, where 74,335 kCHF are from "Development, technical assistance and technical cooperation funds", 16,964 kCHF are located in "Regular budget support fund" and the "General fund" total assets are 156,558 kCHF. The total liabilities are 270,504 kCHF, where 67,359 kCHF are composed of "Development, technical assistance and technical cooperation funds", 6,223 kCHF are in "Regular budget support fund" and the "General fund" total liabilities are 196,837 kCHF.
61. Considering that the actuarial liabilities are entirely recorded in the "General fund", this means that, on the WMO FS, the actuarial liabilities negatively influence the 61% of WMO "General fund".
62. As disclosed in the notes to the Financial Statements (par. 98-102), the increase of the post-employment and other separation-related liabilities is due to several reasons, the most important of which is the change in the medical cost estimate, due to a study carried out by the actuary in 2022; this determined a different ratio between medical claims coming from active staff and retirees, with a greater incidence of the latter on the determination of estimated medical costs.
63. We are aware that Executive Council is conscious of the importance of this subject and that Management is constantly focusing the issue; we will continue monitoring, however, all actions that the Organization will take in this field, as well as the evolution of the ASHI liabilities curve.

NET ASSETS

64. Net assets comprise the accumulated deficit and reserves of the Organization at year-end. In 2022, Net assets resulted in a negative value of -22,509 kCHF, with a

decrease of around 44,334 kCHF compared to 21,825 kCHF in 2021, when it resulted in a positive value.

65. All the movements in Net assets are explained in various Statements and Notes in the Financial Operating Report, in particular:
- a) Statement II “Statement of financial performance”, which shows the deficit for the period (-1,748 kCHF);
 - b) Statement III “Statement of changes in net assets” with the movements listed separately;
 - c) Note 3.17, where Management discloses details on the composition of the Employee benefits reserves.

STATEMENT OF FINANCIAL PERFORMANCE 2022

66. This Statement shows the Organization’s revenue and expenses classified, disclosed and presented on a consistent basis to explain the year’s net deficit or surplus. The result for the period is a deficit of around -1,748 kCHF.

REVENUE

67. Total revenue amounted to 94,979 kCHF, with an increase of 1,598 kCHF (1.7%) as compared with 2021 (93,381 kCHF). This was composed of:
- a) “Assessed contributions (Non-exchange)” totalling 67,886 kCHF in 2022, the same amount as in 2021 and representing 71.5% of Total revenue;
 - b) “Voluntary contributions (Non-exchange)”, amounting to 22,879 kCHF in 2022, representing 24.1% of Total revenue, with an increase of 21.2% compared to 2021 (18,879 kCHF);
 - c) “Revenue from Services”, totalling 1,161 kCHF in 2022, a decrease compared to the amount recorded in 2021 (1,885 kCHF) and representing 1.2% of Total revenue;
 - d) “Other revenue”, totalling 1,183 kCHF in 2022, showed a decrease compared to 2021 when it was 2,860 kCHF; the difference was mainly due to the decrease of the value of the USD against the CHF in 2022;
 - e) “In-kind contributions (services) (Non-exchange)” totalling the same amount as in 2021 (1,870 kCHF) representing 2% of Total revenue.

68. Our audit did not reveal any particular issues; a detailed breakdown has been disclosed by Management in Note 5.

Revenue for services

Revenue for Services: Rental agreements should be enhanced in transparency and better harmonized

69. As agreements for renting office space within the WMO buildings generate significant revenue for the organisation, they deserve Management's attention. Rental agreements for office spaces are primarily with UN Organizations, Governmental and Non-governmental organizations, with the exception of one private service provider for the canteen.
70. During our audit, we reviewed rental agreements and their amendments (when applicable), and we noted that there is not a specific template nor promulgated internal guidance for assuring that rental conditions are harmonized and transparent in terms of such aspects, as price per square meters (with reference to market prices and adjustments based of size of space rented), additional costs, and in terms of the use of common areas.
71. Furthermore, we found also that there is not a specific consistent guidance for services that might impact on the buildings infrastructures, like IT and electrical system; this could be particularly relevant, in the case of non-UN entities renting office spaces.

Recommendation n. 4

72. Considering the significant revenues generated through the rental of office spaces at WMO, and in order to minimize the risks of applying different contractual conditions to similar types of tenants, **we recommend** that Management create common basic lease agreement templates (UN entities and non-UN entities) along with internal guidance for assuring that rental conditions are consistent transparent for future agreements, for instance, determining i) common technical specifications and ii) clear, common and transparent internal conditions, such as price per square meters (with reference to market prices and adjustments based of size of space rented), additional costs, and in terms of the use of common areas. .

Comments by Secretary-General

Management accepts the recommendation and will develop standard templates and clear guidance for future lease agreements tailored to UN and non-UN entities.

Rental Agreements: WMO should assess how to enhance security in office spaces not rented by UN entities, protecting its own privileges and prerogatives.

73. Our audit revealed that once in the building, the staff of non-UN entities, renting office spaces in WMO premises, could easily have unrestricted access, to WMO offices, infrastructures and staff; this could increase risks for WMO not only in terms of security, but also of potential conflict of interests (for instance, considering that internally-to-the-building there is not an access control if non-UN staff meet WMO staff).

Recommendation n. 5

74. In order to minimise risks (security, safety and potential conflict of interest) that non-UN entities' staff (renting office spaces in WMO premises) might have unmonitored access to WMO offices, infrastructures and staff, **we recommend** that Management should start an assessment on the feasibility and cost-benefit of enhancing security by physically restricting access to dividing office spaces dedicated to UN (then subject to UN privileges and immunities), from offices rented to non-UN organizations.

Comments by Secretary-General

Management accepts the recommendation and will undertake an internal assessment of the feasibility and cost of segregating access for staff of non-UN entities to areas occupied by UN entities.

Rental Agreements and enhancing revenues: applying all costs included in current agreements and for non-UN organizations also considering revising contract applying market prices.

75. We detected that not all the conditions foreseen in current rental agreements, that could have generated potential revenues for WMO, have been correctly charged to tenant, for instance, the depreciation of assets and services provided by WMO, for example, furniture (for instance desks, wardrobes, chairs etc), IT and telephone's services etc.
76. Furthermore, Management has indicated us that the rental agreements previously concluded with non-UN organizations received were not strictly linked to prevailing market conditions at the time. In this regard, we consider that an assessment of real market conditions for rentals for non-UN entities will be fundamental for WMO in understanding further sources of potential revenues.

Recommendation n. 6

77. Considering the importance of the revenue generated by tenants for WMO, **we recommend** that i) all current contractual clauses in current contracts that could generate additional revenues be applied, for instance the depreciation for furniture provided to tenants, ii) market prices for office spaces' rentals will be assessed and applied by WMO when renewal and new agreements will be considered with non-UN entities.

Comments by Secretary-General

Management accepts the recommendation and notes that it already fully enforces all clauses in existing contracts relating to cost recovery going forward, and in line with the concept of having standard templates (Recommendation n. 4) Management will establish two separate rates (furnished and unfurnished) for non-UN entities. The supplemental cost for furnished rent would include an element for both its use and depreciation in a transparent manner. This would also mirror the standard market practice for such issues.

Rental Agreements in relation to UN-Entities: Management should assess thoroughly cost benefits when office spaces are rented by UN entities.

78. Management reported to us that, in certain cases, rental agreements of office spaces with UN entities have been concluded granting more favourable conditions to tenants, in view of the benefits and efficiency deriving from close proximity to UN strategic partners who work closely with WMO.
79. In line with our understanding stated in Recommendation 1 above mentioned, namely the fact that conditions might differ amongst different subjects, nevertheless we noted that Management has not thoroughly and effectively performed a sort of cost-benefits of services received in exchange of more favourable renting conditions.

Recommendation n. 7

80. We acknowledge that rental conditions might differ amongst different entities, however, having detected during our audit that a systematic and effective cost-benefits analysis has not been carried out by Management when more favourable conditions have been granted to UN organization renting offices spaces at WMO, therefore, **we recommend** that Management will prepare, internally, a document that will summarize all the cost-benefits, material and immaterial, generated by every specific rental agreement: in this way, FIN will have the possibility to consider whether these amounts needs appropriate disclosure according to IPSAS.

Comments by Secretary-General

Management accepts the recommendation and will prepare an internal document that identifies any benefit (material or non-material) realized by WMO from colocation with a UN entity having received favourable rental conditions. This document will be evaluated to see if and how these benefits could be reflected according to IPSAS procedures.

Revenue for Voluntary contributions

Revenue for Voluntary Contributions: Enhancing accountability for Voluntary Contributions and harmonization between similar contributions.

81. Voluntary Contributions are the second source of revenues for WMO, and therefore they deserve attention from Management. Voluntary Contributions have different

nature, for instance there are funds i) for projects agreed between WMO and Member States or private entities, ii) for Junior Professional Officers supporting programmatic activities, iii) for conferences, and iv) for specific initiatives such as Meteorological Technology World Expo 2022), etc.

82. Finance controls the accounting of these revenues through a file, and we have selected a limited sample of the recorded revenues. We found in the sample that these revenues are not sub-grouped and, when analysed, contribution agreements for similar class of agreements are not homogeneous, where we noted that there is not a specific template nor an internal guidance for assuring that conditions are harmonized and transparent.
83. Management reported to us that agreements generating voluntary revenues from Members are often finalised according to Members or other organizational legislative and operational requirements. As such, Members and other donors often require the use of their general conditions and agreement templates.
84. Furthermore, as these Voluntary Contributions are generally not homogeneous in nature and, having different elements of cost and requirements on the organization, it is also difficult to ascertain whether the full cost of implementing the activities within the voluntary contributions – including direct costs, technical support and administrative support – is entirely covered by the contribution.

Recommendation n. 8

85. While acknowledging the potential limitations stated by Management that Member States and/or other entities funding WMO might require WMO to utilize specific agreement templates, we believe that a lack of specific templates and/or internal guidance may give rise to risks of applying different conditions to similar class of contributions and potentially not having an effective legal protection of WMO's rights and immunities. Therefore, **we recommend** that Management harmonizes, wherever possible, agreements through specific templates and prepares internal guidance for assuring that funding conditions are transparent for future agreements and to which extent being subject to Legal Office revisions for protecting WMO interests.

Comments by Secretary-General

While the risk highlighted by the External Auditor is mitigated by the formal review process for agreements with external entities defined in Chapter 12 of the Standing Instructions, WMO will develop internal guidance for contribution agreements to provide information regarding the elements that should be incorporated in such agreements, particularly related to ensuring appropriate and effective legal protection of WMO's rights and immunities. It should be noted that EU contributions are subject to EU conditions (disputes are submitted to Belgian courts; limited privileges and immunities; data protection requirements). These conditions are currently under discussion between the European Commission and the UN system (UN Legal Network).

Recommendation n. 9

86. Given the variety of voluntary contributions and the related cost components of such contributions, **we** also **recommend** that processes exist, or are put in place, to assess the planned costs, including direct costs, technical support and administrative support costs, and ensure they are sufficient to meet the delivery of the planned outputs. This would reduce the risk of requiring regular budget resources being utilized to support voluntary contribution activities without appropriate compensation to the regular budget.

Comments by Secretary-General

Management accepts the recommendation

The project management processes that outlines the key steps to be taken for effective and efficient utilization of costs in projects are being strengthened in all stages of the lifecycles to ensure a reduced risk of dependency on potential subsidization from RB. The strengthened processes will ensure sufficient indirect cost recovery through the programme support cost (PSC) rate utilized and will ensure the PSC Special Account is the funding source for the relevant costs, not the Regular Budget. In the first phase, WMO is reviewing best practices across the UN to identify appropriately scaled approaches. This will be followed by a further revision of the project management regulatory framework to include key broad processes to facilitate better identification, management and control of project financial resources

EXPENSES

87. Expenses totalled 96,727 kCHF, with an increase of 17,226 kCHF (+21.7%) as compared with 2021 (79,501 kCHF). These were composed of:
- a) "Salaries and employee benefits", totalling 62,640 kCHF in 2022 and representing 64.8% of Total expenses; an increase of 14.2% compared to 2021 (they were 54,833 kCHF);
 - b) "Meetings and projects", an amount of 11,161 kCHF in 2022 (11.5% of Total expenses); they increased by 49.7% compared to 2021 (7,454 kCHF);
 - c) "Travel", totalling 5,430 kCHF in 2022; it was 5.6% of Total expenses, +1662.8% over 2021, when it amounted to 308 kCHF;
 - d) "Supplies, consumable and other running costs", a total of 6,207 kCHF in 2022 (6.4% of Total expenses), in line with 2021 (6,140 kCHF);
 - e) "Depreciation and amortization", 4,215 kCHF in 2022 (4.3% of Total expenses), a small decrease compared to 2021 (4,306 kCHF);
 - f) "In-kind expenditure (services)", totalling 1,870 kCHF in 2022 – same as 2021 – representing 1.9% of Total expenditures;
 - g) "Finance costs", totalling 1,934 kCHF in 2022 (2% of Total expenditures), a 31.1% decrease compared to 2021 (2,806 kCHF);
 - h) "Fellowships", an amount of 990 kCHF in 2022 (around 1% of Total expenditures); in 2021 they were 829 kCHF (+19.5%);
 - i) "Other expenditures", totalling 2,154 kCHF in 2022 (2.2% of Total expenditures), a 41.6% increase compared to 2021 (1,522 kCHF);
 - j) "Movement in share of Net Assets/Equity of joint ventures and associates", totalling 37 kCHF in 2022, +140.5% over 2021 (37 kCHF);
 - k) "Interest in joint ventures and associates", totalling 37 kCHF in 2022, an increase of 641 kCHF compared to 2021 (-604 kCHF).

STATEMENT II – Expenses – Salaries and employee benefits

88. Remuneration of the workforce, both in the component of employees and consultants for 2022 represents 64,76 X% of total Expenditures (96,727 KCHF),

totalling in 2022 62,640 KCHF, when including both employee salary payments and consultants' benefits for the year, in aggregate with other workforce's payments items.

