



CORTE DEI CONTI

LA SEZIONE DI CONTROLLO PER GLI AFFARI COMUNITARI ED INTERNAZIONALI

Composta dai Magistrati:

Dott.	Giovanni	COPPOLA	Presidente
Dott.	Giancarlo	DI LECCE	Consigliere
Dott.	Carlo	MANCINELLI	Consigliere
Dott.	Gian Luca	CALVI	Consigliere
Dott.	Ilio	CICERI	Consigliere
Dott.	Giulio	STOLFI	Referendario
Dott.	Benedetto	BRANCOLI BUSDRAGHI	Referendario

Nell'Adunanza del 5 maggio 2022

Visto il mandato di *external auditor* della *World Meteorological Organization (WMO)*, conferito alla Corte dei conti dall'*Executive Council* della WMO nella sua settantunesima sessione tenutasi nel giugno 2019, come comunicato dal Segretario Generale della WMO con lettera 17529/2019/ADM/FIN del 19 giugno 2019;

Visti i principi internazionali di audit applicabili all'attività delle Istituzioni superiori di controllo (*International Standards of Supreme Audit Institutions - ISSAI*), approvati dall'INTOSAI;

Visti i commenti del Segretario Generale WMO, trasmessi in data 4 maggio 2022, alle raccomandazioni formulate dalla Sezione nel *report sui Financial Statements* della WMO per l'anno finanziario 2021, approvato nell'adunanza del 29 aprile 2022;

Udito il relatore Consigliere Carlo Mancinelli sull'ulteriore capitolo del *report*, riguardante l'*assessment* della funzione di *internal audit* dell'Organizzazione, che

presenta ulteriori raccomandazioni, per le quali sono stati ricevuti i commenti soltanto dal *Management*;

Esaminati e discussi su sua proposta l'*audit certificate* e il *report* relativi all'*Audit of the Financial Statements at 31.12.2021* – WMO;

Considerato, peraltro, che il *report*, per quanto riguarda il testo elaborato dal team di audit, è definitivo e può essere approvato, fatta salva la possibilità di inserire eventuali modifiche dei commenti alle raccomandazioni formulate nel capitolo di cui sopra, ad opera del Segretario Generale della WMO;

DELIBERA

di approvare definitivamente l'*audit certificate* e il *report* relativi all'*Audit of the Financial Statements at 31.12.2021* – WMO, con le modifiche apportate dal Collegio, conferendo mandato al Consigliere Mancinelli ad inserire nel *report* gli eventuali ulteriori commenti del Segretario Generale.

DISPONE

di trasmettere copia di detto Report al Segretario generale della World Meteorological Organization (WMO).

IL RELATORE

Carlo Mancinelli

f.to digitalmente

IL PRESIDENTE

Giovanni Coppola

f.to digitalmente

Depositata in Segreteria il

Il Dirigente

Maria Pia Gubbiotti

f.to digitalmente



Corte dei conti

REPORT OF THE EXTERNAL AUDITOR

WORLD METEOROLOGICAL ORGANIZATION

Audit of the financial statements for 2021

5 May 2022

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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 2021 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 2021, 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 2021, 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.

Impact of the pandemic on the audit work

Due to the Covid-19 pandemic, also in 2021 we were obliged to carry out part of our work remotely.

The restrictive measures put in place through authoritative decisions of both Italian and Swiss governments, especially related to the need of being vaccinated and to the requirement of being tested before entering or exiting Switzerland, limited our capacity to carry-out the audit on-the-spot. Nevertheless, we adapted our timeline and carried out also some work remotely, in order to reach a conclusion in relation to the accounts and disclosures in the Financial Statements.

Taking advantage of the assistance of the Controller, our focal point, we had meetings (in person and through videoconference) with all relevant officials. An office in WMO building was made available to the External Auditor, although not spacious

enough to accommodate the full team. We are aware that the organization is acting to also solve this problem.

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 regular 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 and with Director, WIS Branch.

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 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.

We have also drawn the attention of the Executive Council on some specific issues that deserve particular attention and are not in the remit of the Management: the first one is related to the problem of the negative interest rate that the WMO is obliged to pay to the Swiss banks; the second one is related to the need to renegotiate the conditions of the contract with FIPOI/*État de Geneve* regarding the "*droit de superficie*" of the land on which the WMO building is located.

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 2021, 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 2021, 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 2021.

Rome, 5 May 2022

Guido Carlino
President of the Corte dei conti
(original 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 2021 with comparative figures as at 31 December 2020, 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 2021, with comparative figures as at 31 December 2020, showing the Surplus/Deficit for the financial year;
 - Statement of Changes in Net Assets/Equity for the year ended 31 December 2021 (Statement III), with comparative figures as at 31 December 2020, 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 2021, 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 2021;
 - 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 2021

ASSETS

2. In 2021, the WMO's Assets amounted to 237,073 kCHF, with an increase of 11,926 kCHF (5.3%) as compared with the value recorded in 2020 (225,147 kCHF).
3. They consisted of Current assets, which totalled 163.762 kCHF and represented 69.1% of Total Assets, and Non-Current Assets, amounting to 73,311 kCHF (30.9% of Total Assets). In 2020, the respective values were 148,522 kCHF for Current Assets (66% of Total Assets) and 76,625 kCHF (34% of Total Assets) for Non-Current Assets.

Current Assets

4. Total Current Assets in 2021 increased of 15,240 kCHF (10.3%) compared to 2020. The following main sub-headings increased: “Cash, cash equivalents and investments” (+12,376 kCHF), “Assessed contributions receivable” (+3,860 kCHF), “Advances for projects and meetings” (+1,166 kCHF), meanwhile the other sub-headings decreased: “Voluntary contributions receivable” (-1,958 kCHF), “Inventories” (-42 kCHF), and “Other receivables” (-162 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 123,132 kCHF, an increase of 11.2% compared to 110,756 kCHF in 2020.
6. It included unrestricted cash, for an amount of 45,799 kCHF (an increase of 10,430 as compared to 2020), and restricted cash, amounting to 77,333 (an increase of 1,946 over 2020). A detailed breakdown of the sub-heading is shown in Note 3.1.

Negative Interest Rate charged by Swiss Banks is impacting Member States' Contributions held in cash and cash equivalents

7. The WMO and, to our knowledge, some other UN Agencies based in Geneva have in the last years been facing the issue of negative interest charged in their current accounts which are held in private banks under normal market conditions.
8. According to what management referred to us, the Swiss National Bank (SNB) cannot hold the current accounts of international organisations because of their international status. The same SNB imposed a negative interest rate of 0.75% to account holders with partner banks.
9. We are aware that SNB in past years was holding deposits of UN Agencies at a favourable rate, but this practice was ended by unilateral decision of the SNB itself.
10. The point that needs to be emphasised, however, is that international organisations, like the United Nations Agencies based in Geneva, are not market operators and are not for profit.
11. The WMO budget comes from the contributions of the Member States, and, when the Organization is forced to place these contributions in the banks' current accounts, negative interest rate applied by private operators automatically reduces the contributions itself.

12. Although someone could use the argument that WMO was benefiting from private bankers when interest rate were positive, international organisations should be protected in some way by the Swiss Confederation, which has a great interest in having them on its territory.

To the Council's attention (1)

13. We draw the attention of the Executive Council on the need to ask Swiss National Bank to obtain balanced conditions, when holding the WMO current accounts where Member States' contribution are deposited, in order to protect their budget and their operational capital, because international organisations are not normal financial operators and cannot be subject to market conditions and unpredictability.

Bank accounts confirmations and closure of inactive accounts

14. We asked all banks and financial institutions with business relations with WMO to confirm the current account balances as of 31 December 2021.
15. As last year, we asked Management to request all interested financial institutions for sending directly to us the account confirmation with the detailed checklist, as at 31.12.2021.
16. We received the direct confirmation from all banks via postal office. We verified that the accounts balances had been properly recorded in the accounts. All variances detected in the banks' confirmations were explained and justified.
17. We acknowledge that during last year it was disposed the closure of a bank account related to Headquarters. However, this account was not mentioned in the confirmation letter received by the bank. During 2021 there was the closure also of an account related to a trust fund, being dormant, and of an account related to a Regional Office. The documents related to these closures were provided to us by management at our request.

Updating of lists of authorized signatures at banks

18. As a result of our audit of the bank confirmations, we found some differences between the lists of authorized signatures kept by Management at Headquarters and the lists that we received from the banks. All discrepancies were explained by the Management. We must highlight that not all the signatories' lists were provided in banks' confirmations received directly from the banks, being missing some of them, therefore we could not reach a conclusion over the signatories.

We acknowledge that Management acted promptly, communicating with the banks in order to solve these discrepancies.

19. Moreover, we must renew our Recommendation 3/2021, that requested at least dual signatures for bank accounts in field offices, whilst acknowledging the actions taken by Management in this regard.

For an effective Asset management, accuracy in the Asset register should be enhanced

20. We have carried out a physical stock checking, in November 2021 and in March 2022, 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.
21. We observed that some items listed in the Asset Register were not accurately recorded, having found that their physical location did not correspond to the one indicated in the registry, or their status was indicated as "active" in the registry meanwhile they were grouped in rooms pending approval for write-off.

Recommendation n. 1

22. We acknowledge that a process related to a global verification of all assets is in progress (see below, par. 23); 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.

Comments by the Secretary-General

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.

An automatic reconciliation between physical inventory and accounts will lower risks of errors in the recording process

23. During our audit, we observed that Management outsourced to a private company the task of carrying out the physical stocktaking. A contract was signed in July 2020 and the checks ended in February 2022. Moreover, Management informed us that a previous stocktaking exercise was carried out in 2018 and that was partial, due to the fact that some floors were reserved to "tenants" (the other

Organizations to whom those spaces are rented). Nevertheless, we found no evidence that a global verification was made in the past.

Recommendation n. 2

24. 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.

Comments by the Secretary-General

Management accepts the recommendation. The results of the current stocktaking will be reconciled in an automated manner.

A standardised procedure for Assets' inventory is needed

25. With regards to the rules applied, Management reported us that the reference document is Chapter 8 of the Standing Instructions. Nevertheless, we noted that a comprehensive internal document describing in detail the entire procedure, like a manual, is missing. For example, although a biennial physical check is foreseen, however the methodology for the periodic regular review is not stated in an internal document.

Recommendation n. 3

26. 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.

Comments by the Secretary-General

Management accepts the recommendation.

Recommendation n. 4

27. 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.

Comments by the Secretary-General

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.

Assessed and voluntary contributions receivable from Member States

28. Assessed contributions receivable from Member States for the regular budget are composed of:
- a) *Current*, which are due within 12 months, amounting to 20,206 kCHF (in 2020, they were 16,346 kCHF, an increase of 23.6%);
 - b) *Non-current*, which are due after 12 months from the date of the financial statements: they totalled 64 kCHF in 2021 (227 kCHF in 2020, a percentage decrease of 71.8). This includes discounted long-term contributions.
29. Voluntary contributions receivable from Member States for the regular budget are composed of:
- a) *Current*, totalling 8,643 kCHF in 2021 (they were 10,601 kCHF in 2020, decreasing by 18.5%);
 - b) *Non-current*, amounting to 10,371 kCHF in 2021 (10,468 kCHF in 2020, a decrease of 0.9%).

Advances for projects and meetings and other current assets

30. *Advances for projects and meetings* amounted to 9,261 kCHF, an increase of 14.4% with reference to 2020 (8,095 kCHF); they represented the 3.9% of total assets.

31. An amount of 2,485 kCHF is shown in the 2021 closing balance sheet under “*Other receivables*”: they represented 1% of the Total Assets, with a decrease compared to 2020 (2,647 kCHF, -6.1%). 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 “deposits with UNDP headquarters”.

Inventories

32. At the end of 2021, items related to Inventories were recorded at a net value of 35 kCHF, a decrease of 42 kCHF (-54.5%), compared to the 2020 net value of 77 kCHF. Inventories are detailed in Note 3.3 and the values recorded in the Financial Statements are related to Publications (1 kCHF in 2021) and souvenirs (34 kCHF); the decrease is entirely due to the reduction in value of the goods, due to age. No sales or distribution were made in 2021.

Non-current assets

33. As of 31 December 2020, Non-current assets totalled 73,311 kCHF, with a decrease of 3,314 kCHF as compared with 2020. The basis for the evaluation of Non-current assets is given in the Accounting Policies (Note 2).
34. This heading is composed of: a) “Assessed contributions receivable”, amounting, as seen above, to 64 kCHF (0.1% of total Non-current assets); b) “Voluntary contributions receivable”, amounting, as seen above, to 10,371 kCHF (13.9% of total Non-current assets); c) “Property, plant and equipment”, amounting to 60,987 kCHF and representing 83.2% of total Non-current assets; d) “Intangible assets”, amounting to 266 kCHF, around 0.4% of total non-current assets; e) “Interest in joint ventures and associates”, amounting to 1,623 kCHF, i.e. 2.2% of total non-current assets. The above-mentioned headings are illustrated in Notes 3.2, 3.6, 3.7 and 3.16 respectively.

Property, plant and equipment

35. The heading “Property, plant and equipment”, as seen above, showed a value of 60,987 kCHF, which is the net value on 31 December 2021 (in 2020 it was 64,537 kCHF) of the capitalised cost for “Headquarters building”, “Computer equipment”, “Furniture & fixtures”, “Machinery & Equipment” and “Vehicles”. Additions during the year amounted to 685 kCHF and depreciations totalled 4,235 kCHF. A detailed breakdown and descriptions are provided by Management in Note 3.6.

WMO Headquarters Building: Adjusting Building depreciation to “droit de superficie”.

36. On 1 January 2017 Management asked an independent expert for a “Valuation Report”, to assess the “market value” of the WMO Headquarters Building. Management reported to us that this Valuation Report was requested by the former External Auditor.
37. On 15 December 2015, earlier than the “Valuation Report” above mentioned, *l’État de Genève*, the “*Fondation des immeubles pour les organisations internationales*” (FIPOI) and WMO stipulated a leasehold agreement with a Ground Lease expiring in 2048, with the possibility of renewal for additional 20 years: therefore, at the moment, the leasehold agreement horizon is extendable at the option of WMO at the maximum until 31 December 2068.
38. The independent expert considered the “useful life” of items (for instance, the preparatory works and part of the building construction costs) for periods (for instance, 99 years) longer than the Ground Lease expiring date (2068, at latest).
39. Therefore, according to our observations expressed during our audit, Management agreed to adjust depreciation costs, restating the Financial statements for the year 2020 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. For 2021, the correspondent values already reflect these adjustments.

WMO Headquarters Building: Disclosing the existence of restrictions on Building according to IPSAS 17 and calculating how they impact on “market value”.

40. According to paragraph 89 of IPSAS 17, “Property, Plant and Equipment”, “*The financial statements shall also disclose for each class of property, plant, and equipment recognized in the financial statements: (a) The existence and amounts of restrictions on title, and property, plant, and equipment pledged as securities for liabilities; (b) The amount of expenditures recognized in the carrying amount of an item of property, plant, and equipment in the course of its construction; (c) The amount of contractual commitments for the acquisition of property, plant, and equipment; and (d) If it is not disclosed separately on the face of the statement of financial performance, the amount of compensation from third parties for items of property, plant, and equipment that were impaired, lost or given up that is included in surplus or deficit.*”

41. Management in Note 3.6 to the Financial Statements agreed to our observations to disclose all the possible restrictions, for instance as stipulated in the Leasehold Agreement (LA) stipulated on 15 December 2015.

Recommendation n. 5

42. We consider that several elements of the Leasehold Agreement are heavily limiting the freedom of WMO of selling the building, such as:
- (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.
43. 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.

Comments by the Secretary-General

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.

Leasehold Agreement signed on 15 December 2015 against the opinion of the WMO Legal Office: severe impairment of the WMO Headquarters Building built with Member States' Contributions.

44. Legal Counsel informed us that the former Secretary-General signed the above-mentioned Leasehold Agreement, dated 15 December 2015, against her opinion. This document has been provided to us, after our request, in connection with our auditing the PPE at WMO. Considering the relevance of this Agreement for WMO,

we highlight that nothing on this issue was reported to us by the former External Auditors during the handover.

45. Considering what we have already described in previous paragraphs, in signing this Agreement, after around 20 years from the construction of the building, happened in a period between 1994 and 1998, there has been a decrease in the overall value of the value of the investment in the building by WMO.
46. In the Document named “Presentation of the Project” dated August 1994, the amount of the construction costs was indicated as represented in the table below.

Construction Cost	Cost amount	Funding	Amount
	(CHF)		(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		

47. We requested Management to provide us the actual costs for the building constructions, but information will be provided after the delivery of this Report and, in case further elements will arise, we will report in the next Report related to 2022 accounts.
48. The table shows, and as has been occurring in practice, that the loan is being repaid to FIPOI through the WMO Regular Budget; this, essentially, means that the Member States will have fully financed the building through their assessed contributions.
49. 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.
50. In substance, with this Leasehold Agreement, all risks will be borne by WMO, and FIPOI and *État de Genève* will only have benefits.

Recommendation n. 6

51. 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.

Comments by the Secretary-General

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.

Leasehold Agreement and FIPOI's Loan Interest: management should assess if this should be still considered as "in-kind contribution".

52. With reference to the Loan interest, waived by the FIPOI (3,352,500 CHF) as they appear in the table above, they have been considered by Management as "*in-kind contributions*" that, as reported in the Notes (Note 4 "Risk analysis" and Note 6 "Expenditures"), "*have been recognized in respect of land and an interest-free loan provided by the Swiss Authorities (FIPOI). In-kind contributions are expensed at the same time as they are recognized as revenue*".

Recommendation n. 7

53. 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.

Comments by the Secretary-General

We agree to make the necessary assessment and reflect these in the future financial statements,

WMO Headquarters Building: risk of refunding the cost for remediation to contamination to État de Genève.

54. During our audit of the Headquarters’ ownership, we found that in the “Valuation Report” provided by the independent expert dated 1.1.2017, it is stated that in the on-line land register, in relation to WMO cadastral parcels, “*the site is contaminated*” and it mentions elements about “*a site of stockage*”. We asked Management for further information, and to start investigating what could be the risk for the Organization and the potential financial implications to WMO.

Recommendation n. 8

55. 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*.

Comments by the Secretary-General

The requested investigation will be carried out and any potential liability resulting therefrom will be reported to the Executive Council.

WMO Headquarter: 13.5 MCHF diverted to Building maintenance instead of financing scientific activities.

56. In 2021 Management presented a document to Executive Council EC-73/INF. 6, which highlighted *“When the current WMO headquarters building was constructed 22 years ago, it was foreseen that its infrastructure would remain up to date and adaptable for at least 20 years. No major renovation, refurbishment or updating to the critical building operating systems have been done since its construction, (...) system failures and the eroding infrastructure of the building have created serious health and safety issues for staff, meeting participants and tenants which have resulted in an increasing number of accidents that have caused injury and damage to property”*.
57. Furthermore, it has been reported that: *“The situation of the building has now become critical both in terms of safety and security as well as the ability of the building’s basic systems to allow for continued occupancy and use. Repairs and renovations are long overdue. Delaying them any further only magnifies the risk and increases their eventual costs as well as the exposure of the Organization to claims and litigation resulting from injuries or damage in the future. Immediate action is needed”*.
58. The report disclosed also about the cost of funding: *“Taking immediate action makes solid financial sense in terms of preventing further damage to, and loss in value of, the building, accelerating the realisation of the economies of more efficient modern systems, and protecting the Organization from exposure to claims and litigation. The projected total cost of the required works is currently estimated at CHF 13.75 million, which significantly exceeds the current balance of CHF 8.0 million in the Trust Fund for Extraordinary Works at the WMO Building. Hence, the Secretary-General invites Members to provide voluntary contributions and intends to make use of regular budget resources as described in EC-73/INF. 6.2(1) to complete all planned works as soon as possible. All contracts relating to these projects will be awarded in full compliance with the WMO procurement process to ensure that the Organization receives best value for money”*.
59. We understand the needs reported by Management. However, as we have just pointed out in our previous recommendations, the value of the building, financed through the assessed contributions received in the last 20 years from Member States, risks being impaired by all the clauses imposed by FIPOI and Etat de Geneve in 2015.

60. In consideration of this, we note that, using 8 MCHF accumulated in the Trust Fund for extraordinary maintenance works and also inviting Member States to pay voluntary contributions to finance these works, without any urgent rethinking of the agreement with FIPOI, in practice this will result as the “hijacking” on building maintenance of an amount of 13.5 MCHF which could/should be used for scientific purposes.