89. The "payroll cycle" will be analysed in detail in following paragraphs, with a dedicated focus on the IT process.

The Reform of WMO started in 2020.

90. The reform, implemented by WMO starting from 2020, had the aim of reducing General Service staff, so that the expected savings in administrative expenditure could leave more resources dedicated to the scientific objectives of the organization. We are following up the effects of the reform along the years.
91. In 2022, 306 staff and 240 consultants worked for WMO. In said year, the hiring procedures for new professionals allowed the recruitment of 43 new staff members (3D, 33P, 7GS), while 26 staff members (3D, 15P, 8GS) left the organization.
92. The WMO issued 364 contracts to 240 individuals Consultants (in the 2021 they were 190). The detail costs of Consultants increased slightly, since several consultancy contracts derive from the previous year, secondary costs are reduced because they have already been incurred.

CONSULTANTS Voice account	2022	2021
Individual Consultant	3,337,724	2,674,866
Institutional Consultant	56,409	31,633
Consultant travel	16,552	0
Other consultancy secondary	754,038	1,577,586
Other costs of secondary	230,129	139,170
	4,394,852	4,423,255

Recommendation n. 10

93. **We recommend** calibrating the use of consultancies, also in line with an adequate assessment, through the strategic planning, of the need for stable personnel and sustainability of expenditure.

Comments by the Secretary-General

Management accepts the recommendation. The Organization is currently reviewing the processes supporting the SSAs and an internal audit is being performed by IOO. The results of the review and audit will address this recommendation.

Is the new recruitment process in line with the need to reduce administrative costs?

94. In the Note 6, Expenditure, to the FS 2021, it was reported that “d) Due to the timing of the recruitments, additional staff positions that had been approved could not be hired until the last part of 2021; therefore, the salary expense for these positions was not incurred in 2021”.
95. The recruitment process was subject to a change in the rules in 2021, which was applied in recruitment that ended in 2022. We decided, therefore, to analyse the financial legitimacy of the resulting expenditure and any weaknesses that may prepare the field for the risk of hidden costs, duplication of costs or inconsistent costs, in compliance with the principles set out in the agreements and in the Convention with the United Nations.
96. We then examined the procedure and analysed the recruitment files of a sample of new recruits. We compared our observations with the responses provided by the Human Resources sector.
97. As seen above, 43 staff members were recruited in 2022; they were added to the 50 new recruits in 2021 and 15 in 2020. These recruitments took place, from 2020 to 2022, with the use of two different procedures. For 2022, the new recruitment procedure concerned a cost segment of CHF 3,247,836, mainly absorbed for new professional staff. We will continue to monitor the ratio between the new recruitments and the staff leaving the organization in the next years, in order to assess the trend of the salary costs.
98. The Service Note No. 13/2021, WMO Staff Selection System, introduced a series of rules to be applied to “[...] *the selection and appointment of staff in the professional and higher categories up to the level of D2 and General Service category. It includes new provisions about the use of generic job profiles, the composition of selection panels, and the workflow of the selection process.*” It took effect as of 28 May 2021. There is no mention or reference to the restructuring process in the text.

99. With regard to the relationship with the Standing Instructions, the note states that “The relevant sections of the Standing Instructions on the selection, appointment, promotion and reclassification are superseded by these provisions and will be updated and published in due course”.
100. We asked the HR department if the update had taken place, but, at the date of this report, it is still pending. There were other significant changes at WMO, such as the new performance appraisal policy, and the new teleworking policy.
101. As the renewal procedure goes through several steps, which include discussion with the staff association, submission to Executive Management and issuance, in the meantime the activities subject to these rules are however used and produce processes and activities.
102. The delay that is occurring entails a risk of non-clarity of the applicable rules and, in the event of a dispute, a risk of additional costs for the administration.
103. The general provisions stipulate that the process applies to the recruitment and promotion of Director, Professional and General Service level staff in WMO. All recruitment decisions are made by the Secretary General, based on the recommendation of a Selection Board.
104. The general indication of the introduction and replacement of the existing recruitment procedure does not cover all parts of the previous procedure, because the latter was adequately articulated and detailed. The new procedure does not specify which parts it replaces, nor does it indicate a possible time limit or rationale for the consequent overall updating of the instructions. This leads to confusion because, as not all the pre-existing provisions have been replaced, in the absence of specific indications one might be led to think that they survive, with a consequent high risk of litigation arising from this lack of specific clarity and systematicity of the rule.

Recommendation n. 11

105. We recommend that:

- a) the rules be updated in a timely manner to ensure that they correspond to administrative practice with the new service notes;
- b) a review of each individual aspect, which was regulated by an article in the previous procedure and is not specifically referred to as deleted or superseded in the new one, be incorporated;

c) the new Service Note should also contain specific reference to the strategic staffing policies, including the vacancy mechanism, so that the regulatory framework is covering all aspects.

Comments by the Secretary-General

Management accepts this recommendation and will, in connection with the implementation of the ERP solution, continue to align its business processes and policies to the UN common system best practices.

106. The role of the HR Department is modified, compared to the existing procedure, as it only “[...] provides detailed advice on the roles of the various parties involved in the process, namely the Hiring Manager, the Selection Panel, and the Secretary-General”.
107. The points 3 and 4 of the general provisions in Service Note No. 13/2021 identify the figure of the Hiring Manager and the possibility of delegating his responsibilities to lower-level managers under his supervision, as appropriate. There are no provisions in the note that govern any cases of “further delegation” and, therefore, there are no rules or limits for the exercise of the power of delegation; this means that who is delegated by SG as hiring manager can in turn delegate anyone else.
108. The absence of such rules presents conditions that may favour inappropriate or deviant use of them; at the same time, the general provisions on duties and the Organisation’s Staff Regulations of the Organisation do not go so far as to provide in such detail, nor could they do so.
109. The last Service Note on the Internal Committees of the Secretariat (and thus the composition of the Staff Selection Board for Professional posts and the Appointment and Promotion Board for the General Service posts) was issued in 2019. The composition of these Boards changed with Service Note 13/2021, whereby nowadays there is only one Selection Board (also called the Recruitment Panel or Selection Panel) for all categories of posts.
110. Furthermore, unlike previously, there is no longer a prior definition of the selection panel for a given vacancy, and, in any case, it is not clear whether this replaces the Joint Committee; as regards the rules for their composition and the role of the

members, there is no longer provision for the participation of a member of the staff association. Still with reference to the members, we found no rules to prevent conflicts of interest or family relationships with possible candidates.

111. In addition to this, we observe that the participation of external experts in the selection panel is limited to the cases “*of posts with co-sponsored nature and other posts where it is deemed useful by the Hiring Manager*”, and without voting power. In our view, especially for the recruitment of scientific experts, the presence of external independent expert should be generally considered to assure that the best candidates are selected.

Recommendation n. 12

112. **We recommend** that the organisation define the rules for the delegation of power and for composing the selection panel in the recruitment system and in the procedures referred to in Service Note 13/2021, with provisions ensuring:
- i. transparency;
 - ii. traceability of decisions;
 - iii. effectiveness and accuracy of the delegated power;
 - iv. guarantee of no conflict of interest or existence of causes of incompatibility, including external experts when required (for example, by means of a statement which does not contain information or incompatibility issued by members for each selection).

Comments by the Secretary-General

Management accepts the recommendation and will examine the language in the Service Note regarding the delegation of authority to further clarify the limitations on such delegations. Management will implement a mechanism to prevent any conflicts of interest with regards to the composition of the selection panel.

113. From the analysis of the procedure, the shortlist does not appear to have the value of a formal classification/ranking. The procedure allows to close the selection by submitting more than one candidate to the SG. In the procedure it is a question of presenting more than one candidate is a free determination that the committee can assume because it is linked to the evaluation of candidates.

114. However, there are no provisions governing whether and how the restricted list may have value, and remains in some way valid, when the procedure is closed. We examined several dossiers and found in some of them that, after the closure of the selection and the submission of only one candidate, this has given up, but instead of reopening a new procedure, as stated in Service Note 13/2021, another candidate was taken directly from the shortlist.
115. The lack of detailed description in the various steps of the procedure of competences and responsibilities – unlike the previous regulation – does not allow a clear reconstruction of the responsibility of the assessor and, therefore, the verification of the legality of all the moments of the procedure.
116. With regard to the point “*Eligibility screening of candidates by HR*”, the lower age limit for access has been lowered (from 21 to 18 years), but the upper limit is made vague as the reference of 65 years is eliminated and a generic “*the maximum age must be the maximum age to enable the candidate to serve for at least one term*” is left. This element makes age indefinite *ex ante* and appears to be at odds with WMO’s staff pension policy.
117. The modification of the upper limit of indefinite eligibility, means that it is also possible to recruit staff with an age limit higher than that set for retirement, unlike the previous procedure where there was the possibility of derogating from the limit, but after an evaluation by the Council (probably, it was especially dedicated to the recruitment of scientific staff); it is now not expressly stated how it must be established and by whom, with possible risk of disputes and possible costs for the organization.
118. The procedure is also used for the hypotheses of “*selection, appointment, promotion and reclassification*”, although they are situations that have a different purpose and also these are circumstances that determine a different weight and financial effect; therefore, the reasons for the expenditure must find legitimacy through punctual and specific rules.
119. The objective of the restructuring and the mission of the organisation is to intercept the best skills in the field as much as possible; however, does not oblige, but leaves the option to HR, to advertise the vacancy as widely as possible: there is not specific rule for the use of this option.
120. The administrative prerogative of the Secretary General to recruit staff for the needs of the organization appears to be ineffective in the new procedure. Indeed, the

exercise of this power, differently from the previous procedure, is moved forward to the time of the closure of the procedure and the acceptance of the candidate, when the appointment proposal of the committee is concluded. We have not found rules in the new procedure, facing the risk that a potential confidential report on the ineligibility of an entity arrives once the procedure is completed.

Recommendation n. 13

121. **We recommend** that the framework of effectiveness and transparency of the new recruitment system be extended, including through a subsequent review that consider the weaknesses highlighted, as well as the previous procedure, leading, therefore, to:

- i. Rules for adequate effectiveness and transparency of the procedure;
- ii. Properly and effectively performed procedures;
- iii. The appropriate development of procedures and for the specific hypotheses of “*selection, appointment, promotion and reclassification*”.

Comments by the Secretary-General

Management accepts the recommendation and will review the Service Note to ensure the rules are more transparent with respect to the selection process immediately following the conclusion of the selection panel’s work.

PROCUREMENT

Lack of strategy on sustainable procurement (SP)

122. Since April 2017, sustainable procurement is addressed under the global standard ISO 20400. In comparison to other ISO standards, ISO 20400 is not a certification standard; meaning that public or private organization cannot become ISO 20400 certified. It rather aims to provide harmonized, international guidelines that can be applied universally, and in sufficient detail, in order to help organizations to develop and implement sustainable purchasing practices and policies.

123. According to United Nations High Level Committee on Management Procurement Network – HLCM PN, 2009 “procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the

protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs”.

124. Sustainable procurement falls under the Sustainable Development Goals (SDG) under Goal 12 – Ensure Sustainable Consumption and Production Patterns (Target 12.7 – Promote public procurement practices that are sustainable, in accordance with national policies and priorities).
125. According to chapter 14 of the UN Procurement practitioner’s handbook, a “Sustainable procurement is consistent with current business best practices and with existing UN system procurement principles and rules. The UN does not require new rules but simply a refined approach to implementation that is more sensitive to sustainability principles procurement strategy is a crucial phase for the effective achievement of sustainability through procurement and for advancing the UN’s organizational overarching goals and objectives, such as the Sustainable Development Goals.”
126. As mentioned by the UN Procurement practitioner’s handbook the UN Office for Oversight Services (OIOS) and the Joint Inspection Unit (JIU) clearly urged UN organizations to use their buying power to reach the declared goals of climate neutrality and overall sustainability management.
127. In particular, a report from the Office of Internal Oversight Services in 2009 analysed the efforts among organizations to reach the climate neutrality commitment. The report pointed out the need to involve the procurement function in these efforts and recommended that organizations develop better strategies for improving environmental management and sustainability in general, of which Sustainable Procurement would be a component.
128. A report from the UN Joint Inspection Unit was released in March 2010, titled “Environmental profile of the United Nations system organizations: Review of their in-house environmental management policies and practices”. On Sustainable Procurement, the report recommends that: “The executive heads of the United Nations system organizations involved in field activities should establish in-house Sustainable Procurement policies and guidelines, taking account of the local conditions of the host country and the needs of field offices.”

129. The Sustainable Procurement (SP) working group of the HLCM Procurement Network has developed twelve indicators that allow to systematically monitor, measure and report on sustainable procurement within the UN system. Additionally, the SP working group agreed on the methodology for identifying sustainable tenders as those that include at least three SP criteria, one in each pillar of sustainable development: environmental, social and economic.
130. The objective of this project is to streamline SP reporting, by creating a common framework among UN agencies on how to benchmark and measure SP implementation based on quantifiable indicators.
131. Simultaneously, the project makes it possible to highlight tenders as “sustainable” to bidders, thus sending a strong message to our suppliers and the market about the importance of sustainability in our work.
132. The final set of indicators and the methodology were approved by the HLCM PN in Vienna in March 2019. These are twelve indicators, that can be found at [Sustainable Procurement Indicators \(ungm.org\)](https://ungm.org/sustainable-procurement-indicators) and are grouped under 4 Pillars (Environmental indicators, Social indicators, Economic indicators, General indicators).
133. In particular, the indicators are related to the following areas (with some related Level 2 sub-indicators): 1) Prevention of pollution 2) Sustainable resource use 3) Climate change mitigation and adaptation 4) Protection of the environment, biodiversity and restoration of natural habitats 5) Human rights and Labour issues 6) Social inclusion of persons with disabilities 7) Gender issues 8) Social health and well-being 9) Whole life cycle cost 10) Local communities MSMEs and supplier diversity 11) Promoting sustainability throughout the supply chain 12) Generic additional indicators.
134. If at least three SP criteria – one in each pillar of sustainable development: environmental, social and economic – were selected, the respective tender is highlighted on the external website with a SP Logo.
135. During the audit, we observed that Standing instructions Chapter 10 (Procurement and Contract Management), as modified in 2022, refers to the environment at:
- 1) point 10.1.2 “In this context, best value for money is defined – with respect to the goods or services sought – as the most advantageous balance between: (f) Ethical and environmental considerations”;

- 2) point 10.1.3 *“The objective of achieving “best value for money” in the context of each specific procurement activity is reached in accordance with the process described in the procurement procedures. As part of this process, the following principles shall be followed: (...) (c) Promotion of ethical trading through procurement that supports the environment and the 10 principles of the UN Global Compact.”*
- 3) Appendix 10C, related to the Ten principles of the UN Global Compact (the strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption).