To the Council's attention (2)

61. Therefore, 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 Geneve*.

Intangible Assets

62. In 2021, Intangible Assets amounted to 266 kCHF, a decrease of 71 kCHF compared to the amount of 2020; in 2021, there were no additions; depreciation totalled 71 kCHF, entirely in the category “Software internally developed”. A detailed analysis is illustrated in Note 3.7.

LIABILITIES

63. In 2020, Total Liabilities amounted 215,248 kCHF, a decrease of 15,657 kCHF (-6.8%) in comparison with the value recorded in 2020 (230,905 kCHF). They consisted of:
- a) *Current Liabilities*, amounting to 81,153 kCHF, representing 37.7% of Total Liabilities (in 2020, they represented 34.1%, totalling 78,796 kCHF), and
 - b) *Non-Current Liabilities*, totalling 134,095 kCHF, composed mainly of actuarial liabilities related to Employee benefits, representing 62.3% of Total Liabilities (in 2020, Non-Current liabilities amounted to 152,109 kCHF, i.e., 65.9% of Total Liabilities).

Current Liabilities

64. Total Current Liabilities increased in 2021 by around 2,357 kCHF (3.1%) over 2020 (78,796 kCHF). They were composed of:
- a) “*Payables and accruals*”, amounting to 4,066 kCHF in 2021, increasing by 1,510 kCHF (59.1%) over 2020;
 - b) “*Employee benefits*”, recorded for 5,376 kCHF, an increase of 293 kCHF (5.8%) as compared to 2020 (5,083 kCHF); see dedicated paragraph below for further considerations;
 - c) “*Contributions received in advance*”, 10,192 kCHF in 2021, increasing by 706 kCHF as compared to 2020 (7.4%);
 - d) “*Unearned revenue from Exchange transactions*”, with an amount of 651 kCHF, a sharp decrease of 59.5% (they were 1,607 kCHF in 2020);
 - e) “*Deferred revenue*” amounting to 28,502 kCHF (they amounted to 29,922 kCHF in 2020, -4.7%);
 - f) “*Borrowings*” amounting to 1,442 kCHF (the same amount as in 2020);
 - g) “*Provisions*”, recorder for 1,910 kCHF, a relevant decrease of 65.8% as compared to 2020, when they amounted to 5,585 kCHF;
 - h) “*Funds held in trust*”, amounting to 29,014 kCHF, an increase of 5,899 kCHF (25.5%), as compared to 2020.

Non-current Liabilities

65. Total non-current Liabilities are related to:
- a) “*Employee benefits*”, recorded for 79,300 kCHF, a decrease of 11,613 kCHF (12.8%) as compared to 2020 (90,913 kCHF); see dedicated paragraph below for further considerations.
 - b) “*Deferred revenue*” amounting to 27,235 kCHF and representing 12.7% of Total Liabilities (they amounted to 32,882 kCHF in 2020).
 - c) “*Borrowings*” amounting to 27,560 kCHF and representing 12.8% of Total Liabilities (they amounted to 28,314 kCHF in 2020).

Employee Benefits

66. Employee Benefits are disclosed in the Financial Statements under “Current Liabilities” with an amount of 5,376 kCHF and under “Non-current liabilities”, with

a value of 79,300 kCHF, as summarised in the table below. The total decrease in the Liabilities (Current and Non-current) is 11,320 kCHF.

Liabilities	Year (KCHF)		Variance 2021-20	
	2021	2020	kCHF	%
Current	5,376	5,083	293	5.8%
Non-current	79,300	90,913	-11,613	-12.8%
Total	84,676	95,996	-11,320	-11.8%
Composition				
After-service health insurance	74,496	86,227	-11,731	-13.6%
Repatriation liabilities	5,835	5,468	367	6.7%
Accumulated annual leave	4,345	4,301	44	1.0%
Total	84,676	95,996	-11,320	-11.8%

67. The overall decrease 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

68. As shown in the table above, the decrease in these liabilities, in comparison with 2020, 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 increased.
69. The decrease 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 99.
70. These assumptions consider elements like the discount rate, calculated using an AON AA Corporate Bond Yield Curves as of 31 December 2021. 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 108-111 of the Notes.
71. According to our recommendation n. 8/2020, Management asked the actuary to calculate 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 recommendation was based on paragraph 88 of IPSAS 39, considering that, 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 more than 10,000 kCHF.

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

72. 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.
73. In order to have assurance on the amount recorded on the accounts, for this specific work our Supreme Audit Institution can take advantage of the professional support of a group of public actuaries, expert in social benefits, who integrate our team.
74. Our actuaries carried out a review of the key assumptions related to 2021, 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.
75. 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.
76. The work of our actuaries revealed that the amounts recorded in the accounts were substantially correct. However, with recommendation n. 9/2022 we had recommended *“that average costs and statistical source be disclosed by the actuary in its report”*.
77. We acknowledge that Management promptly acted, asking the actuary to disclose the costs in its report. However, It should be noted that, although this year they were shown in the AON report, they did not have any supporting documentation and any indication useful for verifying their adequacy. The costs disclosed are also inclusive of administration costs.
78. Unit costs are a fundamental component for determining the amount of actuarial liabilities and, having no elements to support them, does not easily allow to evaluate the sufficiency of the liabilities to meet the future expenses of the health plan. As regards the projection of unit costs, our actuaries calculated it based on

the inflation hypothesis, since the differential between inflation and the growth rate of medical expenses disappeared compared to the previous year.

79. The value of the actuarial liabilities has a high influence on the net assets of the Organization; therefore, it is important also for the WMO to have full knowledge of the methodology used by the actuary for its calculation.

Recommendation n. 9

80. 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.

Comments by Secretary-General

Management accepts the recommendation and will coordinate with its actuarial service provider regarding disclosure of administrative costs.

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

81. In line with past years, in 2021, the amount for non-current liabilities (79,300 kCHF) represented 36.8% of total liabilities (215,248 kCHF) and had a strong impact on the WMO’s net asset, especially considering actuarial liabilities only in the context of the “general fund”.
82. Indeed, as results from note 8.1 (Statement of financial position by segment), the total assets of WMO amount to 237,073 kCHF, where 62,744 kCHF are from “Development, technical assistance and technical cooperation funds”, 15,529 kCHF are located in “Regular budget support fund” and the “General fund” total assets are 158,145 kCHF. The total liabilities are 215,248 kCHF, where 55,227 kCHF are composed of “Development, technical assistance and technical cooperation funds”, 4,337 kCHF are in “Regular budget support fund” and the “General fund” total liabilities are 155,681 kCHF.
83. Considering that the actuarial liabilities are entirely recorded in the “General fund”, this means that, on the WMO FS, the actuarial liabilities negatively

influence more than 50% of WMO “General fund”. Furthermore, as correctly disclosed in the notes to the Financial Statements (par. 104), the actuarial gain of 2021 is mainly due to the changes in financial assumptions (13,700 kCHF), while annual expenses remain stable (4,181 kCHF in 2021, they were 4,208 kCHF in 2020)

84. We are aware that Executive Council is aware of the importance of this subject, and we acknowledge that Management is constantly focusing the issue; nevertheless, we will monitor further actions to be taken by the Organization, as well as the evolution of the ASHI liabilities curve.
85. Considering that the Net assets of the Organization in 2021 was of positive value (see below), we removed the emphasis of matter paragraph from our audit certificate. However, we must consider various factors that we have pointed out in this report and that deserve to be monitored: the decrease in the ASHI liabilities is only due to the change in some financial assumptions, while annual costs remain stable; the improvement, therefore, seems to be due to a contingent situation and not to structural measures adopted.
86. In addition to this, it must be considered that, in the statement of financial position, the non-current liabilities are mainly “counterbalanced” by the value attributed to the building. As reported above, we have recommended to renegotiate the agreement with FIPOI to safeguard the value of the building. We will monitor the future developments.

NET ASSETS

87. Net assets comprise the accumulated deficit and reserves of the Organization at year-end. In 2021, Net assets resulted in a positive value of 21,825 kCHF, with an increase of around 27,729 kCHF compared to -5,758 kCHF in 2020, when it resulted in a negative value.
88. 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 surplus for the period (13,880 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 2021

89. 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 surplus of around 14,026 kCHF.

REVENUE

90. Total revenue amounted to 93,381 kCHF, with an increase of 5,808 kCHF (6.6%) as compared with 2020 (87,573 kCHF). This was composed of:

- a) "Assessed contributions (Non-exchange)" totalling 67,886 kCHF in 2021, the same amount as in 2020 and representing 72.7% of Total revenue;
- b) "Voluntary contributions (Non-exchange)", amounting to 18,879 kCHF in 2021, representing 20.2% of Total revenue, with an increase of 3.7% compared to 2020 (18,213 kCHF);
- c) "Revenue from Services", totalling 1,885 kCHF in 2021, similar to the amount recorded in 2020 (1,919 kCHF) and representing 2% of Total revenue;
- d) "Other revenue", totalling 2,860 kCHF in 2021, showed an increase compared to 2020 when it resulted in a negative value (-2,315 kCHF); the difference was mainly due to the currency exchange rate between USD and CHF in 2021, which allowed to recover the loss recorded in 2020; in addition to this, new spaces in WMO building were rented to two new tenants, and this increased the value of rents collected in 2021;
- e) "In-kind contributions (services) (Non-exchange)" totalling the same amount as in 2020 (1,870 kCHF) representing 2% of Total revenue.

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

EXPENSES

92. Expenses totalled 79,501 kCHF, with a decrease of 4,523 kCHF (-5.4%) as compared with 2020 (84,024 kCHF). These were composed of:

- a) "Salaries and employee benefits", totalling 54,833 kCHF in 2021 and representing 69% of Total expenses; a decrease of 6.3% compared to 2020 (they were 58,515 kCHF);
- b) "Meetings and projects", amounting to 7.454 kCHF in 2021 and representing 9.4% of Total expenses, decreasing of 17.6% compared to 2020 (9,048 kCHF);

- c) "Travel", totalling 308 kCHF in 2021 and representing 0.4% of Total expenses, -51.1% over 2020, when this expense amounted to 630 kCHF;
- d) "Supplies, consumable and other running costs", which amounted to 6,140 kCHF in 2021 (8% of Total expenses), with a decrease of 5.1% compared to 2020 (6,473 kCHF);
- e) "Depreciation and amortization", 4,306 kCHF in 2021 (5.4% of Total expenses), an increase of 2.3% compared to 2020 (4,211 kCHF);
- f) "In-kind expenditure (services)", totalling 1,870 kCHF in 2021 – same as 2020 – representing 2% of Total expenditures;
- g) "Finance costs", totalling 2,806 kCHF in 2021 (3.5% of Total expenditures), a 112.3% increase compared to 2020 (1,322 kCHF);
- h) "Fellowships", they were 829 kCHF in 2021 (around 1% of Total expenditures), in 2020 they amounted to 899 kCHF (-7.8%);
- i) "Other expenditures", totalling 1,522 kCHF in 2021 (1.9% of Total expenditures), a 40.4% increase compared to 2020 (1,084 kCHF);
- j) "Movement in share of Net Assets/Equity of joint ventures and associates", totalling 37 kCHF in 2021, -66.7% over 2020 (111 kCHF);
- k) "Interest in joint ventures and associates", totalling -604 kCHF in 2021, a decrease of 465 kCHF compared to 2020 (-139 kCHF).