136. In addition, sustainability has been included in WMO technical evaluation criteria (with a weight of 5%).

Recommendation n. 14

137. During the audit we observed that WMO Standing instructions Chapter 10 (Procurement and Contract Management), as modified in 2022, included the topic of Sustainable Procurement but there is a need to further consider the sustainability in procurement **we**, therefore, **recommend**: 1) WMO should implement an annual organizational procurement strategy on sustainable procurement 2) during a procurement process try to implement, during a procurement process, as much as possible, the twelve [Sustainable Procurement Indicators \(ungm.org\)](https://ungm.org) adopted by the working group of the HLCM Procurement Network.

Comments by the Secretary-General

Management accepts the recommendation and will further revise the Standing Instructions for Procurement to be in line with best practices within the UN common system with respect to sustainability.

Suggestion n. 1

138. In line with the recommendation 1, as mentioned in the UN Procurement Practitioner's Handbook at chapter 14 the Sustainable Procurement "*could be used as leverage to encourage sustainable business practices as well as send an important signal to the global market*", **we suggest** assessing that the twelve indicators, proposed by the working group of the HLCM Procurement Network, related to Sustainable Procurement, are effective and easy to be implemented. Furthermore, should WMO identify that the indicators may not be effective and implementable, WMO could consider other scientifically-based and supported indicators.

Comments by the Secretary-General

WMO will consider the best practices as defined by the HLCM Procurement Network to examine the feasibility of integrating the twelve indicators of sustainability within procurement. If in this analysis, it is determined that other scientifically-based indicators could be more effective, such indicators will be investigated.

Encouraging suppliers to support the UN Global Compact principles.

139. According to WMO General Conditions of Contract for the provision of goods and service, point 32 – GLOBAL COMPACT, "*The Contractor shall comply with the ten principles of the United Nations Global Compact (www.unglobalcompact.org)*".

140. The United Nations strongly encourages all its suppliers to actively participate in the UN Global Compact. To that end, the UN Supplier Code of Conduct has been developed with recognition of the importance of the Ten Principles of the UN Global Compact and is viewed as an important means of integrating these Ten Principles into the operations of the UN.

141. The Ten Principles of the UN Global Compact are in the following four areas:

- 1) Human Rights (Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses);

- 2) Labour (Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation);
- 3) Environment (Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies);
- 4) Anti-Corruption (Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery).

Recommendation n. 15

142. According to WMO framework, the compliance to the Global Compact principles is done during the registration of the vendor on UNGM. However, the participation to the UN Global Compact initiative through the Letter of Commitment is a voluntary action.
143. Therefore, in line with our Recommendation n. 14, related to the lack of strategy on sustainable procurement (SP), **we recommend** that WMO should promote the participation in the UN Global Compact to its supplier, suggesting them to be registered in the UN Global Compact and sending a Letter of Commitment signed by the chief executive (and, where possible, endorsed by the board) to the UN Secretary-General, expressing support for the UN Global compact and its principles.

Comments by the Secretary-General

WMO will consider the best practices within the UN common system to encourage suppliers to participate in the UN Global Compact principles.

Lack of an Acquisition Procurement Planning

144. At WMO an Acquisition Planning is foreseen by article 13 (Internal Control) of the Financial Regulation and Rules and by the Procurement Manual, point 10.5 of the WMO Standing instructions, Chapter 10 (Procurement and Contract Management).

145. Below, the mentioned rules:

- rule 113.13 (Competition) of the Financial Regulation and Rules “*Consistent with the principles set out in Regulation 13.6 and except as otherwise provided in Rule 113.15, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include: (a) Acquisition planning for developing an overall procurement strategy and procurement methodologies*”;
- point 10.5.1 of the Procurement Manual “*Acquisition planning is mandatory, and is the responsibility of the requisitioning Department (...) Any deviation from the stipulated timeframe for procurement activity shall be formally justified by the Director of the Department requesting the deviation.*”;
- point 10.5.2 of the Procurement Manual “*At the beginning of each year, requisitioning departments shall define and outline their annual Departmental Procurement Plan (DPP) in the Activity Tracking Tool (ATT). The plans shall include a description of needed goods or services, value, contract duration, and anticipated delivery date. Unforeseen procurement activities that may be required throughout the year and that were not included in the DPP shall be included as soon as the need arises. In this case, the Department shall inform PCM accordingly*”.

146. However, during the audit we found that at WMO, although foreseen by the Procurement Manual, the Procurement Acquisition Planning is not implemented at WMO.

147. A lack of acquisition planning could also bring to situation where exceptions to the use of formal methods of solicitation is sought: in our sample, we found a PO where, due to the fact that the supplier should have been selected within a deadline, there was no more time for an RFP, and a Sole-Source was sought and approved even with some doubts about expensiveness of the offer presented.

Recommendation n. 16

148. The importance of an Acquisition Procurement Planning is outlined also by the UN Procurement Practitioner's Handbook at chapter 5, point 5.1 "Operational Procurement Planning", where it is established that "*Effective procurement planning is essential to optimize the contribution of the procurement function towards achieving the overall goals of the organization. It supports transparency and accountability within the procurement process enabling procurement to be carried out in a strategic, systematic and procedurally correct way (...) Early and accurate planning is essential to avoid last minute, emergency or poorly planned procurement, which is contrary to open, efficient and effective – and consequently transparent – procurement*".
149. Therefore, **we recommend** that, at beginning of each year, the Requisitioning Departments should prepare and share with PCM their Procurement Acquisition Planning and a Departmental Procurement Plans (DPP), in order to define and outline their annual needs for goods, services or works, as requested by article 13 of the Financial Regulation and Rules and point 10.5 of the Procurement and Contract Management.

Comments by the Secretary-General

Management accepts this recommendation and will further emphasise the importance of Acquisition Planning and Departmental Procurement Plans (DPP) within the organisation.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2022

150. Statement III, "Statement of changes in net assets", shows movements during the year, ending in a balance of -22,509 kCHF as of 31 December 2022.
151. Our audit conclusions on the net assets are noted in the paragraphs related to "Employee Benefits".

STATEMENT OF CASH FLOW

152. The Statement of cash flow identifies the sources of cash inflows, the items on which cash was spent during the reporting period, and the cash balance as at the reporting date.
153. In 2022, the WMO reported a net increase of 4,867 kCHF deriving from cash flows of all activities, with a decrease over the figure shown in 2021, when it was 12,376 kCHF.
154. Net cash flows from operating activities (6,971 kCHF) showed a negative variation compared to 2021 (14,539 kCHF); net cash flows from investing activities showed an amount of -627 kCHF (in 2021 it was -686 kCHF); net cash flows from financing activities amounted to the same value as 2021 (-1,477 kCHF).

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

155. Statement V “Comparison of budget and actual amounts for the twelve months ending 31 December 2022” is provided in accordance with IPSAS 24, which requires that this comparison, arising from execution of the budget itself, should be included in the Financial Statements. This Standard also envisages the disclosure of the reasons for the material differences between the budget and actual amounts. Further details concerning Statement V, including a reconciliation of the expenditures of the approved Regular Budget on a budgetary basis to the expenses of WMO that comprise the General Fund Group, are provided in Note 7 to the Financial Statements.

THE SYSTEM OF INTERNAL CONTROLS

The three lines model.

156. In our last report, we carried out the assessment of the internal audit function, based on the International Standards and using the Audit Guideline 202 “*Evaluation of Internal Audit Services In The United Nations Organizations*”, adopted by the Panel of External Auditors of the United Nations, the specialized Agencies and the International Atomic Energy Agency.
157. During our assessment, we took into consideration the new model of the three lines (issued by the IIA in 2020), as framed in the WMO system, identifying the office of the Controller as part of the second line. We issued a recommendation (n. 21/2022),

with which we recommended *“that Director IOO should also carry out a regular assessment of the Office of the Controller, to check if resources, both financial and human, are adequate to fulfil its tasks”*.

158. The recommendation is still open; the officer acting as the Controller retired on 31 December 2022, and the function has not yet been covered.
159. We underline the importance of the role of the Controller in the internal framework, even though, at WMO, it still needs to be better defined, to cover all duties that are linked to the function.
160. This issue has already been addressed by the JIU in its report 2021/1, *“Review of management and administration in the World Meteorological Organization (WMO)”*. Many aspects were considered by the inspectors, who also issued two recommendations:
- *“The Controller’s Office should be separated from the Cabinet Office and the Controller should report directly to the Assistant Secretary-General”*;
 - JIU recommended that *“the task of keeping a central repository of all management overrides be added to the terms of reference of the Controller”*.
161. It is important to emphasise a passage from the inspectors' report, which clearly highlights the delicate tasks associated with the Controller's function: *“The Controller function is best placed to monitor and keep a central repository of all management overrides as the function has no operational responsibilities and covers internal controls and management accountability over cross-cutting issues, such as finance, human resources, procurement, travel and other policies”*.
162. Highlighting the role of the Controller in the second line of defence, the Inspectors also stated that *“Primary responsibilities to develop internal control and implement the Financial Regulations and Rules are vested with the Assistant Secretary-General, while the role of the Controller, as currently defined, is to assist the Assistant Secretary-General to fulfil his mandate in this respect”*.
163. Our predecessors, in their report on FS 2019 also dealt with the (recently established) controller function, which, at the beginning, was assigned *ad interim* to the Chief of the Budget Office.
164. The SFAO observed that *“The reporting process between the Controller ad interim and the Assistant Secretary-General is not formalized (for example, in the form of a quarterly report). The ICS has never been a topic of discussion in leadership*

sessions. The Controller ad interim has never been invited to these sessions. The implementation of measures related to the second line of defence is lacking". In this regard, the SFAO issued the recommendation n. 3/2020, generally linked to the strengthening of the second line, which is still ongoing.

165. In addition to these tasks, the controller at WMO is also the focal point for the External Auditor, and we find this appropriate and in line with the position of the Controller.

166. On 20 April 2023, we received from Management the Service Note n. 10/2023, which assigns to different units and all the tasks previously assigned to the Controller with the Service Note 30/2020, abolishing the Controller's Office. We take note of the new provision, but we consider an added value enhancing the independence of the function and concentrating the monitoring and risk assessment to one unit with no operational tasks.

Recommendation n. 17

167. Management forwarded to us, on 20 April 2023, the Service Note 10/2023, which assigns all tasks and duties previously assigned to the Controller function to different units.

168. However, considering the relevance of having a specific unit entitled with such functions, and the position of this unit in the second line of defence, in order to enhance its independence in monitoring and risk assessment tasks, **we recommend**, also in line with what was stated by our predecessors and by the JIU in its report 2021/1, that:

a) Controller's office should be restored, in order to have a unit with no operational tasks;

b) the recommendations of JIU linked to the Controller function should be promptly implemented, in order to establish not only the correct reporting line of the Controller but also to strengthen the second line, with a cross-cutting monitoring activity;

c) in line with the above and in line also with our recommendation n. 21/2022, the Controller reports, to be issued on a regular basis, be part of the assessment that the Internal Oversight Office should carry out on the Controller function.

Comments by the Secretary-General

Management accepts the need for the functions and elements of controlling to be carried out in an appropriate and efficient manner. In this regard, and after careful consideration, a service note 10/2023 has been issued by the Secretary-General following the retirement of the controller. This note outlines the distribution of the controlling functions in line with defined lines of defence following the COSO framework highlighted in the updated chapter 1 of the standing instructions. There are clear responsibilities and reporting lines identified in the service note which cover all of the essential functions. This arrangement of distributed responsibilities in the expertise between CSG, GS and IOO areas ensure maximum transparency and highest efficiency. The function of this new system will be reported to the Audit and Oversight Committee at its upcoming meeting describing the role of the different entities in ensuring comprehensive control system and processes and reviewed on a regular basis to ensure high-quality delivery.

IT GENERAL CONTROLS

169. Analysing the WMO IT environment, we defined the IT general controls (ITGC) perimeter of analysis. Therefore, we examined: the Oracle E-Business Suite application (WMO ERP system); the Active Directory (AD), which is required to connect with the Oracle E Business Suite application; the Oracle E-Business Suite application database and the related operation system. The Oracle E-Business Suite application, database and operation system are hosted as an “Application as a Service” by the United Nations International Computing Centre (hereafter UNICC), while the Active Directory (AD) service is outsourced by Microsoft Azure (cloud service provider); the services offered by both service provider are certified by ISAE3402 (report prepared in accordance with AICPA Statement on Standards for Attestation Engagements (SSAE) No. 18, AT-C 320).

Approach and methodology

170. Our fieldwork steps to assess the design and operating effectiveness of the Organization’s controls, as they address the Organization’s IT and business process risks, include the following:

- Independent walkthrough procedures to assess the design of the organization’s IT controls.

- Test performing, to assess the operating effectiveness of the organization's IT controls.
- Review and evaluation of the Service Organization Controls reports (SOC1 type II reports) issued by UNICC and Microsoft Azure in 2022 relevant to the audit.

171. The IT audit approach used is composed by those main activities:

- Identification of relevant IT systems by understanding their nature and underlying technology.
- Understanding and documenting the IT processes and risks for the IT relevant application (Oracle E Business Suite).
- Define IT Risk and execute an IT Risk Assessment.
- Execute IT General Control activities based on a specific Risk Assessment.
- Evaluate the Service Organization Control report relevant for 2022 audit.

172. In particular, the tests of ITGCs were designed and performed to address the potential risks within the IT processes: Manage Change, Manage Access and Manage Operation. For each process, we carried out the following analyses, identifying measures to improve them:

Manage Change

- New IT application programs or changes to existing programs, including reports, configurations and interfaces, do not function as described or requested because they are not adequately tested and approved by business or IT management,
- Programs in production are not secured permitting developers to move unauthorized or untested changes to the production environment,
- Configuration changes made by IT personnel are inappropriate or unauthorized.

Manage Access

- Users of the IT environment are not the intended users due to inadequate authentication and security settings,
- Users of the IT environment (IT and business) are not appropriate,
- Users of the IT environment (IT and business) are not authorized,
- The access of IT users of the IT environment creates segregation of duties concerns,
- Privileged IT access within the IT environment is not appropriately restricted and monitored,

Manage Operations

- Physical accesses to data are not properly authorized;
- Hardware or software issues result in loss of data or the ability to accurately process that data;
- Issues with programs that cannot process to completion are not addressed or are addressed inappropriately;
- Automatic job activities are not scheduled according to business requirements with potential data losses or corruption;
- Failure to systems or programs are not identified and resolved in a timely manner.

173. Moreover, since the Oracle E-Business Suite application, database and operation system are hosted as an “Application as a Service” by the United Nations International Computing Centre (hereafter UNICC), while the Active Directory (AD) service is outsourced by Microsoft Azure (cloud service provider), some of the potential risks listed above had been addressed by the SOC reports issued by UNICC and Microsoft Azure. Therefore, to understand the reports and the services described, the following activities were performed:

- a) Evaluating the SOC 1 Type 2 report:
 - i) “Independent Service Auditor’ Assurance Report on the Description of Controls, their Design and Operating Effectiveness for the period January 1, 2022 to December 31, 2022”, issued by Deloitte for the period from 1 January to 31 December 2022, that covers all risks at the infrastructure layer of the reference ERP in scope.
 - ii) “*Microsoft Corporation – Azure Including Dynamics 365*” and the bridge letter issued by Deloitte for the period from 1 January to 31 December 2022, that covers all risks for the Active Directory (AD) in scope.
- b) Evaluating the service auditor’s professional competence and independence from the service organization, to determine the sufficiency and appropriateness of the audit evidence provided by the report.
- c) Evaluating the descriptions of the tests of the controls are sufficient to understand the nature and extent of the procedures performed; and the specified tests adequate to provide sufficient and appropriate audit evidence that the control operated effectively during the period of reliance.
- d) Identifying and testing key controls in place at WMO that cover IT related *Complementary User Entity Controls* (CUEC’s).

174. Below, we have listed the mapping of the risks covered by ISAE 3402 and the specific reference to the document:

IT Process	Risk ID	Risk Description	Controls tested by the service auditor
Report ISAE3402 issued by UNICC			
Manage Change	MC-RISK_01	New IT application programs or changes to existing programs, including reports, configurations and interfaces, do not function as described or requested because they are not adequately tested and approved by business or IT management.	PM-03, CM-01, CM-02, CM-03, CM-04
	MC-RISK_02	Programs in production are not secured permitting developers to move unauthorized or untested changes into the production environment.	CM-03
	MC-RISK_03	Configuration changes made by IT personnel are inappropriate or unauthorized.	PM-03, CM-01, CM-02, CM-03, CM-04
Manage Access	MA_RISK_01	(Authentication): Users of the IT environment aren't the intended users due to inadequate authentication and security settings.	LA-03, LA-02, LA-02.01
	MA_RISK_02	(Access rights): Users of the IT environment (IT and business) are not authorized.	LA-01
	MA_RISK_03	(Access rights): Users of the IT environment (IT and business) are not appropriate.	LA-01, LA-05
	MA_RISK_04	(Access rights): The access of IT users of the IT environment creates segregation of duties concerns.	PM-03, CM-01, CM-02, CM-03, CM-04, LA-01
	MA_RISK_05	Privileged IT access within the IT environment is not appropriately restricted and monitored	LA-04, CM-04
Manage IT Operations	MO-RISK 01	Physical accesses to data are not properly authorized	P-01, P-01.1, P-02, P-03

IT Process	Risk ID	Risk Description	Controls tested by the service auditor
Report ISAE3402 issued by UNICC			
	MO-RISK 02	Hardware or software issues result in loss of data or the ability to accurately process that data	CO-04, CO-05
	MO-RISK 04	Issues with programs that cannot process to completion are not addressed or are addressed inappropriately.	CO-06
	MO-RISK 03	Automatic job activities are not scheduled according to business requirements with potential data losses or corruption	CO-04, CO-06
	MO-RISK 05	Failure to systems or programs are not identified and resolved in a timely manner	CO-01, CO-02, CO-06, CO-07

Conclusion

175. Through the combination of walkthroughs, operating effectiveness testing performed by the IT audit team and evaluation of Service Organization reports, we were able to assess the design and operating effectiveness of the Organization's IT controls, covering the full period from 1st January 2022 through 31st December 2022.

176. Below is the evaluation of IT Processes for the application in scope:

IT Process Design & Operating Evaluation			
IT Application (List)	Manage Change	Manage Access	Manage IT Operations
Oracle E Business Suite	Effective	Effective	Effective

177. We issued one recommendation, aimed to improve some procedures and processes currently in place. The details of the controls performed and the recommendations relating the IT Audit 2022, are shown in the table “**Appendix A – Evaluation of controls and recommendations**”.

Appendix A – Evaluation of controls and recommendations

<i>ID</i>	<i>Layer</i>	<i>Process</i>	<i>IT Controls Description</i>	<i>Testing Procedures</i>	<i>Evaluation</i>
1	Application Layer	Manage Change	MC-APP-MC1-S: Changes to application programs are adequately requested, documented and tested (e.g.: “User Acceptance Testing” or “System Test” for patching on the infrastructures) before being migrated into production.	It has been verified that the change is correctly documented through User or System tests prior the moving to production.	No Deviation Noted
2	Application Layer	Manage Change	MC-APP-MC2-S: Changes to application programs are approved by business or IT management before being migrated into production, eventually based on vendor-supplier release notes.	It has been verified that change's movement to production environment is formally approved by the business or ICT Management, prior the moving to production.	No Deviation Noted
3	Application Layer	Manage Change	MC-APP-MC3-S: Changes to the IT application/Patches are migrated into production by other than developers.	It has been verified that the people who develop, test and approve the changes into the production environment are different.	No Deviation Noted
4	Application Layer	Manage Change	MC-APP-MC4-S: Different and appropriate IT users are identified by the company among who can develop the changes and who can release the changes into production (limited and authorized)	It has been verified that the Segregation of Duties in the Manage Change process exists between the users who own the development key and the users that can move to changes into production.	No Deviation Noted
5	ALL Layer	Manage Change	XP1: Role definition in the Change Management process is set properly.	It has been observed that the Segregation of incompatible duties exist in accordance with the organization's policies, in terms of resources and structures within the organization about the steps of Request/Authorization, Development, Moving into Production Environment.	No Deviation Noted
6	Operating System Linux	Manage Change	MC-SO-MC1-S: Changes to application programs are adequately requested, documented and tested (i.e.: “User Acceptance Testing” or “System Test” for patching on the infrastructures) before being migrated into production.	The control is covered by ISAE3402 report issued by UNICC	No Deviation Noted*
7	Operating System	Manage Change	MC-SO-MC2-S: Changes to application programs are approved by business or IT	The control is covered by ISAE3402 report issued by UNICC	No Deviation Noted*

* The evaluation of the control is based on the understanding of the results listed in the ISAE3402 report

<i>ID</i>	<i>Layer</i>	<i>Process</i>	<i>IT Controls Description</i>	<i>Testing Procedures</i>	<i>Evaluation</i>
	Linux		management before being migrated into production, eventually based on vendor-supplier release notes.		
8	Operating System Linux	Manage Change	MC-SO-MC3-S: Changes to the IT application/Patches are migrated into production by other than developers.	The control is covered by ISAE3402 report issued by UNICC	No Deviation Noted*
9	Operating System Linux	Manage Change	MC-SO-MC5-S: The production environment is segregated from development/test environments.	The control is covered by ISAE3402 report issued by UNICC	No Deviation Noted*
10	Database Oracle 12	Manage Change	MC-DB-MC1-S: Changes to application programs are adequately requested, documented and tested (i.e: "User Acceptance Testing" or "System Test" for patching on the infrastructures) before being migrated into production.	The control is covered by ISAE3402 report issued by UNICC	No Deviation Noted*
11	Database Oracle 12	Manage Change	MC-DB-MC2-S: Changes to application programs are approved by business or IT management before being migrated into production, eventually based on vendor-supplier release notes.	The control is covered by ISAE3402 report issued by UNICC	No Deviation Noted*
12	Database Oracle 12	Manage Change	MC-DB-MC3-S: Changes to the IT application/Patches are migrated into production by other than developers.	The control is covered by ISAE3402 report issued by UNICC	No Deviation Noted*
13	Database Oracle 12	Manage Change	MC-DB-MC5-S: The production environment is segregated from development/test environments.	It has been observed the list of different environments for the applications in scope and verified that development/test environment is segregated from production.	No Deviation Noted
14	Application Layer	Manage Access	MA-APP-MA1-S: Password settings are appropriate for managing the authentication to systems and applications.	It has been verified that password settings are appropriately set-up according to the IT best practices.	No Deviation Noted
15	Application Layer	Manage Access	MA-APP-MA4-S: New or additional access rights are approved by an appropriate management person prior that the access is granted.	<ol style="list-style-type: none"> 1. It has been verified that request for the new user is appropriately documented. 2. It has been verified that the new user authorization is documented via formal message (mail, ticket etc.), checking the appropriateness of the profiling. 3. It has been verified that the new user is appropriately documented via formal message (mail, ticket etc). 	No Deviation Noted

ID	Layer	Process	IT Controls Description	Testing Procedures	Evaluation
				4. It has been observed that different individuals request, authorize and create user (Segregation of incompatible duties exists within the logical access environment)	
16	Application Layer	Manage Access	MA-APP-MA5-S: Access rights are verified periodically by appropriate management personnel (Business or IT).	It has been verified that the periodic process of users' validation is appropriately performed and the access is properly assigned.	Deviation Noted: <i>We observed the access right review has been extended to the Business accounts, but the process is still ongoing.</i>
Recommendation n. 18					
178. We recommend that WMO complete the access right review for all Business account of the Oracle E-Business Suite application in order to resolve issues with the employee-role assignment identified during the Authorization Matrices review activity.					
<u>Comment by Secretary-General:</u>					
Following a detailed review of both the designed business roles and their assignment to employees in the Oracle E-Business Suite, the business review of these assignments is nearly completed. This review and the subsequent update of the access rights will be completed by 30 June 2023					
17	Application Layer	Manage Access	MA-APP-MA6-S: Users that left the organization are disabled in a timely manner.	It has been verified that users that left the organization are timely disabled.	No Deviation Noted
18	Application Layer	Manage Access	MA-APP-MA7-S: Actions performed by Super User IDs are monitored and reviewed periodically	It has been verified that monitoring activities are in place for users profiled with critical business transaction.	No Deviation Noted
19	Application Layer	Manage Access	MA-APP-MA1-XR: Super users are limited and in line with the job responsibilities.	It has been verified the correctness of Super User Ids on the systems, also verified that the periodic process of users' validation is appropriately performed and the access is properly assigned for all layers.	No Deviation Noted
20	ALL Layer	Manage Access	MA2-XR: Role definition in the new user access rights process is set properly.	It has been verified that the Segregation of incompatible duties exist in accordance with the organization's policies, in terms of resources and structures within the organization about the steps of New User Request, Authorization and User Creation.	No Deviation Noted

<i>ID</i>	<i>Layer</i>	<i>Process</i>	<i>IT Controls Description</i>	<i>Testing Procedures</i>	<i>Evaluation</i>
21	Application Layer	Manage Access	MA3-XR: Changes to Role definition are properly approved by IT or business management.	It has been verified that changes to the Functional Matrices are approved by business management	No Deviation Noted
22	Operating System Linux	Manage Access	MA-SO-MA1-S: Password settings are appropriate for managing the authentication to systems and applications.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
23	Operating System Linux	Manage Access	MA-SO-MA2-S: Key security settings other than passwords are appropriate for the environment and the related level of risk.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
24	Operating System Linux	Manage Access	MA-SO-MA3-S: Default passwords for system IDs that affect key security settings have been changed or the related accounts have been disabled.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
25	Operating System Linux	Manage Access	MA-SO-MA4-S: New or additional access rights are approved by an appropriate management person prior that the access is granted.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
26	Operating System Linux	Manage Access	MA-SO-MA5-S: Access rights are verified periodically by appropriate management personnel (Business or IT).	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
27	Operating System Linux	Manage Access	MA-SO-MA6-S: Users that left the organization are disabled in a timely manner.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
28	Operating System Linux	Manage Access	MA-SO-MA1-XR: Super users are limited and in line with the job responsibilities.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
29	Database Oracle 12	Manage Access	MA-DB-MA1-S: Password settings are appropriate for managing the authentication to systems and applications.	It has been verified that password settings are appropriately set-up according to the IT best practices.	No Deviations Noted
30	Database Oracle 12	Manage Access	MA-DB-MA2-S: Key security settings other than passwords are appropriate for the environment and the related level of risk.	It has been verified that general systems security settings are appropriately configured according to the IT best practices for the related technology.	No Deviations Noted