STATEMENT II – Expenses - Salaries and employee benefits

- 93. We focused our audit of total current expenses on personnel cost, meaning the salaries for the organization's workers, employee benefits and expenditure for consultants.
- 94. The WMO is an entity with a high technical-scientific qualification; 242 professional staff and 77 general service employees worked in it in 2021, for a total current expenditure amounting to KCHF 50,399.

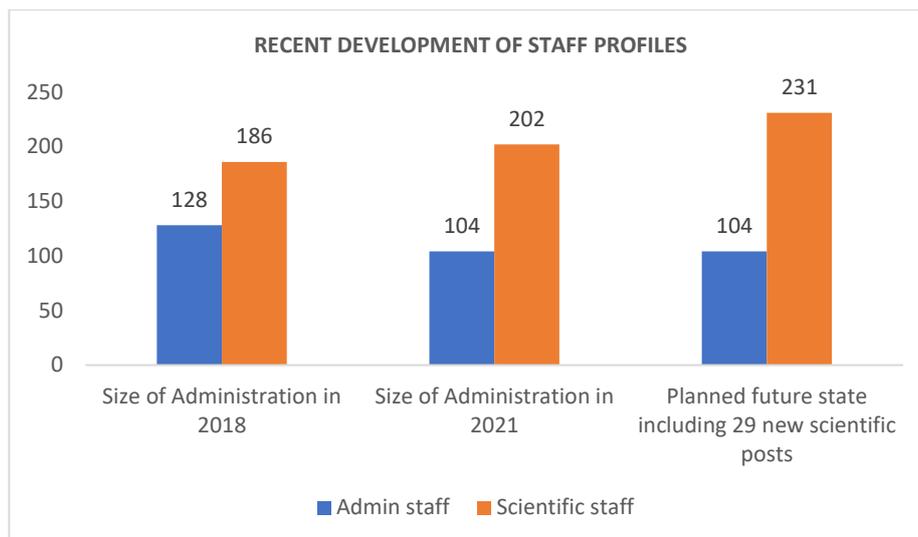
Salaries and employee benefits (in KCHF)	2020	2021
Staff costs	49,993	45,011
Employee benefits	4,145	5,388
Consultancy costs	4,377	4,434
TOTAL	58,515	54,833

Source: WMO Financial Statement 2021_Expenditure note 6.1.

95. Most staff work at the Headquarters in Geneva, and, with regards to the field offices, 39 employees are seconded to WMO Regional Offices and two other non-HQ locations (Bahrain, Costa Rica, Ethiopia, Kenya, Nigeria, Paraguay, Samoa, Singapore, New York and Brussels).
96. The total amount of current expenditure for personnel in 2021 (KCHF 54,833) appears to be decreasing, as compared with 2020 (KCHF 58,515). Note 6 to the Financial Statements 2021 identifies in several factors the reasons for the decrease in personnel costs, mainly deriving from the restructuring of the organization, which took place in 2020.
97. Expenditure for the consultancies amounted to KCHF 4,434 in 2021, substantially in line with the costs observed for 2020, when they amounted to KCHF 4,377; the consultants, with an active contract with WMO in 2021, were 190.

The HR strategic plan and the Reform: impact on medium/long term to be better disclosed

98. Answering our request, Management provided us, on 23 March 2022, a document containing the current “Human Resources strategy for the WMO Secretariat”, issued in 2021 and illustrating the “Key Pillars of WMO’s HR Strategy 2021 – 2025”, therefore after the restructuring.
99. The main objectives of the restructuring, as reported by Management, were to decrease the number of General Service staff, in order to reduce their costs and allocate more resources for the enhancement of staff involved in the organization’s scientific and technical mandate.
100. We observed that the decrease in personnel costs in 2021 benefited from the delay in the planned hiring of new professional figures, foreseen by the restructuring; according to the information received, the hiring process ended in 2022, with the consequent reversal of costs in following years for new recruitments starting in 2022.
101. The new set-up adopted by WMO involves a significant change in the ratio between Professionals and General Service, becoming even higher in the future, as highlighted from Strategic Human Resources Plan.



Source: HUMAN RESOURCES STRATEGY FOR THE WMO

102. The relationship between the administrative and scientific staff shows a prevalence of the technical-scientific staff.

Qualifications	Functions	People	%
Professionals	Technical departments	206	64.58%
	Administration or Languages	36	11.29%
General Service		77	24.12%
Total		319	100%

Source: Corte dei Conti from "Human Resources strategy for the WMO Secretariat"

103. We noted that there is an inconsistency between the total number of staff in the two tables; we extracted the figures from the document provided. This figure refers to the number of employees, who are subject to constant fluctuations due to separations and new hires. In June 2021, the number was 306.

104. In the restructuring, with the same operating conditions and administrative activities necessary to guarantee the functionality of the WMO organization, a unidirectional intervention was adopted, of concentration and "distribution" of the activities: they are carried out through centralized services, using a so-called Central Service Platform, divided into three segments: Technical, Administrative, Linguistic. In terms of service provision to members in the Regions in the various Regions also remains mainly centralized.

105. At present, therefore, there are no exhaustive information that can confirm whether and what savings have been made, even in terms of economy of scale,

and whether the present savings will be consumed by an increase of new costs, such as, for example, the assumptions of consultants and/or new staff necessary to guarantee the effective and efficient management of the organization in the medium-long term.

Recommendation n. 10

106. In line with our Recommendation 13/2020, 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.

Comments by the Secretary-General

WMO agrees with this recommendation and has already started implementing by making this information available to Members in the budget documents and in HR reports for the Executive Council.

Increasing trend in Consultancy expenditures: risk of jeopardising the reform objectives?

107. Expenditures on the provision of the advisory services amounted to KCHF 4,434 in 2021, slightly increasing the costs observed for 2020, when they amounted to KCHF 4,377.

108. Consultancy costs recorded in 2020 and 2021 are almost doubled when compared with the year 2019 KCHF 2,347: it is important to highlight that 2019 was the last year before the restructuring of the organization.

Costs (in KCHF)	2019	2020	2021
Staff costs	53,547	49,993	45,085
Consultancy costs	2,347	4,377	4,434
TOTAL	60,759	58,515	54,833

Source: from WMO Financial Statement 2021_ Expenditure note 6.1.

109. The management identifies the causes of the increase in two factors: the decision to invest the savings obtained from the travel restriction due to the Covid to continue some activities requested by the members and the need to hire local consultants because there are travel restrictions.
110. The increase in these costs occurred during the same period of two events: one internal to the organization (the restructuring) and one external (the pandemic). in consultancies shows that a constant monitoring.
111. We believe that the growth data are not uniquely traceable, as completely due to one cause or another in this period, so we believe it is necessary for management to make a Constant Monitoring to identify the Real cause and reduce these costs.

WMO	<i>IMPACT ON LABOUR COSTS BY CATEGORY</i>		
CATEGORY \YEARS	2019	2020	2021
STAFF	88.13%	85.44%	82.11%
CONSULTANTS	3.86%	7.48%	8.08%

112. Regarding the Consultants and the provision of services for WMO, the Service Note no. 15/2021, entered into force on 1 July 2021, introduced amendments to Chapter 4 of the Standing Instructions, the policy applicable to the hiring of Consultants through Special Service Agreements (SSAs).
113. The changes modify the terms (the new maximum duration of contracts is 24 months over a 36-month time frame) and the salary ranges applicable to SSA contracts in WMO. This is done to align WMO policies with the broader common system of the United Nations.
114. Service Note 15/21 states that: *“For transparency and monitoring purposes, all SSAs, the final report and deliverables of the SSAs on completion of the*

assignment and the Performance Evaluation Form are registered in an electronic repository accessible to the Executive Management and department directors”.

115. Considering this, and the fact that consultancy costs in 2020 and 2021 have almost doubled compared to costs recorded in 2019, it is therefore necessary that WMO start a constant monitoring of the impact on personnel costs of the SSA hiring, in order to make the consequent evaluations.

Recommendation n. 11

116. 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.

Comments by the Secretary-General

WMO agrees with the recommendation. 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 authority 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 internal audit to assess whether the delegated authority is exercised appropriately. IOO 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.

Regarding the use of consultants for administrative tasks, WMO is not aware that this is occurring. The terms of reference for consultants in the technical departments are cross-checked in HR for each contract and they are exclusively technical in nature. The Governance Services Department does not hire consultants to make up for lost administrative capacity. The number of consultants in GS is negligible (max. 2 or 3 percent of total).

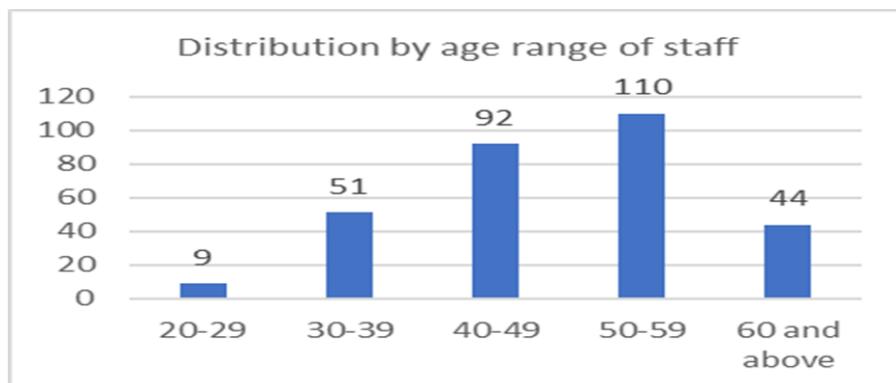
General remark regarding the recent increase in spending:

This increase will not jeopardise the savings in staff cost. The increased spending for consultants after 2019 is by far overcompensated by the decrease in travel cost which went from 7.8 million in 2019 to only 630 thousand in 2020. At the time when travel stopped due to COVID, WMO made a conscious decision to invest these travel-related savings into consulting services for value-adding activities requested by members. These are not staff functions.