<i>ID</i>	<i>Layer</i>	<i>Process</i>	<i>IT Controls Description</i>	<i>Testing Procedures</i>	<i>Evaluation</i>
31	Database Oracle 12	Manage Access	MA-DB-MA3-S: Default passwords for system IDs that affect key security settings have been changed or the related accounts have been disabled.	It has been verified that general systems security settings, related to default passwords, are appropriately configured according to the IT best practices for the related technology	No Deviations Noted
32	Database Oracle 12	Manage Access	MA-DB-MA4-S: New or additional access rights are approved by an appropriate management person prior that the access is granted.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
33	Database Oracle 12	Manage Access	MA-DB-MA5-S: Access rights are verified periodically by appropriate management personnel (Business or IT).	It has been verified that the periodic process of users' validation is appropriately performed and the access is properly assigned.	No Deviations Noted
34	Database Oracle 12	Manage Access	MA-DB-MA6-S: Users that left the organization are disabled in a timely manner.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
35	Database Oracle 12	Manage Access	MA-DB-MA7-S: Actions performed by Super User IDs are monitored and reviewed periodically	It has been verified that monitoring activities are in place for users profiled with critical business transaction.	No Deviations Noted
36	Database Oracle 12	Manage Access	MA-DB-MA1-XR: Super users are limited and in line with the job responsibilities.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
37	Network Layer	Manage Access	MA-LAN-MA1-S: Password settings are appropriate for managing the authentication to systems and applications	The control is covered by ISAE3402 report issued by Microsoft Azure	No Deviations Noted*
38	Network Layer	Manage Access	MA-LAN-MA2-S: Key security settings other than passwords are appropriate for the environment and the related level of risk.	The control is covered by ISAE3402 report issued by Microsoft Azure	No Deviations Noted*
39	Network Layer	Manage Access	MA- LAN -MA3-S: Default passwords for system IDs that affect key security settings have been changed or the related accounts have been disabled.	The control is covered by ISAE3402 report issued by Microsoft Azure	No Deviations Noted
40	Network Layer	Manage Access	MA- LAN-MA4-S: New or additional access rights are approved by an appropriate management person prior that the access is granted.	The control is covered by ISAE3402 report issued by Microsoft Azure	No Deviations Noted*
41	Network Layer	Manage Access	MA-LAN-MA6-S: Users that left the organization are disabled in a timely manner.	The control is covered by ISAE3402 report issued by Microsoft Azure	No Deviations Noted*

<i>ID</i>	<i>Layer</i>	<i>Process</i>	<i>IT Controls Description</i>	<i>Testing Procedures</i>	<i>Evaluation</i>
42	Network Layer	<i>Manage Access</i>	MA-LAN-MA1-XR: Super users are limited and in line with the job responsibilities.	The control is covered by ISAE3402 report issued by Microsoft Azure	No Deviations Noted*
43	ALL Layer	<i>Manage IT Operation</i>	MITO1-S: Tools and utilities guarantee that all the access to sensible area (i.e. Data Center) are logged.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
44	AL Layer	<i>Manage IT Operation</i>	MITO2-S: Only authorized personnel can access to sensible areas.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
45	AL Layer	<i>Manage IT Operation</i>	MITO4-S: Incident are logged, monitored and resolved in a timely manner.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
46	AL Layer	<i>Manage IT Operation</i>	MITO5-S: Changes to automatic job schedule are performed only by authorized users.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*
47	Database Oracle 12	<i>Manage IT Operation</i>	MO-DB-MITO3-S: Backups are performed periodically via backup software and monitored by the IT personnel to verify completion and successful resolution of any backup failures.	The control is covered by ISAE3402 report issued by UNICC	No Deviations Noted*

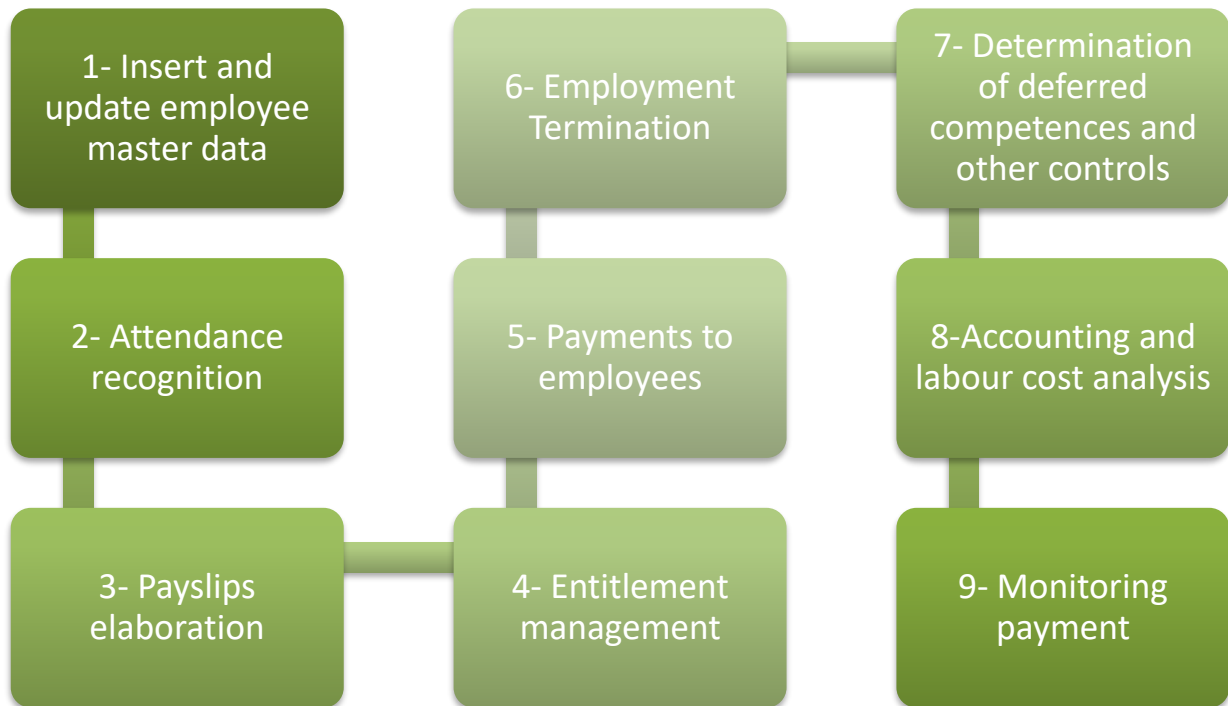
IT AUDIT ON PAYROLL PROCESS

179. The purpose of this audit was to ensure that the governance, control and risk management processes in the payroll operations of the company are appropriately designed and effectively functioning.
180. The audit focused on the period from 1 January to 31 December 2022, and it was aimed to identify any potential weaknesses or gaps in the payroll processes.

Approach and methodology

181. In order to identify any potential risks that may lead to errors, omissions, or noncompliance with regulations or internal policies potential, several audit procedures were carried out, below listed:
- The regulatory framework and other relevant guidance were reviewed to ensure that the payroll processes are compliant with WMO's policies and procedures.
 - Payslips and related allowances were tested to ensure that they were appropriately authorized, and that there were no unauthorized changes.
 - Reconciliations and other control activities were reviewed to evaluate their effectiveness on payroll process.
182. Therefore, the audit approach included a comprehensive review of the payroll processes, with a focus on risk exposure and risk management practices.
183. The audit team carried out checks to assess the design and effectiveness of control activities, identify potential risks, and provide recommendations for improvement.
184. The team also maintained open communication with management and other stakeholders throughout the audit and ensured that the audit was conducted in a professional and objective manner.

185. Below, we have listed the phase of the process related to the payroll:



Conclusion

186. Through the combination of walkthroughs and operating effectiveness testing performed, we were able to assess the design and operating effectiveness of organization control over payroll process, covering the full period from 1 January to 31 December 2022.

187. We issued six recommendations, aimed to improve some procedures and processes currently in place.

188. Without issuing a specific recommendation, we highlight that the organization might consider implementing an attendance tracking system of staff members attendance. This would help ensure that attendance records are accurate and reliable, to be used for purposes such as payroll processing, performance evaluation, and compliance with company policies and regulations.

189. The details of the controls performed and the recommendations relating the payroll process, are shown in the following tables:

- “**Appendix B – Evaluation of controls and recommendations**” for the payroll process controls.

- “***Appendix C – Evaluation of Key Reports***” for the IPE (Information Produced by the Entity), in order to verify the accuracy and completeness of reports used by the organization for the controls.

Appendix B – Evaluation of controls and recommendations

ID	Process Phase	Controls Description	Testing Procedures	Evaluation
0.	Policy and Procedure	Policy and procedures discipline the payroll process	Has been inspected the presence of policy and procedure regarding the payroll process	No deviation Noted
1.1	Insert and update employee master data	All employees are entered into the employee master file	Has been verified that all employees (regular, temporary) are insert into the system	No Deviation Noted
1.2		The system does not allow to insert an employee that already exists, with the risk of duplication	Has been verified that the system generates an alert or block in the attempt to insert an employee that already exists	Deviation Noted: The system generates an alert in case of user duplication (Last name) but does not prevent duplication of the employee in the HR master data
		Recommendation n. 19 190. We recommend implementing a block in the HR system to prevent the creation of duplicate users that already exist. This will help avoid potential errors and data inconsistencies in the system and ensure accurate and reliable payroll processing.		
		<u>Comment by Secretary-General:</u> Management accepts the recommendation. We will investigate the possibility and practicality of blocking a potential duplicate that is about to be created. If such control modification is not possible or impractical from the business process or available in the setup of the current version of the ERP system, this will be made a requirement for the implementation of the new ERP solution.		
1.3		The completeness of employee master data entry is ensured by the presence of mandatory fields	Has been verified that the system requires mandatory fields during the	Deviation Noted:

ID	Process Phase	Controls Description	Testing Procedures	Evaluation
			creation of a new user on the employee master data	Mandatory fields don't include either First name or Passport ID of the employee
		<p>Recommendation n. 20</p> <p>191. We recommend including in the HR system first name and passport ID as mandatory fields for employee records. This will help ensure that all necessary information is captured accurately and completely and will enable efficient and effective management of employee data.</p>		
		<p><u>Comment by Secretary-General:</u></p> <p>Management accepts the recommendation</p> <p>We will investigate the possibility and practicality of implementing additional mandatory fields, in addition to the ones already set in the current version of the ERP system, to the extent the business process can be adapted to manage the new mandatory fields. This will also be made a requirement for the implementation of the new ERP solution.</p>		
1.4		The completeness of employee master data entry is ensured by the presence of mandatory fields related to contract type	It has been verified that based on the type of contract (full-time, part-time and half-time) the system reports the hours worked and the associated salary scale.	No Deviation Noted
1.5		Allowances are correctly assigned to the employees	The correct assignment of allowances for a sample of employees was verified through the analysis of the letters of employment and related documents	No Deviation Noted
1.6		Changes to IBAN made to the employee master data are approved	It has been verified that automatic controls that allow only the insertion of a valid Iban are set on the system	No Deviation Noted

ID	Process Phase	Controls Description	Testing Procedures	Evaluation
1.7			Has been verified that changes to the IBAN number are authorized.	Deviation Noted: It was noted that the system allows the treasury employee to modify IBAN without an approval workflow
		Recommendation n. 21 192. We recommend implementing an approval workflow for any modifications to IBAN information by treasury employees in the payroll system. This will help ensure that changes are properly authorized and documented and will reduce the risk of unauthorized or erroneous modifications to employee banking information.		
		<u>Comment by Secretary-General:</u> Management accepts the recommendation We will investigate the possibility and practicality of implementing an approval workflow related to the modification of bank account information associated with a staff member. If such control modification is not possible or impractical in the current version of the ERP system set-up, this will be made a requirement for the implementation of the new ERP solution.		
2.1	Attendance recognition	All attendances are registered	Has been verified that all attendances are registered.	No Deviation Noted
2.2		Vacation, leave and sick leave are properly recorded and authorized	Has been verified that the vacation or sick leave are properly recorded and authorized.	No Deviation Noted
2.3		Overtime is properly recorded and authorized	Has been verified that the overtime is properly recorded and authorized.	No Deviation Noted
3.1	Payslips elaboration	All benefits programs (healthcare, pension, executive) promoted by	Has been verified that the benefits program is accounted correctly.	No Deviation Noted

ID	Process Phase	Controls Description	Testing Procedures	Evaluation
		the company are accounted for according to correct accounting principles		
3.2		The salary scales used for the processing of the payslip are correctly inserted and updated to the system	Has been verified for a sample that the salary scales used for the processing of the payslip are correctly inserted and updated to the system.	Deviation Noted: There is no automated double check related to the update of the salary scales to prevent manual error.
		Recommendation n. 22 193. <u>We recommend</u> implementing an automated double-check for updates to salary scales in the payroll system to prevent manual errors. This will help ensure the accuracy of salary scales and avoid the risk of errors in payslip elaboration.		
		<u>Comment by Secretary-General:</u> Management currently performs a manual control of a sample of position grades and steps to confirm that the revised salary scales have been included in the master data in an accurate manner. Such manual control will be continued for the foreseeable future. When the new ERP system is completed, the controls over salary scale update will again be reviewed.		
3.3		All the Personnel Actions are correctly updated	Has been verified for a sample that all the Personnel Actions are correctly updated.	No Deviation Noted
3.4		The exchange rate used for the processing of the payslip are correctly inserted and updated to the system	Has been verified that the process of exchange rate is correctly updated on the system.	Deviation noted: There is no double check related to the update of exchange rate to prevent manual error

ID	Process Phase	Controls Description	Testing Procedures	Evaluation
		Recommendation n. 23 194. <u>We recommend</u> implementing a double-check for updates to exchange rates in the payroll system to prevent manual errors. This will help ensure the accuracy of exchange rates and avoid the risk of errors that could affect financial reporting and decision making.		
		<u>Comment by Secretary-General:</u> Management accepts the recommendation. A control to double-check the input of the exchange rates in Oracle will be designed and implemented within the second quarter of 2023.		
3.5		Payslips are properly paid to employees depending on: a base (minimum) salary and post adjustment	Has been verified that the wages are properly paid to the employees.	No deviation Noted
4.	Severance pays and other pension plans management	Retirement plans is documented and tracked	Has been verified that the retirement plan is tracked.	No deviation Noted
5.1	Payments to employees	Payslips are properly paid to employees	Has been verified the process of approving payslip.	No deviation Noted
5.2			Has been identified the detail of the Oracle's profile that can authorize payment.	No deviation Noted
6.1	Employment Termination	The interruption of the employment relationship complies with the company provisions and current legislation	Has been verified that users that left the organization are timely disabled.	No deviation Noted
6.2		Severance indemnities are correctly adjusted in relation to regulatory and contractual provisions	Has been verified that the severance indemnities are correctly adjusted based on the contractual provisions.	No deviation Noted

ID	Process Phase	Controls Description	Testing Procedures	Evaluation
7.1	<i>Determination of deferred competences (severance pay, additional monthly payments, etc.) and other controls</i>	All severance indemnities are properly calculated and accounted for	Has been verified for a sample the evidence of reconciliation checks for any additional payments.	No deviation Noted
8.1	<i>Monitoring payment</i>	All payments made are authorized	Has been verified that the payment is authorized regarding the check of the treasury.	No deviation Noted
9.1	<i>Accounting and labor cost analysis</i>	Employee costs are correctly and appropriately accounted for in the general ledger	Has been verified that a control activity of the employee's costs reported in the financial statements was carried out by the Treasury.	No deviation Noted

Appendix C – Evaluation of Key Reports

<i>ID</i>	<i>Process Phase</i>	<i>IT Controls Description</i>	<i>Testing Procedures</i>	<i>Evaluation</i>
1.	<i>IPE (Information Produced by the Entity)</i>	IPE testing in order to verify the accuracy and completeness of reports used by the organization for the controls.	Has been verified the completeness and accuracy of the following report extracted from Oracle in order to compare it with the same reports extracted from the DB: - Costing Jan-Dec 2022.	No deviation Noted
2.			Has been verified the completeness and accuracy of the following report extracted from Oracle in order to compare it with the same report extracted from the DB: - Main GL account details.	No deviation Noted

FOLLOW-UP TO PREVIOUS RECOMMENDATIONS AND SUGGESTIONS

195. Our long form report ends with the follow-up tables that resume the status of implementation of the open recommendations issued in previous reports; not only our recommendations, but also the recommendations issued by our predecessors, both in the financial reports and in the special reports.
196. We asked the Director IOO for an update on the current status of implementation, and we received the answers he collected from relevant Management. We have analysed them and assessed the actual implementation.
197. The recommendations that were considered as “closed” will not appear in the follow-up table of our next reports.

ANNEX I – Follow-up to recommendations issued by the SFAO in the financial audit reports

N.	Recommendation made by the SFAO	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
2/2019 (FS) (2020/2)	SFAO recommends that WMO strictly apply the authorization processes for contracts with third parties and ensure that they are correctly implemented.	The recommendation is accepted. The contract referred to by the External Auditor was signed on 6 December 2018, and the payment was made in 2019. On 6 January 2019, the Secretary-General approved the new Chapter 12 of the Standing Instructions specifying the authorization process for contracts with third parties. Furthermore, in the context of the Secretariat reform, the Secretary-General will strengthen the control over the authorization process for agreements by making the Procurement Section responsible for the control and the approval of purchase orders related to agreements.	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) 1. Chapter 10 and Chapter 12 are being revised. The procedures for the approval of LoAs and related purchase orders have already been revised and implemented so that the Procurement Section clears the LoAs and approves the related purchase orders in order to strengthen the control over the authorization process for LoAs.</p> <p>Update as of March 2022:</p> <p>1) In progress</p> <p>2) The Procurement Section clears the agreements with external entities and approves the related purchase orders.</p> <p>In order to strengthen the control over the authorization process for agreements with third parties, the paragraph 10.3.2 of the Chapter 10 was revised to address this recommendation. Chapter 10 was given priority and was fully reviewed. Elios workflow is now in progress for Chapter 10. Chapter 12 will follow: The draft Chapter 12 is provided as evidence. To this effect, a memo is circulating in Elios to get the approval to proceed with these changes. (https://elios.wmo.int/share/page/workflow-details?workflowId=activiti\$15009389&referrer=workflows&myWorkflowsLinkBack=true)</p> <p>Update as of March 2023:</p> <p>1) Implemented</p> <p>2) The revised Chapter 10 Procurement and Contract Management of the Standing Instructions has been approved by the Secretary-General on 10 Nov. 2022. The revised Chapter 10 addresses the open audit recommendation. It will be published shortly after its editing and formatting.</p>	Closed
3/2019 (FS) (2020/3)	SFAO recommends that WMO actively carry out activities related to the second line of defence, in particular by: (i) Defining roles and responsibilities to avoid any incompatibility concerning front-line functions; (ii) Formalizing processes relating to business	The recommendation is accepted. The WMO Standing Instructions relating to the three lines of defence are currently being updated. The duties of the Controller's functions are being updated and approved by the Secretary-General (detached from operational budget responsibilities). Regular reporting by the	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) (i) Chapter 1 of the WMO Standing Instructions was revised to describe the three lines model using the latest guidelines of the Institute of Internal Auditors (IIA), particularly with respect to the framework components and the definition of first and second lines of defense. The Chapter is at an advanced stage of the approval process. (ii) Outline of Chapter 15 of the Standing Instructions on planning and monitoring developed and initial</p>	Ongoing

N.	Recommendation made by the SFAO	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
	<p>planning, reporting and follow-up measures; (iii) Establishing a direct and formalized system for reporting to executive management; and (iv) Regularly discussing the ICS at management meetings.</p>	<p>D/CSG, MERP unit and the Controller to the Board of Directors is planned in the context of business processes and follow-up measures. ICS matters will be a dedicated item at future Board of Directors regular meetings, and the Controller ad interim will be requested to implement follow-up actions based upon the decisions taken.</p>	<p>drafting started. (iii and iv) D/CSG and MERP report regularly to the Board of Directors on risk management. MERP developed two methodologies for rolling review of programmatic and business process performance as part of monitoring and reporting processes to the Executive Management. Reports on rolling reviews have been prepared and presented to the BoD (in line with the reporting responsibilities of the first and second line).</p> <p>Update as of March 2022:</p> <p>(i) 1) Implemented: 2) Chapter 1 of the WMO Standing Instructions was revised to describe the three lines model using the latest guidelines of the Institute of Internal Auditors (IIA), particularly with respect to the framework components and the definition of first and second lines of defense. The Chapter was approved on 20 November 2021.</p> <p>(ii) 1) In progress: 2) Outline of Chapter 15 of the Standing Instructions on planning and monitoring developed and initial drafting started.</p> <p>(iii and iv) 1) Implemented: 2) D/CSG and MERP report regularly to the Board of Directors (BoD) on risk management. MERP developed two methodologies for rolling review of programmatic and business process performance as part of monitoring and reporting processes to the Executive Management. Reports on rolling reviews have been prepared and presented to the BoD (in line with the reporting responsibilities of the first and second line).</p> <p>Update as of March 2023:</p> <p>1) In progress</p> <p>2) Implemented except ii) which is in progress: 90% of Chapter 17 of the Standing Instructions has been drafted to reflect existing and emerging planning and monitoring processes and mechanisms. DSG/ASG briefed and provided feedback which is currently being implemented in finalizing the chapter.</p>	
<p>6/2019 (FS) (2020/6)</p>	<p>SFAO recommends that WMO adapt the HR risk and control matrix. The matrix should integrate key controls, including those addressing significant financial risks, across all sub-processes. Evidence of the controls should be formally identified and described. The risk assessment should be adequate.</p>	<p>The recommendation is accepted. WMO will update the HR risk control matrix to address the comments made by the auditors. Specifically: (i) Risk evaluations will be calculated correctly; (ii) The segregation of duties between FIN and HRD will be clarified; (iii) Risk controls will be defined according to the process, rather than by repeating SI-mandated activities; (iv) Risks regarding (a)</p>	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) The updated risk and control matrix for HR was forwarded to the Corporate Risk Management Officer for her review and validation in September 2021.</p> <p>Update as of March 2022:</p>	<p>Closed</p> <p>We will monitor in our future audits</p>

N.	Recommendation made by the SFAO	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
		payments of salaries and benefits and entitlements and (b) the accuracy of staffing data will be added to the matrix.	<p>1) Implemented</p> <p>2) The HR risk control matrix was approved by D/GS on 28 January 2022.</p> <p>Update as of March 2023:</p> <p>1) Implemented.</p> <p>2) Risk and Control Matrix (RCM) finalized and approved by D/GS. Risk Matrix is being used on a need's basis. RCM is continuously used and adjusted as required. The effectiveness of RCM is monitored by yearly in line with annual work planning, reviewing the continued existence and weights of risks in collaboration with MERP."</p>	
4/2018 (FS) (2019/4)	SFAO recommends that WMO institutionalize a periodic review of Oracle E-Business Suite and Active Directory access rights, ensuring that all matrices are reviewed and approved in an identifiable manner by the business owners.	Recommendation accepted. The annual review of access rights has been added to the duties of the Chief Information Security Officer (CISO). The initial review is currently in the consultation process, which involves business owners.	<p>Update as of October 2021:</p> <p>1) Partly implemented</p> <p>2) The authorization matrices for 2019 were reviewed and approved by ASG in September 2019. The review by the WMO Information System Branch and the Controller was completed and the outcome of the review was submitted to GS on 30 November 2020 for its review.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p> <p>Update as of March 2023:</p> <p>1) Implemented</p> <p>2) The current periodic review of the Authorization Matrices has been completed, and the revised authorization matrices has been approved by ASG on 15 November 2022. The authorization matrices are being implemented in the Oracle production environment.</p>	Closed

Annex II – Follow-up to recommendations issued by the SFAO in the other reports

N.	Recommendation made by the SFAO	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
Rec 1 INMET (INMET/1)	<p>The SFAO recommends that WMO assume its responsibility for the project in accordance with the agreement. It should fulfil its responsibility consistently so that the strategic objectives are achieved.</p>	<p>The recommendation is accepted. This situation was rectified after the approval of the second extension of the agreement (May 2018). The work plan was jointly approved by WMO [Annex II, signed on May 18, 2018 by the Secretary-General] and INMET (available) and also the corresponding Project Work plan and Budget Implementation Plan (also available). The two main activities planned for 2019 were (1) purchase of HPC equipment to expand the power of the INMET supercomputer; and (2) continuation of the consulting and training activities, in relation to the established work plan. Continuation of the consulting and training activities was responsibility of INMET with WMO responsible for contracting administrative aspect of consulting services on request. For the HPC a tendering process in 2019 resulted in contracts signed with Vendor in late 2019. Reception of goods and customs clearance is the responsibility of INMET. Delivery was scheduled for 1st quarter 2020 – this has been on hold due to COVID-19.</p>	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) Following the extension of the agreement, the project is in the closing phase with final reporting ongoing. The project is due to close in October 2021.</p> <p>Update as of March 2022:</p> <p>1) In progress</p> <p>2) Final delivery of the receipt of PDUs that represent the final obligations under the contract to be made in mid 2022 for it to be operationally closed.</p> <p>Completed a comprehensive internal review of the project to identify key procedural and compliance challenges. Specific recommendations have been formulated for the consideration of the PMB to decide on key actions to reduce such occurrences.</p> <p>Reasons for the delayed implementation: There were delayed responses from the supplier in 2021, late involvement of Procurement, intervention by Procurement led to supplier re-ordering PDUs; delivery of PDUs in progress.</p> <p>Update as of March 2023:</p> <p>1) In progress</p> <p>2) Formal closure letter signed by WMO ASG and inclusive of approved final report, final financial statement and revised workplan shared with Brazil Permanent Representative</p>	<p>Ongoing</p>

ANNEX III – Follow-up to recommendations issued by the Corte dei conti in the financial audit reports

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
1/2021 (FS) (2022/1)	We acknowledge that a process related to a global verification of all assets is in progress; however, in order to increase the accuracy of the register, also for enhancing the effectiveness of WMO asset management, we recommend that all items should be properly labelled and recorded in the fixed asset register, including information like the location, the assignment, etc.	Management accepts the recommendation. The process of performing the global verification is currently in process and the above recommendation will be addressed as part of the completion of this process.	Update as of March 2023: 1) Implemented 2) Global Physical inventory performed. All assets have been reported in the inventory. Only residual assets (such as some rugs or sculptures) remain unlabelled due to their category or material, even though they are reported in the asset registry. Evidence in the shared folder.	Ongoing
2/2021 (FS) (2022/2)	In relation to the current inventory, having observed that the company's verification results are manually reconciled with WMO's registry, we recommend the implementation of an automatic reconciliation, for instance with an automated tool.	Management accepts the recommendation. The results of the current stocktaking will be reconciled in an automated manner.	Update as of March 2023: 1) Implemented 2) Assets were reconciled automatically via scripts delivered by ICT. The reconciliation was successful. Scripts will be kept to be used for the next reconciliation by the next physical inventory.	Closed We will monitor in future audits its implementation
3/2021 (FS) (2022/3)	We recommend developing a comprehensive internal procedure, concerning assets' inventory and management, to be standardised through the implementation of internal documents (like a manual) clearly detailing all steps necessary for an effective inventory; we also recommend that this standardised procedure should be regularly distributed and communicated to involved responsible people.	Management accepts the recommendation.	Update as of March 2023: 1) Implemented 2) Guidelines for internal use have been drafted by external consultants (Avasant). New Chapter 8 includes a more detailed asset management section, including asset inventory. The Chapter is now in approval status and should be published shortly. (evidence 2022-3)	Closed We will monitor in future audits the application of the Guidelines
4/2021 (FS) (2022/4)	In line with Recommendation n. 3, we also recommend that Management, once the detailed procedure on assets' management is developed, assess the cost-benefits of continuing with the outsourcing of this service; overall, a timely implementation of a well-detailed procedure and process through internal resources, may lead to savings and, at the same time, may enhance accuracy, lowering the risks of mistakes.	Management accepts the recommendation. Management will perform a cost-benefit analysis of the overall contract with the outsourced service provider in line with the contract renewal process.	Update as of March 2023: 1) Implemented 2) ISS costs and Internal costs have been calculated. Staff costs are almost identical to ISS costs, but we need to factor in the time and effort to conduct such a short temporary staffing need. The contractor option makes the most sense from a cost-benefit analysis. (evidence 2022-4)	Closed