As travel and meeting expenditures will increase in the future, less money will be available in technical departments for consultants and consultant spending will likely decrease again.

The Strategic plan: have all the programmatic and scientific needs been addressed in the medium and long term?

117. The strategic planning of human resources (hereinafter referred to as “the plan”) presents a review of the current human resource situation, highlighting the age and gender of the staff in service. The following graph shows the age range distribution: around half of staff are more than fifty-years-old.



Source Human Resources Strategy for the WMO Secretariat 2022

118. Management pointed out that the new staff hired in professional levels has already started to modify this data, contributing to the lowering of the average age.

119. Regarding the gender balance, the current situation shows that female staff is numerically predominant at the level of general services, while in professionals the situation is different, especially for highest levels. More specifically, in the professional a gender difference is evident in the category of P4 and P5, where the prevalence is male, while in the category P3 prevails the female gender.

120. The plan, considering these two factors and recognizing that an allocation of human resources that will have to be made congruent with the challenges launched by the WMO, which are the declared reason for the restructuring and the realization of gender equality.
121. However, with respect to the restructuring that WMO has carried out and to the guarantee of the ordinary functionality of the organization, the plan still appears to be lacking in identifying the aspects that entail management choices and future costs, such as the evaluation of means and financial sustainability of the skills to be acquired, how much workforce will be composed of consultants and how much of personnel hired with recruitment procedures, or a forecast of non-current costs to cope with the aging of the population in service.
122. All these elements deserve to be considered, through a cooperation among the various sectors involved, to reinforce the plan and to properly adjust it to the current and future needs of the Organization.

Recommendation n. 12

123. 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

Comments by the Secretary-General

WMO agrees that a Human Resources 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.

Diligence in the process of remunerating the workforce: unused leaves represent a significant cost for the organization that need to be reduced

124. We carried out, on a sample of payments, an analysis of the entitlement of staff expenditure and the verification of the right to obtain certain benefits from employees.
125. We examined the expenses related to Salaries and Employee benefits, to have assurance on the reliability, accuracy and compliance with WMO policies and procedures.
126. In addition to the examination of salaries, we also considered in the sample other events that, in the context of WMO's employment relationship, led to payment obligations and therefore expenses. Among these, we considered the payment of accumulated holidays, the recovery of the salary advance, some cases of lump sum grant, separation allowance.
127. About accumulated annual leave, the current framework of the rules in force in the WMO provides that, at the time of leaving, the accumulated and unused holidays are paid to the employee, up to a maximum of 60 days.
128. Such term constitutes the maximum limit envisaged by the rules of the United Nations. The amount of the liquidation is linked to the degree and step of service of the employee. It is calculated based on number of accumulated vacation days, monthly salary, adjustment for the position. The values are parameterized to the working days compared to the year.
129. As a result of the administrative change introduced in Service Note 20/2020, the previous 60-day limit of annual leave entitlement compensation on termination was reduced to 30 days.
130. In the WMO, personnel regulation, however, does not provide for limitations or rules to coordinate any needs of the organization to limit expenses and to carry out work activities with the accumulation and management of holidays, especially as regards any events of the employee working life that are expected, such as termination of contract or termination of service. There is also no regulation for cases where the mechanism of retroactive restoration of the 60-day limit must be used.
131. The observed financial dimension of the phenomenon, in 2021 (unlike 2020, the year of packages for employees deriving from the restructuring), appeared to be of an insignificant amount for the number of exits.

132. However, it should be noted that this lack of regulation represents a risk in managing the sustainability of employee spending. The choice to freely accumulate holidays before terminating the relationship with WMO seems to be left to only one of the parties to the employment contract, that is the employee, while the organization does nothing but pay.

Recommendation n. 13

133. 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.

Comments by the Secretary-General

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.

Strengthening the legal framework for regulating the end of services

134. During our audit, we found that staff who leave the organization, in the last month of service, receive only a part of the emoluments, which are retained according to the reasons set out by the management, who considers this procedure as a precaution.

135. Due to the rigidity of the current accounting system in use, as well as to mitigate a financial risk, as a current practice, 20% of the final staff salary and allowance payments, subject to the liquidation procedures, are withheld, until the “Clearance certificate on separation” is submitted. The percentage measure is decided by the Finance Department; the transaction is accounted for as a “salary advance”.

136. The Clearance certificate contains the recognition signed by the officials responsible that the “equipment” was returned by the employee (as, for example, the “*Carte de legitimacion*”, as the expire of login and access to IT).

137. However, the “salary advance” and the consequent “salary advance recovery” is a specific benefit, granted to the employee upon the occurrence of certain conditions. It is, therefore, a regulated institution in the United Nations and in the WMO with *ad hoc* provisions, which identify both the causes that allow the request for advance payment and the methods of repayment (such as any interest and the applicable exchange rate).
138. The WMO instructions in point 131.9 dictate the rules and the cases where a salary advance can be paid and how the recovery salary is returned; however, the cases analysed do not fall under such rules. In addition, there is no specification about what percentage should be paid and under what conditions; as confirmed by the Finance Division, it emerges that “*a salary advance equal to 80% of the usual net pay for the last month of employment is paid*”.
139. The amounts analysed in our sample were not significant, but the procedure used as “salary advance” has no reflection in the legal framework; furthermore, it is not evident whether the withheld 20% really protects organizations from risks of not being able to recover undue advance payments. Therefore, it is needed that this informal practice is regulated, also to match the procedure with its representation in the accounts.

Recommendation n. 14

140. 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.
141. We also recommend, considering that the transition to a new ERP is ongoing, that the new product be able to cover all administrative exigencies.

Comments by the Secretary-General

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.

PROCUREMENT

Enhancing internal controls over low value procurement

142. According to the Procurement Manual (i.e., Standing Instructions, Chapter 10), low-value procurement up to CHF 4,000 (point 10.4) are administered by the Departments concerned. During our audit we observed that in some cases the abovementioned threshold, established by the Procurement Manual, has not been respected.

Recommendation n. 15

143. 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).

Comments by the Secretary-General

WMO agrees with the recommendation. 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. The Procurement and Contract Management Section will supervise and carry out the regular checks as recommended.

Recommendation n. 16

144. 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.

Comments by the Secretary-General

WMO agrees with the recommendation. WMO is developing and implementing a new ERP system. These controls are included into the business case of the new ERP system.

Declaration of neutrality and no conflict-of-interest

145. During our audit, we found that the declaration of neutrality and no conflict-of-interest is not foreseen in cases of amendments of already existing contracts. In fact, we found cases of contracts that have been renewed/modified, after a request from the Requesting Department and approved by the Procurement and Contracts Committee (PCC), not only in the duration but with a considerable increase of the contract amount. In addition, we observed that declaration of neutrality and no conflict-of-interest is not required even in case of contracts awarded according to the exceptions to the use of formal method of solicitation (FRR 113.15).

Recommendation n. 17

146. 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).

Comments by the Secretary-General

WMO agrees with the recommendation.

Enhance the access to the Protest Procedures

147. We also noticed that, according to point 10.21.8 of the Procurement Manual, the unsuccessful bidders can submit an official protest within 10 days after the receipt of a debrief as per the Protest Procedures set up. However, the Protest Procedure is foreseen only for the award of contracts above kCHF 200. During our audit, we observed that, in case of some contracts awarded for a lower

amount, but with the possibility of extension/renewal in duration and financial amount, the contract, at the end, can result above the said threshold of KCHF 200.

Suggestion n. 1

148. Since it may happen that, following the extension, both financial and temporal, of a contract that had already been awarded for an amount under kCHF 200, the contract may ultimately result for an amount exceeding the threshold of kCHF 200 envisaged for the Protest Challenge, for purposes of transparency and guarantee, we suggest lowering this threshold, at least for contracts subject to extension due to the nature of the supply or service awarded, in order to broaden the possibilities for non-successful bidders to access the Protest Procedure.

Comments by the Secretary-General

WMO agrees with the Suggestion. The threshold will be lowered to kCHF 100 based upon the threshold for the PCC.

Segment reporting

149. A report by segments is provided in Note 8 of the 2020 Financial Statements. The aim of this segmentation is to disclose the financial position (Note 8.1) and financial performance (Note 8.2) and assign expenses directly to the related segments. The methodology also provides for a distribution of expenses and revenues, primarily by segments, known as the General Fund, Regular Budget Support Fund, Development, Technical assistance and Technical Cooperation Funds, National Technical support Funds. We have already analysed these table above, reporting on actuarial liabilities (paragraphs 81-83).

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2021

150. Statement III, "Statement of changes in net assets", shows movements during the year, ending in a balance of 21,825 kCHF as of 31 December 2021.

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 2021, the WMO reported a net cash flows of 12,376 kCHF from all activities, which was positive, although with a decrease over the figure shown in 2020 (27,339).
154. Net cash flows from operating activities (14,539 kCHF) showed a negative variation compared to 2020 (29,401 kCHF); net cash flows from investing activities (-686 kCHF) showed a negative variation as compared to 2020 (it was -585 kCHF); net cash flows from financing activities amounted to the same value as 2020 (-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 2021” 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.
156. Although IPSAS 24 does not provide strict guidance on how to prepare Statement V, leaving the opportunity to Management of providing relevant information to stakeholders through different options, in our last year audit we discussed with Management about a different presentation of Statement V and recommended it should be further expanded on the face of the Financial Statements, to fully reconcile the actual expenditures of the Regular Budget for the year to both the approved Regular Budget and to the full financial results for the financial year that comprise the Surplus/Deficit for the year under the “Statement of Financial Performance”.
157. The recommendation was accepted and the Statement V for 2021 was presented in the new format.