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
5/2021 (FS) (2022/5)	<p>We consider that several elements of the Leasehold Agreement are heavily limiting the freedom of WMO of selling the building, such as:</p> <ul style="list-style-type: none"> (i) the Ground Lease expiring in 2048 (possible renewal till 2068); (ii) the waiver of “rente foncière” (art. 6 and 7); (iii) the limitation for selling (art. 8, 9), adding that according to art. 10 WMO is limited also in its right of locating part of the building to third parties; (iv) more important, all other conditions envisaged at art. 14. <p>Therefore, we recommend that Management start a process (a) to periodically assess if there has been any substantive reduction in the “market value”, as calculated by the independent expert in the valuation report, that may result in an impairment related to the FIPOI and État de Genève conditions, as per IPSAS 17 and (b) to disclose not only the existence of restrictions but also the potential financial impacts that could be derived from all the conditions in the leasehold Agreement.</p>	<p>We will review the valuation report and make the assessment as recommended. The restrictions and financial impacts will also be assessed. We note that the Leasehold Agreement was already audited extensively during the previous financial period by the Swiss External Auditors. No observations were made at the time.</p>	<p>Update as of March 2023:</p> <ul style="list-style-type: none"> 1) Implemented 2) 2022-05 CERN droits; 2022-05 ITU droits. <p>Memo on accounting issues for the Building</p>	<p>Ongoing</p>

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
6/2021 (FS) (2022/6)	<p>Considering that, in substance, Member States have completely financed the WMO Headquarters Building through the Regular Budget and these resources have not been duly allocated to core scientific activities, and also considering that the clauses in the Leasehold Agreement signed on 15 December 2015 (like Article 14, point 1 and 2) are limiting WMO Headquarters' market value, not only through a series of costs and refunds that will be charged but also through the passage of the building's ownership to FIPOI at the end of ground lease (2048 or 2068), we recommend that Management: (i) start as soon as possible a full renegotiation with FIPOI and État de Genève of all clauses, in order that the Member States' financing will be fully recognised at the end of the ground lease without negative implications on its value; (ii) in case of refusal of renegotiating, take as soon as possible all possible actions to invite Member States to submit proposals, for more favourable Host State Agreements, that could guarantee that Member States contributions could be dedicated to scientific core activities instead of financing a Building.</p>	<p>The organization initiates discussions with FIPOI with a view to addressing the concerns raised by the auditors. The results of these discussions will be brought to the Executive Council for further consideration.</p>	<p>Update as of March 2023:</p> <p>1) In progress</p> <p>2) First contact with Swiss Mission has been established. Determining the conditions that the counterpart is ready to negotiate and prepare the conditions that WMO will be asking for.</p>	<p>Ongoing</p>

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
7/2021 (FS) (2022/7)	Management recorded in the Financial Statements in-kind contributions linked to the FIPOI loan, which are expensed at the same time as they are recognized as revenue. Art 14 of the Leasehold Agreement, signed on 15 December 2015, point 2, stated that this interest generated by the FIPOI loan should be deducted from the "indemnity" that FIPOI will ultimately pay to WMO at the end of the agreement. We therefore recommend assessing, in line with previous recommendations, whether this amount should continue to be accounted as in-kind contribution and related expenditures in future financial statements.	We agree to make the necessary assessment and reflect these in the future financial statements.	Update as of March 2023: "1) Implemented 2) Memo on accounting issues for the Building (evidence provided in the shared folder)"	Closed
8/2021 (FS) (2022/8)	We recommend that Management accurately investigate what could be the risks and the possible impact for the WMO financial resources (potential loss) for remedial actions to contaminations, as indicated on the Geneva land register, reporting to stakeholders if further costs are due to the État de Genève.	The requested investigation will be carried out and any potential liability resulting therefrom will be reported to the Executive Council.	Update as of March 2023: 1) Implemented 2) Memo on accounting issues for the Building (evidence provided in the shared folder)	Ongoing
9/2021 (FS) (2022/9)	Considering that the costs were disclosed by the actuary of the Organization in its report referred to financial year ending 31.12.2021, our recommendation 9/2020 can be considered as "closed". However, we observed that the information contained in the aforementioned actuarial report were not sufficient for a transparent and direct reconciliation; therefore, we recommend that administrative costs be separated from other unit costs and that they be accompanied by supporting documentation and other information suitable for verifying their correctness and adequacy.	Management accepts the recommendation and will coordinate with its actuarial service provider regarding disclosure of administrative costs.	Update as of March 2023: 1) Implemented 2) Actuarial Report and Medical Claims analysis supporting change in methodology Memo on change in medical claims analysis already provided to external auditors	Closed

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
10/2021 (FS) (2022/10)	In line with our Recommendation 13/2021 (13/2020(FS) as per External Auditor), and in order to (i) increase transparency of information to stakeholders, (ii) constantly monitor if the objectives of the Reform will be achieved effectively and (iii) assess if the Strategic Plan's objectives will be constantly updated in order to pursue the Reform's objectives, we recommend that a disclosure (for instance, in the notes of the Financial Statements or in ad-hoc prepared documents) on HR main data (Staff and consultants) be timely provided to Member States and Oversight Bodies, showing the impact of the Reform on expenditures, matching them with information and objectives detailed in the Strategic Plan.	WMO recommends marking this recommendation as already implemented. The information is made available to members in the budget documents as well as HR reports.	Update as of March 2023: 1) Implemented 2) HR Strategy containing the HR main data is published as EC-75-INF06.4(2)	Closed We will follow-up the issue in our future audits.
11/2021 (FS) (2022/11)	We recommend that Management follow up timely the trend of the consultancy costs, in order to assess if their increase could jeopardise the expected impact of the Reform as a compensation for the reduction of staff, especially in case consultants are employed in supporting administration services instead of scientific services. In line with Service Order 15/21, we also recommend that an independent monitoring unit be created (or the task be assigned to an existing structure), able (i) to assess timely the quality of the performance delivered by consultants (ex-post) and/or (ii) to perform an ex-ante assessment of the necessity of hiring consultants to be dedicated to administrative tasks.	The performance of consultants is recorded and documented. A completed performance report documenting satisfactory performance is a requirement before a final payment is made. The delegation to approve the hiring of consultants is delegated to Department Directors who confirm that there is a technical necessity to hire a consultant. Department Directors also oversee the selection process. WMO agrees on the importance to monitor and control the appropriate use of consultants. To this end WMO will initiate a special audit to assess whether the delegated authority is exercised appropriately. IOO and/or MERP will be charged to carry out such an assessment. For future consultant recruitments, the monitoring of the overall compliance will be carried out by the Legal Office to ensure that contracts signed are in line with policies and procedures. The details of the modality of this monitoring process are to be determined.	Update as of March 2023: 1) In progress 2) internal investigation is at present conducted by IOO as part of their 2023 workplan.	Ongoing

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
12/2021 (FS) (2022/12)	We recommend that the strategic planning of human resources, with regard also to what highlighted in Recommendation n.11, be strengthened through the contribution of the management sectors (IT, Financial etc ..), each for their own competence, in order to design a sustainable strategy of the challenges, for example considering (i) the growing needs in the different regions, (ii) the financial impact of the necessary recruitments to cope with the aging of the staff, (iii) the need to enhance the existing technical skills, (iv) the introduction of measures to strengthen gender equality in professional levels and (v) the improvement of training activities.	WMO agrees that a Financial Strategy is needed that takes into account the above areas. Such a strategy will be issued shortly. WMO will furthermore initiate the work on an IT Strategy once the new Chief of IT is on board.	Update as of March 2023: 1) Implemented 2) The approved HR Strategy already covers these recommendations	Closed We will follow-up the issue in our future audits.
13/2021 (FS) (2022/13)	We recommend that (i) the sustainability of staff spending be actively monitored, also through adequate controls on the management of periods of work and abstention for holidays near the end of the service, and that (ii) the rules, regulating leaves that can be accumulated by staff before leaving, be strengthened and implemented, for example, asking the staff to provide a recovery plan, in the last year of service, of all past holidays, limiting the payment only to exceptional cases of non-use for service reasons.	WMO agrees that it is important to encourage staff to take their annual leave and not accumulate big balances. To this end, WMO has reduced the pay-out for such days to 30. We believe that no additional measures need to be taken in this regard.	Update as of March 2023: 1) Implemented 2) The Service Note on maximum commutation of annual leave, specifying that the commutation option is limited to 30 days was issued in the spirit of reducing liabilities for the organization while at the same time safeguarding staff members' health and well-being by encouraging the timely taking of annual leave.	Closed

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
14/2021 (FS) (2022/14)	<p>"In order to protect the Organization from the risk of a financial loss, before a staff ends its service, we recommend adopting all regulatory measures (e.g., rules' amendments or ex ante authorization) that can harmonize rules and deriving accounting procedures.</p> <p>We also recommend, considering that the transition to a new ERP is ongoing, that the new product be able to cover all administrative exigencies."</p>	<p>WMO is implementing a common practice by reducing the last salary to 80% and paying the remainder upon completion of all separation procedures. WMO agrees to formalize this practice by issuing a Service Note laying out the details of the process.</p>	<p>Update as of March 2023:</p> <p>1) Implemented</p> <p>2) Staff rules already formalize the approach:</p> <p>4.6.20 One month prior to the Staff Member's planned date of separation, HR will initiate the circulation of Form WMO.PER.62. The Staff Member is required to complete all sections requiring their input and liaise with each responsible office indicated on the Form in order to obtain their clearance. The Staff Member should ensure that all clearances have been obtained prior to separation.</p> <p>4.6.21 The amount of any outstanding advances due to the Organization will be withheld from the Staff Member's final salary. In addition, a further 20% of the Staff Member's final salary will be withheld pending receipt by HR of a fully certified Form WMO.PER.62. All other payments relating to separation, such as commutation of the Staff Member's leave balance, repatriation grant, etc. will only be paid once all outstanding advances have been settled and all property belonging to the Organization has been returned.</p>	Ongoing
15/2021 (FS) (2022/15)	<p>To enhance the effectiveness of internal controls over procurement, we recommend that Procurement Manual be amended, envisaging that the Procurement and Contract Management Section should be tasked with supervising and carrying out regular checks in respect of the low-value procurement threshold foreseen by the procurement manual at point 10.4 (CHF 4,000).</p>	<p>The supervising and carrying out of regular checks in respect to low-value procurement threshold is delegated to the Directors of the Departments in line with the delegated authority to these Directors. Therefore, there is no involvement of the Procurement and Contract Management Section in this area.</p>	<p>Update as of March 2023:</p> <p>1) Implemented</p> <p>2) The Chapter 10 of the Standing Instructions has been revised and issued on 15 Nov 2022 in line with the recommendation. Paragraph 10.4.6 of the Chapter 10 stipulates that the Procurement and Contract management Section monitors the use of the low-value procurement (LVP) on monthly through the ERP System and submits the report to all the authorized officials. LVP report will be submitted to D/GS and D/LCA on a quarterly basis. The vendors identified as exceeding the LVP threshold will be temporarily deactivated in the ERP during the relevant year.</p>	Closed

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
16/2021 (FS) (2022/16)	In order to prevent risks that Procurement procedures will be eluded by splitting expenses that, whether aggregated, would have bypassed the threshold foreseen by Procurement Manual at point 10.4 (CHF 4,000) we recommend that Procurement Section ensure there are sufficient controls in place to identify when such split may have occurred in order to implement mitigating actions.	WMO is developing and implementing a new ERP system. These controls are included into the business case of the new ERP system.	Update as of March 2023: 1) Implemented 2) As per new Chapter 10 - LVP is only available to authorized offices who are fully trained. Training is mandatory and states clearly the controls and limitations of LVP. Ultimate responsibility relies in Directors. This will be amended as necessary once the new ERP is in place	Ongoing
17/2021 (FS) (2022/17)	"We recommend that: 1) a declaration of neutrality and no conflict-of-interest should be foreseen and signed by the Requesting Department when requesting amendments to existing contracts that imply a financial increase of the contract already awarded; 2) when approving this kind of extensions of contracts in duration and in increase of financial amount, the Procurement Department or the Requesting Department should try to renegotiate the prices with the selected suppliers or perform a cost/benefit analysis to verify if lower prices or better offers are present in the market; 3) a declaration of neutrality and no conflict-of-interest should be foreseen and signed by the Requesting Department in case of contracts awarded according to the exceptions to the use of formal method of solicitation (FRR 113.15)."	Agree with the recommendations. As to recommendation number 3, para 2: The WMO selection process aims to obtain Best Value for Money based upon a complete evaluation of the technical and financial offers. This is not necessarily the cheapest bid (lowest price).	Update as of March 2023: 1) Implemented 2) New Chapter 10 includes this clause in para. 10.19.2/10.19.3/10.19.4	Closed

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
18/2021 (FS) (2022/18)	Considering that: (i) the internal resources of the Internal Oversight Office are insufficient even for covering all activities programmed in the annual work plan; (ii) there is no internal capacity in the IOO staff, to cover evaluation function; (iii) IOO is intitled of the evaluation function, according to the IOO charter; therefore, we recommend that Secretary-General examine the possibility of adding to the IOO staff a permanent officer with evaluation capacity and also audit skills (providing the needed resources), in order to insure that (i) major risk areas be fully covered in the three-year period and (ii) evaluation activity can be carried out with internal or external resources when considered appropriate.	The possibility of adding a position of evaluator in IOO will be considered within the overall context of resources, evaluation needs, risks profiles etc. in WMO.	Update as of March 2023: 1) Implemented 2) The WMO evaluation policy was issued in January 2023 and published on the public WMO website. The policy covers the allocation of responsibility for different types of evaluation activities and describes, inter alia, the scope, definition, monitoring principles and types of evaluation. The policy is available here: https://ane4bf-datap1.s3-eu-west-1.amazonaws.com/wmocms/s3fs-public/ckeditor/files/WMO_Evaluation_Policy_Jan_2023_-_Approved_0.pdf?NPVFjfM06slAsl.3I_N1S2NqiQ6gduzT	Closed
19/2021 (FS) (2022/19)	We recommend that an annual training programme should be established, aligned to the annual work plan, in order to assess the adequateness of the professional skills required for its implementation.	IOO provides training to its staff to fulfil CPE hours and to maintain/upgrade their skill sets. Such training is provided in cooperation with other UN organizations, professional networks etc. This will be formalized and documented.	Update as of March 2023: 1) Implemented. 2) The trainings provided to IOO staff and Training Plan is documented and submitted to the AOC. AOC-39 Doc. 4.1 contains details of the trainings provided and AOC-39 Doc. 4.2 contains the details of the training planned. 3) Revised Charter Para 30 - 5th bullet .. and establish an annual training programme aligned to the annual plan of work, in order to assess the adequateness of the professional skills required for its implementation;	Closed
20/2021 (FS) (2022/20)	We recommend that Director IOO should carry out a regular full self-assessment (at least every two years) of compliance with all IIA standards and with the three lines model, in order to support regular improvement of the IOO, determining all actions required.	The recommendation is accepted. Similar recommendation was also made by external QAR. Regular complete self-assessment will be carried out every two years and results reported to the AOC. Next such self-assessment will be done in 2024/25.	Update as of March 2023: 1) Implemented 2) Revised Charter Para 30 - 7th bullet ... D/IOO should carry out a regular assessment of compliance with the IIA Standards at least every two years.	Closed