ASSESSMENT OF THE INTERNAL AUDIT FUNCTION

158. In accordance with International Standards, such as ISSAI 1610 and related ISA 610, ISSAI 200 c.2.45, INTOSAI gov 9140 and 9150, the External Auditor has to carry out an assessment of the Internal Audit function. To perform this assessment, we consider not only the aforementioned standards, but also the International Standards for the Professional Practice of Internal Auditing (IIA).
159. The internal audit function at WMO is located in the Internal Oversight Office (IOO), which also covers other functions, like investigations, inspections, evaluations, monitoring, as stated in the IOO charter.
160. Last year we had started the assessment of the Internal Audit function, according to the abovementioned International Standards. However, since the pandemic did not allow us to enter the audited entity and to have a complete picture of its structure and organization, including the Internal control framework, we carry forward to this current financial year part of our assessment.
161. This assessment does not cover other functions assigned to IOO, like investigations or inspections, or its consultancy activities carried out according to IIA Standards,

Reference Framework for the assessment: Guidelines, IT Tools and internal documents utilised for the assessment

162. For the assessment of the Internal Audit function, we have used 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 at its 34th session in November 1992. A new section was added to these guidelines at its 35th session in November 1993, and the foreword was revised at its 41st session in October 2000.
163. The guideline was reviewed and updated by our team; the resulting checklist was uploaded in a tool, a SharePoint app, prepared by the Corte dei conti, to which the Director IOO was given remote access.
164. The tool provides for a section of general questions, where requested documents can be uploaded, and a checklist composed of 118 questions, divided among nine different criteria, each one of which is related to a different subject, like, for example, "organizational status and mandate", "scope and responsibilities", "professional resources", etc. the original tool envisaged eight criteria, we added

in 2021 a ninth one, related to the impact of the pandemic on the Internal Auditor work.

165. The Director IOO completed his task and provided a full information, also uploading relevant documentation. We have downloaded and analysed it.
166. We carried out our assessment through interviews, meetings and exchange of emails with the Director IOO, and through the analysis of key documents. We have also analysed the files related to some of the audits performed in the last years by IOO.
167. Below, a list of some of the documents we analysed for the internal audit assessment:
 - WMO Financial Regulations and rules (last update, January 2021);
 - Internal Audit manual (2020 edition);
 - the charter of Internal Oversight Office (IOO) – Appendix 5.A of Standing Instructions Chapter 5 (January 2021 edition);
 - the plan of work of the Internal Oversight Office for 2022;
 - the plan of work of the Internal Oversight Office for 2021, also containing the audit coverage for the triennium 2021-2023;
 - Annual Accountability Report of the Internal Oversight Office (doc. EC-73/INF. 7.1);
 - First Progress Report of the Internal Oversight Office for 2020 (doc. AC-35/Doc. 4.1);
 - First Progress Report of the Internal Oversight Office for 2021 (doc. AOC-37/Doc. 4.1);
 - Quality Assessment of the Internal Oversight Office – January 2022;
 - Reports of the AOC:
 - AOC-35 report;
 - AOC-36 report;
 - AOC-37 report;
 - Other miscellaneous documents.

Main findings

Working standards – the External Quality Assessment (EQA)

168. IOO, for the internal audit function, follows International Standards, with specific reference to the standards of the Institute of Internal Auditors (IIA), quoted both in the IOO Internal Audit Manual and in the Charter for IOO.

169. The compliance with the standards was recently checked by the firm tasked to carry out the External Quality Assessment of the Internal Oversight Office. The external evaluator, by giving an overall conclusion of “Generally conforms” for the IOO, highlighted, however, some weak points and issued some recommendations aimed to improve the general framework and some specific areas.
170. These recommendations have been submitted to the attention of the Audit and Oversight Committee; we will, therefore, consider them only when functional to our assessment.

Audit plan and risk coverage

171. According to the IOO charter, Director IOO has the responsibility to “*develop a flexible annual Plan of Work using appropriate risk-based methodology, which takes into account any risks or control concerns identified by management, the Secretary General and governing/oversight bodies, and submit that Plan to the Secretary-General for review and approval*”.
172. We examined the plans of work of last three years, they are compliant with the requirements of the IOO charter and of the standards. The plan is risk-based, and also presents a map of risks’ coverage in a three-year rolling cycle.
173. Although out of the scope of our current Assessment, we highlight that The plan is missing, however, the “evaluations” that should be carried out during the annual (or triennial) period: IOO reported to us that this issue is due the lack of resources necessary to carry out evaluations (see also below, paragraph 179 and following).
174. The plan is approved by the Secretary-General and submitted to the Audit and Oversight Committee. The plan of work is also shared with the external Auditor, and made available to WMO Management, by uploading it in the EliosCloud repository. The plan of work is also posted on the public website of WMO.

Adequate staffing is needed

175. The Internal Oversight Office is currently composed of three staff: the Director (D1), one Senior auditor (P5) and one Internal Oversight assistant (G6). The background and the professional qualifications of the staff are compliant with the required standards and with the aims of their mandate.
176. Even considering the small size of the Organization, the IOO seems to be not adequately staffed, especially considering the many functions that the office is covering, according to the IOO Charter: internal audit, investigations, inspections,

evaluations, monitoring, and other management support to strengthen the functioning of WMO.

177. Director IOO referred us that he can use his budget to hire the experts needed to carry out specific tasks, or to outsource some activities. However, we highlight that this solution could be justified to cover an “occasional” task, like, for example, investigations. Indeed, considering the numerous kinds of investigations hypothetically possible and the generally few of them really necessary, especially in a small organization, the presence of permanent investigators, qualified to carry out any type of investigation possible, would be too expensive and inefficient, from the point of view of the cost/benefit ratio.
178. In addition to this, the Director IOO informed us that an MoU with OIOS is being considered, which may outsource the investigations to the UN body tasked with this function. We have the opinion that this solution, especially for small organizations, appears to be the preferable one.
179. On the contrary, in certain cases, permanent functions might be performed more efficiently if entrusted to permanent staff, such as the evaluation function, that at least needs an expert capable to coordinate other experts directly or indirectly employed. Director IOO referred that there are no employees with evaluation certifications within the IOO’s staff.
180. We have the opinion that, especially after the Secretariat restructuring, it is needed to carry out regular evaluations on processes, procedures and structures. In this regard, we recall what it is written in the IOO charter about evaluation function: “*An evaluation is a systematic assessment, of an activity, project, programme, strategy, policy, topic, theme, sector, operational area, institutional performance etc. It focuses on expected and achieved accomplishments, examining the results chain, processes, contextual factors and causality, in order to understand achievements or the lack thereof. It aims at determining the relevance, impact, effectiveness, efficiency and sustainability of the interventions and contributions of the WMO (...)*”.
181. This point was highlighted also in the final report of the Audit and Oversight Committee AOC-37, where it is noticed that “*The AOC took note of the IOO Plan of Work for 2022, noting that evaluation is part of the mandate of IOO but no evaluation was included in 2022 due to lack of resources and capacity within IOO to carry out evaluation. The AOC approved the IOO Plan of Work for 2022 with a reservation that IOO is unable to fulfil its evaluation mandate for reason cited. The AOC recommended the Secretary General to allocate required resources to*

fulfil the IOO's evaluation functions and request the IOO to present an evaluation plan of work for 2022 for approval".

182. In addition to this, it is to be considered that the above audit plan, presented by D/IOO, contained the statement that "*The proposed plan has a projected deficit of 60 days which will need to be met from outsourcing*". A deficit of 30 days, to be covered with outsourcing, was highlighted for the plan of work for 2021, which also presented the three-year plan, on a rolling cycle. The projection of coverage of the three-year plan highlighted that not all sectors are covered in the triennium.
183. Therefore, the internal resources are not sufficient for all activities envisaged by the audit plans, even for audit activity, and evaluation activity is not covered by internal capacity. In this regard, the IOO charter states that Director IOO must "*maintain a **professional internal oversight staff** with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter*".

Recommendation n. 18

184. 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.

Comments by the Secretary-General

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.

Enhancing professional skills through adequate training

185. The IOO staff follow a regular training, however this is not regulated through a formal plan. The Director IOO envisages five days per staff on formal training, on an annual basis. In addition, participation of IOO staff in the meeting of the Representatives of Internal Audit Services of the United Nations Organizations

and Multilateral Financial Institutions and Associated International Organizations (RIAS) is encouraged, as well as in the meetings of United Nations Representatives of Investigation Services (UNRIS).

186. Therefore, an annual training programme should necessarily be implemented in a way that skills and certifications owned by IOO staff are adequate to reach the objectives presented in the risk-based annual work plan, in order not only to fulfil the requirements of the IOO charter (see above, para, 183), but also to determine the financial and human resources needed.

Recommendation n. 19

187. 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.

Comments by the Secretary-General

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.

Annual self-assessment and assessment of the internal control system

188. The new model of the three lines (issued by the IIA in 2020) states that, as the third line, the “*Internal audit:*

- *Maintains primary accountability to the governing body and independence from the responsibilities of management.*
- *Communicates independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.*
- *Reports impairments to independence and objectivity to the governing body and implements safeguards as required”.*

189. According to this model, we have the opinion that a full self-assessment, on a regular basis, is required.

Recommendation n. 20

190. 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.

Comments by the Secretary-General

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.

191. Framing the model into the WMO, in line with the Service Note 4/2019, which provides for the functions assigned to the Controller, we can state that the second line mainly corresponds to this office.

192. Therefore, the IOO, in addition to a regular full self-assessment (the EQA recommends it should be biennial, and we can agree on this), should also assess the adequacy and effectiveness of the Controller as the second line, assessing if this office also needs to be provided with more resources.

Recommendation n. 21

193. 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.

Comments by the Secretary-General

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 Controller's office.

Independence of the IOO

Providing consultancies could impair IOO independence

194. According to its charter, IOO can also be requested to provide consulting services to the Organization (*“Perform consulting services, beyond internal auditing’s*

assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services”).

195. However, these services might impair independence; we recall that IIA standards have been primarily addressed to “private” sector, meanwhile, in International Organisations funded by public resources provided by member states, independence shall be strengthened.
196. The charter, in our opinion, does not adequately protect the independence of the Internal Oversight Office, because there is only a generic statement: “*IOO staff shall have no managerial authority over, or responsibility for, any of the activities they audit, investigate, or evaluate and shall not perform any other operational functions for WMO*”.
197. Considering the large number of consultancy services asked to Director IOO (as an example, in 2020 11 reports out of 16 totals were issued for consultancy services), we highlight the risk that there could be a limitation in the areas that can be audited, or, worse, there could be the risk that a consultancy is asked to avoid that such topic can be audited later.
198. The high number of consultancies was also highlighted by the AOC in its AOC-36 report: “*the AOC reiterated its opinion that IOO should not engage in consultancy activities that could impair its functional independence and IOO should strive to strike the right balance between assurance and advisory/consultancy assignments*”.
199. We are aware that IPPF¹ standard 1130 provides for the possibility, under certain conditions, that the internal auditor be asked for consulting services, however, as we have recalled above, in public funded International Organizations, in order to enhance and preserve its independence and objectivity, the internal auditor should not provide consultancies in its Organization.