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
21/2021 (FS) (2022/21)	We recommend that Director IOO should also carry out a regular assessment of the Office of the Controller, to check if resources, both financial and human, are adequate to fulfil its tasks.	The Office of the Controller was established recently, and its functions and mandate are evolving. Since then, the context in which it was established has also evolved. IOO will try to include an engagement in the POW 2022 to review the functioning of Controllers office.	Update as of March 2023: 1) In progress 2) The incumbent of the Controllers' position retired in December. Review will be considered once new arrangements are in place.	Ongoing
22/2021 (FS) (2022/22)	We recommend that the IOO charter be revised, stating that Internal Oversight Office cannot be asked for consulting services, unless, if needed for a matter of urgency. In this case, objectives for this type of consulting service should be well defined, specifying ex-ante the measures to safeguard the IOO independence.	The observations with respect to the "management evaluation" carried out by IOO was made by JIU in its "Management and Administration Review" and a "soft" recommendation was made. Thereafter IOO recused itself from the said tasks and the WMO entered into an agreement with UNICEF for this task. In future, consulting services will be undertaken only if there is no risk to independence. Necessary provisions will be made in the next revision of the IOO charter.	Update as of March 2023: 1) Implemented 2) IOO Charter Revised Charter Para 30 - 8th bullet ... Management will request for such services only in for a matter of urgency and objectives of the engagement should be clearly defined including measures to safeguard IOO's independence.	Closed
23/2021 (FS) (2022/23)	In line with the opinion expressed by the JIU, we recommend that the IOO charter be amended, providing for a non-renewable tenure of five to seven years for the post of Director IOO, with the impossibility to be employed within the WMO after the end of the mandate.	The recommendation will be considered. The implementation modality will require consideration of overall Human Resources Strategy of WMO, and other regulatory provisions.	Update as of March 2023: 1) In progress 2) Reference to EC-76 where the proposal for tenure limit is submitted.	Ongoing
24/2021 (FS) (2022/24)	We recommend amending the IOO charter, stating that a risk-based plan of work shall be presented by the Director IOO, discussed and approved by the Audit and Oversight Committee, and that adequate resources should be provided by the Secretary-General in accordance with the approved plan.	The risk based annual plan of work is reviewed by the AOC as per its terms of reference. The external QAR has also recommended that plan of work be approved by the AOC. It will be considered by AOC and appropriate changes made to the IOO charter as required.	Update as of March 2023: 1) Implemented 2) IOO Charter Revised Charter Para 30 - 2nd bullet ... IOO's risk-based plan of work will be discussed and approved by the Audit and Oversight Committee.	Closed

N.	Recommendation made by the Corte dei conti	Comments received from Secretary-General at the date of the audit report	Status as reported by WMO Management	Status as assessed by the Italian Corte dei conti
2022/ITGC1	We recommend that WMO execute the access right review, at least annually, for all existing accounts of the Oracle E-Business Suite application, not only for privileged accounts.	Accepted. Privileged and IT accounts are already reviewed by IT management on a quarterly basis. Business accounts should be reviewed by business as part of the Authorization Matrix review performed by the Controller, see recommendation (2022/IT2).	Update as of March 2023: 1) Implemented 2) The Authorization Matrices specifying the access rights have been reviewed by the Section Chiefs concerned, D/GS, D/LCA, D/LCC and the Controller has been completed, and the revised authorization matrices has been approved by ASG on 15 November 2022. The authorization matrices are being implemented in the Oracle production environment.	Closed Superseded by Recommendation n. 18 in this report
2022/ITGC2	In accordance with SFAO recommendation 4/2018 (FS) (2019/4), we recommend that WMO speed up the process of periodic review (at least annually) of Oracle E-Business Suite functional matrices in an identifiable manner by the business owners.	Accepted. Business accounts (functional) should be reviewed by business as part of the Authorization Matrix review performed by the Controller. This recommendation seems to overlap partially with Recommendation (2022/IT1).	Update as of March 2023: 1) Implemented 2) The current periodic review of the Authorization Matrices has been completed, and the revised authorization matrices has been approved by ASG on 15 November 2022. The authorization matrices are being implemented in the Oracle production environment.	Closed
2022/ITGC3	"We recommend that WMO strengthen the security of the password settings in the Oracle E-Business Suite database, setting up the following parameters in accordance with the best practices: 1.PASSWORD_LIFE_TIME (BP: 90 days or less) 2.FAILED LOGIN ATTEMPTS (BP: between 3 and 5) 3.PASSWORD LOCK TIME (BP: at least 5 days) IDLE_TIME (BP: 60 days or less)"	Accepted. Password setting regarding complexity has been strengthened. The current information security plan for 2022 includes the review and implementation of the recommended parameters as follows: a) UNICC will set a profile to implement the four parameters recommended for all accounts, with the exception of the service ones. b) Implementing these parameters for service accounts might be risky (e.g. locking the account could result in ERP outages). UNICC will create a specific profile to set those parameters if there is no, or low, risk and the CISO will update the control procedure to ensure that these passwords are reset and kept in a vault in a regular basis.	Update as of March 2023: 1) Implemented 2) DEFAULT and WMO_PROFILE profiles updated as per auditor recommendations. These profiles includes a total of 232 accounts out of 244 and DEFAULT profile will be used automatically for new accounts. The rest of the accounts (12) were applied a different profile as there is a risk of denial of service if the account get expired or locked. The password settings of these 12 accounts is reviewed on a quarterly basis	Closed

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2022/ITGC4	We recommend removing or blocking all the 24 defaults accounts with default password in the Oracle E-Business Suite database.	Accepted. As per UNICC, 22 of these accounts are for applications that were not implemented/used by WMO ERP, with no login activity as per CISO. These accounts might not be removable, as they are standard, but could be blocked if there were no risk. Regarding the two remaining accounts, these are read-only service accounts; UNICC will assess if these accounts can be blocked and, if not, will change the passwords on a periodic basis, as per Recommendation (2022/IT3).	Update as of March 2023: 1) Implemented 2) 4 accounts, which are no longer used as modules were decommissioned recently, have been blocked. For the remaining 20 accounts, default passwords have been changed after confirming that these accounts are required by the system, despite 19 accounts did not have login activity. Passwords parameters implemented as per recommendation T3 have been assigned to these accounts.	Closed
2022/ITGC5	We recommend that WMO strengthen the security of the password settings in Active Directory, setting up the following parameters in accordance with the best practices: 1.Minimum password age (BP: 1 or higher) 2.Reset account lockout counter after (BP: 60 min) 3.Account lockout duration (BP: 0 zero) Idle Session Time Out (BP: 15 min)	Accepted.	Update as of March 2023: 1) Implemented 2) New Identity and Access Management solution (AAD) with modern and secure authentication including MFA implemented (On prem AD was decommissioned and fully moved to Azure Active Directory)	Closed
2022/ITGC6	"We recommend strengthening the security of the hardening settings in Active Directory, setting up the following parameter in accordance with the best practices: Audit Policy Change (BP: Success and Failure)"	Accepted	Update as of March 2023: 1) Implemented 2) New Identity and Access Management solution (AAD) with modern and secure authentication including default logs and extended retention period implemented (On prem AD was decommissioned and fully moved to Azure Active Directory)	Closed
3/2020 (FS) (2021/3)	In the consideration that, at international level, dual signatures strengthen internal controls more than the single one, we therefore recommend to clearly state in the internal instructions the requirement of a dual signature, in particular with reference to Field Offices; such instructions should be duly communicated to them, detailing in a manual.	WMO accepts the recommendation and has, in the past, investigated implementation of dual signatures on regional office bank accounts and has identified two major constraints – lack of sufficient staff in field offices and constraints placed by the bank limiting signatories to staff located in country. WMO will refresh the investigation of whether dual signatory on	Update as of October 2021: 1) In progress 2) GS requested Region Offices, through D/MS, to provide information regarding necessity of keeping local bank accounts at locations and/or the possibility of dual signatories on 22 June 2021. Responses from MS are awaited.	Ongoing

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	<p>Moreover, when the presence of WMO staff (D or P) is limited in a field office, in order to increase the effectiveness of Internal Controls in this area of treasury, the effect of the dual signature at the bank, as an important control step, might be realized, for instance, if one of the signers were a component of the HQs' staff (directly or indirectly involved in all operations). In circumstances where dual signature on the bank account cannot be feasibly implemented due to limited WMO staff presence and restrictions on non-local personnel with signatory authority, mitigating controls should be introduced, related to monitoring, level of balance held in bank accounts and other measures. Such mitigating controls should be formalized, including the reasons why dual signature is not feasible, through approved instructions signed by the Regional Office staff and HQs staff.</p>	<p>regional office bank accounts is feasible and, if not, will document both the reasons therefore and the mitigating control measures put in place to reduce the related risks to an acceptable level.</p>	<p>Update as of March 2022:</p> <p>1) In progress</p> <p>2) Significant movement has occurred to close bank accounts or to add second signatories. The four bank accounts are as follows:</p> <ul style="list-style-type: none"> - ANZ Samoa - bank account in process of closure - Costa Rica - bank account in process of closure once local Director obtains legal representation status - SC Kenya - Bank accounts are dual signatory already and we are in communication with Kenya office to confirm appropriate set-ups on all accounts (Geneva staff already have signatory authority) - SC Nigeria - In process with SC Nigeria to add additional signatories (both in Nigeria and in Switzerland). <p>Reasons for the delayed implementation: ANZ and Costa Rica are still in process. ANZ Bank is working through the process. Costa Rica needs the Director of the Regional Office to first be accredited, which has been delayed due to COVID closures of the local embassy/consulates SC Kenya is already dual signature SC Nigeria - in process of adding Geneva based staff (forms completed and with SC Nigeria)</p> <p>Update as of March 2023:</p> <p>1) Implemented</p> <p>2) ANZ Samoa - bank account closed; Costa Rica - bank account closed given that local Director obtained legal representation status; SC Kenya - Bank accounts are dual signatory already and appropriate set-ups on all accounts were confirmed (Geneva staff already have signatory authority); SC Nigeria - additional signatories added both in Nigeria and in Switzerland.</p>	

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4/2020 (FS) (2021/4)	We recommend implementing a clear regulatory framework with reference to the lists of signatories authorized to operate all bank accounts, both for internal procedure and for external relationships with financial institutions. Moreover, we recommend that this framework be clearly communicated to involved Offices, and to banks.	WMO accepts the recommendation and has already initiated the strict process to revise bank signatory lists and confirm that the banks have updated the signature lists in accordance with the instructions provided by WMO.	Update as of October 2021: 1) In progress 2) All Headquarters (HQ) bank accounts have had bank signatories updated through formal communication. Update as of March 2022: 1) In Progress 2) SI Chapter 5 has been updated and is in review process now. This update includes a revised section on the regulatory framework of bank accounts and signatures Update as of March 2023: 1) Implemented 2) Standing Instruction Chapter 5 updated and published.	Ongoing Refer to paragraph 14 in this report
13/2020 (FS) (2021/13)	We recommend that 1) HR prepare the Strategic plan for Personnel taking into account the objectives of the restructuring that should be better specified and measured by accurate and reliable KPIs, and 2) once a Strategic Plan is developed, HR should take into due consideration in its financial planning of resources the ratio recruitment/retirements in future financial exercises and/or enhance the preparation of a financial plan that takes into account the budgetary risk of those costs for the payment of benefits to personnel.	WMO accepts the recommendation that an HR strategy should be developed along the lines suggested above.	Update as of October 2021: 1) In progress 2) Draft HR Strategy has been developed. Update as of March 2022: 1) In progress 2) HR Strategy was presented at Senior Management retreat and refined based on comments received. New version was shared with Board of Directors on 12 January 2022 and further refined for submission to Executive Council. The draft HR strategy is submitted to Executive Management in Elaios, waiting for final approval by SG. Update as of March 2023: 1) Implemented 2) The Human Resources Strategy has been approved. Ongoing communication and activities between EM, D/GS, D/LCA, C/FIN, C/HRS	Closed We will monitor in our future audits

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19/2020 (FS) (2021/19)	To avoid the risk that TEB members might be influenced in their technical evaluation by the price, we recommend that management amend the Standing Instructions – Chapter 10, by implementing a two-envelope system in all procurement procedures.	WMO accepts the recommendation. The two-envelope system will be applied to all technical evaluations to ensure the same system is applied to all procurement evaluations.	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) Chapter 10 of the Standing Instructions (paragraph 10,11,11) is being revised with a view to implementing this recommendation.</p> <p>Update as of March 2022:</p> <p>1) In progress</p> <p>2) The paragraph 10.11.11 of the Chapter 10 of the Standing Instructions was revised to implement this recommendation.</p> <p>The revised Chapter 10 needs to be approved through Elios.</p> <p>Update as of March 2023:</p> <p>1) Implemented</p> <p>2) Chapter 10 approved by SG in Elios on 10 Nov 2022 and published on 15 Nov 2022</p>	Closed