Recommendation n. 22

200. 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.

¹ International Standards For The Professional Practice Of Internal Auditing

Comments by the Secretary-General

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.

A term for the mandate of the Director IOO is not envisaged.

201. As in other UN organizations, in the IOO charter, or in the WMO financial regulation and rules, there is no term for the mandate of the Director of the Internal Oversight Office.
202. Even considering that this is a very sensitive issue, and the UN framework is not so homogeneous in this sense, there is the risk that, after a certain number of years, the IOO Director could be increasingly involved in the decision-making processes by the organization and its independence of judgment could be steadily impaired.
203. We underline that the JIU, in its report 2016/8, paragraph 80, stated that a term limitation and employment restriction, within the same organization, for the head of internal audit/oversight, is recommended.
204. Various factors were examined by the UN inspectors: among them, the negative impact, especially in small organisations, of having a short-term mandate, which could cause a too high turnover and also make unattractive the post to well-qualified officers, who generally look for long-term employment. However, JIU concluded that a fixed-term mandate is recommended.

Recommendation n. 23

205. 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.

Comments by the Secretary-General

The recommendation will be considered. The implementation modality will require consideration of overall Human Resources Strategy of WMO, and other regulatory provisions. Limited tenure should be decided by Congress. If approved, limited tenure should be brought in line with the budget cycle which is four years. Two terms would bring the limited tenure to eight years. In addition, it's important to align with the common system. Limited tenure for IOO services is in place in a very limited number of agencies only.

Approval of the plan of work

206. As seen above (paragraph 171), the plan of work of the Director IOO is presented to Secretary-General for review and approval and reported to the Audit and Oversight Committee. This is in line with the spirit of IPPF standard 2020, which states *“the chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval”*.

207. However, in order to enhance independence of the IOO in a public funded International organization such as WMO, as also reported above in paragraph 195 onwards, we consider important that the risk-based plan of work, should be discussed, considered and approved – at least in the substance – by an independent body, technically capable to assess audit matters, delegated by Executive Council, which in WMO, could be considered the Audit and Oversight Committee.

Recommendation n. 24

208. 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.

Comments by the Secretary-General

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.

Cooperation between the Internal Auditor and the External Auditor

209. We wish to extend our sincere appreciation to the Director IOO for his prompt and useful cooperation, and IOO's staff members for their support and assistance during the audit.

FOLLOW-UP TO PREVIOUS RECOMMENDATIONS AND SUGGESTIONS

210. 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.

211. We asked the Controller 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.

212. We highlight that, reading the documents that have been provided by Management, we closed many recommendations, considering them as implemented; however, we added the annotation that "we will monitor in the context of our future audits", because one thing is to have new rules (what was mainly recommended), another thing is that the new rules are actually applied, and the problem is solved. Should we find, during our audit activity, that the problems still exist, we can reopen a recommendation or issue a new one.

213. 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
<p>1/2019 (FS) (2020/1)</p>	<p>SFAO recommends that WMO adapt its risk identification, assessment and management strategy and process. Strategic, operational and process risks, including financial risks, should be clearly identified. These risks should be periodically assessed. The results should be formally presented to the governance bodies and the Audit Committee.</p>	<p>This recommendation is accepted. Implementation started in 2019 and will be completed in the course of 2020. This will include finalization of the risk management regulations in Chapter 1 of the Standing Instructions, enhancement of internal capacities and coordination, regular discussions of risk management at Board of Directors meetings, continued reporting on risk management to the Executive Council through the WMO Audit Committee, and updating of the WMO Risk Management Policy and Risk Management Framework.</p>	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) Chapter 14 of the Standing Instructions was published on 4 Dec 2020. The chapter is fully dedicated to risk management, describing the process and defining related roles and responsibilities. An organizational risk and control matrix was developed as well as an interactive dashboard. Risk management is regularly discussed at Board of Directors (BoD) meetings and is part of all rolling reviews of performance (also presented to and discussed by BoD). The organizational risk and control matrix and its interactive dashboard were presented to the Audit and Oversight Committee. In implementation of the newly established process, risks are periodically assessed at 3 levels: (1) entity; (2) programmatic, i.e. by Strategic Objective (SO) and for projects; and (3) processes. Regarding (2) risk and control matrices are being developed by SO as part of the rolling reviews of performance. On (3), the Risk & Quality Management Officer is assisting the HR Section with updating their risk & control matrix; the one related to finance is up-to-date; the one on IT is being reviewed by the Infrastructure Department; the one on procurement is being updated. The observation of the External Auditor about the risk and control matrices (paragraphs 35-36 of the report on 2019 financial statements) are being addressed and the risk control matrices are currently under review. A comprehensive review of the project management process is ongoing, jointly implemented by the Member Services Department (MS) and the Monitoring, Evaluation, Risk and Performance Unit (MERP). Risk appetite statements were formulated, reviewed by the Audit and Oversight Committee (AOC) and approved by EC-73.</p> <p>Update as of March 2022:</p> <p>1) Implemented</p> <p>2) Chapter 14 of the Standing Instructions was published on 4 Dec 2020. The chapter is fully dedicated to risk management, describing the process and defining related roles and responsibilities. An organizational risk and control matrix was developed as well as an interactive dashboard. Risk management is regularly discussed at the Board of Directors (BoD) meetings and is part of all rolling reviews of performance (also presented to, and discussed, by BoD). The organizational risk and control matrix and its interactive dashboard were presented to the Audit and Oversight Committee. In implementation of the newly established process, risks are periodically assessed at 3 levels: (1) entity; (2) programmatic, i.e. by Strategic Objective (SO) and for projects; and (3) processes. Regarding (2) risk and control matrices are being developed by SO as part of the rolling reviews of performance. On (3), the risk & control matrices on HR and IT have been updated and the one on procurement is currently being reviewed. . The observation of the External Auditor about the risk and control matrices (paragraphs 35-36 of the report on 2019 financial statements) are being addressed by the process owner. A comprehensive review of the project management process was completed, jointly implemented by the Member Services Department (MS) and the Monitoring, Evaluation, Risk and Performance Unit (MERP). Risk appetite statements were formulated, reviewed by the Audit and Oversight Committee (AOC) and approved by EC-73.</p>	<p>Closed</p>
<p>2/2019 (FS) (2020/2)</p>	<p>SFAO recommends that WMO strictly apply the authorization processes for contracts with third parties and ensure that they are correctly implemented.</p>	<p>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>	<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>Ongoing</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
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 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.	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 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>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 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>	Ongoing
4/2019 (FS) (2020/4)	SFAO recommends that WMO strengthen the security of the password settings in the Oracle E-Business Suite database in accordance with the corresponding rules in force.	The recommendation is accepted. Oracle EBS Database management is fully outsourced to UNICC. While their passwords are generated with a high level of complexity, as per UNICC password policy, the database parameters can be set up to implement a reinforced or a different password policy to match the requirements of WMO. This will be performed as a part of the planned update of the Oracle Infrastructure scheduled to be delivered by September 2020.	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) The United Nations International Computing Centre (UNICC) confirmed the implementation of the new password settings in the production environment. The changes on the setup were implemented by the UNICC on 1-DEC-2020.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p>	Closed
5/2019 (FS) (2020/5)	SFAO recommends that WMO implement a review of access rights for the Oracle E-Business Suite database for all existing accounts, not only for Linux privileged accounts.	The recommendation is accepted. A process to review the access rights of all Oracle E-Business Suite database accounts will be implemented by the WMO Information Security Officer in collaboration with the manager of these accounts, UNICC. As an extension of the existing quarterly review process of privileged accounts, established in 2019, the process will utilize new monitoring tools that will be available with the planned update of the Oracle Infrastructure, scheduled to be delivered in September 2020.	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) The review for Q4 2020 was carried out. The review procedure is approved for all the database users, which is an extension to the existing review process of privileged users. The review is performed on a regular basis.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p>	Closed
6/2019 (FS) (2020/6)	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.	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) payments of salaries and benefits and entitlements and (b) the accuracy of staffing data will be added to the matrix.	<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>1) Implemented</p> <p>2) The HR risk control matrix was approved by D/GS on 28 January 2022.</p>	Ongoing We will monitor the effectiveness of the matrix

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
1/2018 (FS) (2019/1)	SFAO recommends that WMO prepare a cross-cutting description of the Travel process, including a risk, control and responsibility matrix. The process should meet the objectives of efficiency and cost-effectiveness. The controls defined should then be implemented and applied.	Recommendation accepted. WMO is in the process of reviewing and updating the processes supporting travel, with appropriate emphasis on efficiency and cost-effectiveness. In connection with the process update, WMO will develop a revised travel process description, including a risk and control matrix.	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) The new Chapter 6 of the Standing Instructions has been issued and implemented. The revised Chapter 6 was issued in September 2021, reflecting the Resolution 27 (EC-73) Policy and rules governing payment of travel expenses and subsistence allowances in respect of non-staff Members of WMO. Annual Meeting and Mission Plan (AMP) is operational. Meeting/Mission Requests are used as control tools on the necessity of face-to-face meetings. The internal controls over requisitions, purchase orders, issuance of tickets and handling of travel claims are put in place. Online booking tool was tested for the use by WMO staff for purchasing tickets.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p>	Closed We will monitor in the contest of our future audits
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>	Ongoing

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
<p>Rec. 2 Cost recovery (COST RECOVERY/2)</p>	<p>The SFAO recommends the WMO to review the Programme Support Cost Special Account, Principles for Utilization (PSC SA) and to harmonize it with the general policy as stipulated in the WMO Standing instructions.</p>	<p>The recommendation is accepted. The WMO will review the PSC SA with the view of harmonizing it with the general policy concerning cost recovery.</p>	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) ASG cleared the draft revision of the Principles for utilization of Programme Support Cost income, and as Chair of the Project Management Board (PMB), ASG provided the draft revision to the PMB members for their final feedback. In March 2021, PMB-30 (30th meeting of PMB) reviewed and recommended the revision for the approval by the Secretary-General (SG). SG approved the revision in April 2021. The revision takes into account the recommendation of the External Auditor.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p>	<p>Closed</p> <p>We will monitor in the contest of our future audits</p>
<p>Rec. 5 Sri Lanka (SRI LANKA/5)</p>	<p>SFAO recommends that WMO ensure that the relevant bodies oversee ongoing projects and take the necessary measures, for example, when there are significant delays in implementation.</p>	<p>The WMO Project Management Board, chaired by the Deputy Secretary-General, currently oversees all WMO projects.</p>	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) PMB receives key information on critical projects to take note and/or prescribe relevant action. Inclusion of information on critical projects remain as a key component in quarterly reports on portfolio performance to PMB.</p> <p>Update as of March 2022:</p> <p>1) Implemented</p> <p>2) PMB receives key information on critical projects to take note and/or prescribe relevant action. Inclusion of information on critical projects remain as a key component in quarterly reports on portfolio performance to PMB.</p> <p>Project was closed in 2020 with formal correspondence exchanged between the SG and the PR of Sri Lanka in 2020</p>	<p>Closed</p> <p>We will monitor in the contest of our future audits</p>
<p>Rec 1 INMET (INMET/1)</p>	<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>Ongoing</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
<p>Rec 2 INMET (INMET/2)</p>	<p>The SFAO recommends that WMO implement suitable measures to ensure that Chapter 13 of the Standing Instructions – Project Management and the new Project Management Handbook are applied consistently.</p>	<p>The recommendation is accepted. In the case of INMET the Project Management Accountability Form was submitted, and the project entered in the WMO regular procedures of project management following the second extension of the agreement. The project Focal Point designated for this period was Mr. Cristian Escobar, RAM office in Paraguay. Mr. Andres Orias of Geneva Office was also designated Project Manager in HQ mainly to deal with procurement office. The project was listed as "low risk" in 2019 as the final actions, procurement of HPC was underway and foreseen to be achieved before the end date of project. Refer information under Recommendation 1. The current delay in installation of the HPC is due to COVID-19 situation. The agreement has been extended to December 2020 to take this into account. All WMO externally funded agreements, including Advisory Services are now subject to provisions of Chapter 13 of the Standing Instructions – Project Management, the Project Management Board and guided by the Project Management Handbook.</p>	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) In order to implement the recommendation, training sessions for risk management were organized. Sessions on project management processes were conducted, which formed part of an internal review of the existing system in accordance with a decision of PMB in November 2020. Harmonization of risk management across all active projects will continue. Training sessions are organized on a regular basis to address key components of project management to be implemented.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p>	<p>Closed</p> <p>We will monitor in the contest of our future audits</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
1/2020 (FS) (2021/1)	In order to enhance the internal controls and, at the same time, to reduce risks that credit cards might be used for purposes not in line with internal rules, we recommend that Management internally assess if the number and limit of credit cards in use at WMO is appropriate in order to determine if the number of cards should be reduced or if additional internal controls should be implemented.	WMO accepts the recommendation and will perform an assessment as to the needs for, and related controls over, the credit cards in use at WMO.	<p>Update as of October 2021:</p> <p>1) In progress 2) An initial analysis of the historical trend on credit card usage was completed.</p> <p>Update as of March 2022:</p> <p>1) Implemented 2) One of the three credit cards has already been closed and the credit card attributed to the Secretary-General has also been closed, leaving a single credit card still open and controlled centrally.</p>	Closed We will monitor in the contest of our future audits
2/2020 (FS) (2021/2)	Considering that holding safety boxes in a public international context must require an extremely strict control over the persons who access them, and the items stored therein, in order to prevent fraud and/or minimizing reputational risk, we recommend that Management urgently should: (i) for the two boxes not yet open, reiterate the request to the bank for written confirmation of the timing and the list of persons who accessed the safe deposit boxes in the five years preceding the last access; (ii) assess whether WMO generally needs safety boxes and, if so, at the same time, decide who should have the right to access them, establishing a strict protocol on access and deposits; (iii) continue the opening of the two safety boxes still not opened and, once obtained, carry out an inventory of the content as soon as possible, ensuring the independence of those opening the two safety boxes.	WMO accepts the recommendation and has already initiated the implementation of the recommendations. Requests for detailed information and access registers have been made to the account manager at the bank. Decision has already been made to close the safety boxes and, during the closure process, a final inventory of the contents will be made.	<p>Update as of October 2021:</p> <p>1) Implemented 2) All Safety Deposit boxes have been closed. The closure process was evidenced by staff of the Internal Oversight Office (IOO) and an inventory of the contents was prepared by IOO staff noting the administrative nature of all items in the safety deposit boxes (IT tape back-ups and historical passwords). The bank refused to provide the written confirmation of the timing and the list of persons who accessed the safe deposit boxes in the five years preceding the last access. C/FIN carried out the assessment of the need for safety boxes in consultation with D/LCA and concluded that they were no longer required. IOO has the inventory of the content of the safety boxes.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p>	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. 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.	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 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>Update as of October 2021:</p> <p>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.</p> <p>Update as of March 2022:</p> <p>1) In progress 2) Significant movement has occurred to close bank accounts or to add second signatories. The four bank accounts are as follows: - 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> <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>	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
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	Ongoing
5/2020 (FS) (2021/5)	We recommend that the filing of documentation concerning Field Offices' banks be regularly backed up at HQs' level in order to allow HQs to maintain a strict control over treasury at FOs' level.	WMO accepts the recommendation and will review the documentation regarding field office bank accounts at HQ.	Update as of October 2021: 1) In progress 2) The implementation of recommendation 2021/5 is being done in connection with recommendation 2021/3. Once determination of bank accounts to remain active is determined, relevant documentation will be gathered and maintained also at HQ. Update as of March 2022: 1) Implemented 2) Following clean-up of bank accounts in the Field locations, FIN received documentation and files for the WMO Offices in the field. The recommendation is now fully implemented.	Closed We will monitor in the contest of our future audit
6/2020 (FS) (2021/6)	We recommend that an investment register be established and maintained, which could be easily checked by relevant oversight functions.	WMO accepts the recommendation and will implement an investment register during 2021 in the Finance Section. The internal control of this register will be carried out by D/LCA.	Update as of October 2021: 1) Implemented 2) Investment Register has been created and is stored in the WMO Sharepoint. Approved investment certification is contained in elios. The Investment Register is being populated as new investments are required and will be continuously improved during 2021. Update as of March 2022: Same as October 2021.	Closed We will analyse the implementation of the investment register in the contest of our future audits
7/2020 (FS) (2021/7)	Not having found in our sampling any errors in the related registration of the revenues, and also understanding that only a limited number of staff in WMO are dedicated to posting Assessed Contributions in the accounts, we recommend that new staff might be inserted in the process and, in this way, they should be disclosed in the form, for assuring that the process has been performed and then checked independently by different supervisors.	WMO accepts the recommendation. For 2021 receipts of assessed contributions, the formal sign-off by a second staff member has been implemented to ensure independent check and verification.	Update as of October 2021: 1) Implemented 2) All vouchers for receipts of assessed contributions contain two signatures - usually the Treasurer and C/FIN Update as of March 2022: Same as October 2021.	Closed
8/2020 (FS) (2021/8)	Considering the directions provided by IPSAS 39, we recommend that Management, independently from the Yield curve adopted to calculate the discount rate, should also disclose in the notes to the Financial Statements, the amount of the ASHI actuarial liabilities calculated using the discount rate of the long-term Swiss government bonds, starting from the Financial Statements for 2021.	WMO accepts the recommendation and will investigate, in coordination with the actuaries, the validity and feasibility of utilizing a discount rate of long-term Swiss government bonds for increasing the disclosure in the Financial Statements for 2021, while ensuring congruence with the rest of the UN system in the utilization of an agreed yield curve for calculating the recognized employee benefit liabilities.	Update as of October 2021: 1) In progress 2) The Actuaries have confirmed that the IPSAS 39 actuarial report will contain sensitivity analyses associated with Swiss Government bonds. Update as of March 2022: 1) Implemented 2) The Actuaries have confirmed that the IPSAS 39 actuarial report will contain sensitivity analyses associated with Swiss Government bonds.	Closed

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9/2020 (FS) (2021/9)	In order to improve the transparency and to make easier the access to the information contained in the actuarial report that shows actuarial liabilities, we recommend that average costs and statistical source be disclosed by the actuary in its report.	WMO accepts the recommendation and will work with the actuary to ensure sufficient disclosure within the actuarial report to understand the actuarial methods and assumptions, as well as their application.	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) The Actuaries confirmed that the IPSAS 39 actuarial report would contain additional disclosures showing the requested information.</p> <p>Update as of March 2022:</p> <p>1) Implemented</p> <p>2) The Actuaries confirmed that the IPSAS 39 actuarial report would contain additional disclosures showing the requested information. The final report has been received from the actuaries.</p>	Closed Superseded by the new Recommendation 9 in this report
10/2020 (FS) (2021/10)	In order to mitigate the risks that employees' benefits and allowances might be unduly paid and in order to enhance the control system's ability to ensure that, for instance, payments are correct, and that the system implemented adequately protects WMO from legal disputes and any undue payments, we therefore recommend Management that an electronic system, able to maintain the audit trail of the effective checks performed, be implemented and enhanced. The audit trail, for instance, an electronic checklist, should be able to provide evidence of the checks carried out on the self-certifications provided by staff to obtain benefits.	WMO accepts the recommendation and will seek to identify an approach to strengthen controls over self-declared entitlements, in line with practices in the UN system. The UN Secretariat, for example, goes even further and has made even rental subsidy a self-certification function with no input from HR or Finance. We also point out that false declaration made by staff may have disciplinary consequences, as provided under the Staff rules.	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) The WMO HR Hub was updated to address this recommendation. A detailed list of entitlements with the corresponding required supporting documents is published for staff information. Furthermore, a Service Note was drafted (to be published soon) that introduces additional controls in the form of yearly spot checks of entitlement recipients. The Service Note also clarifies the obligation of staff to provide information and explains the sanctions for failure to provide information.</p> <p>Update as of March 2022:</p> <p>1) Implemented</p> <p>2) The WMO HR Hub was updated to address this recommendation. A detailed list of entitlements with the corresponding required supporting documents is published for staff information. Furthermore, the Service Note 2021/22 that introduces additional controls in the form of yearly spot checks of entitlement recipients was issued, clarifying obligations of staff regarding entitlements and introducing related controls. Initial spot checking was introduced. The Service Note also clarifies the obligation of staff to provide information and explains the sanctions for failure to provide information.</p>	Closed We will monitor the effectiveness of the Service Note in the contest of our future audits
11/2020 (FS) (2021/11)	In order to mitigate risks of loss of relevant information due to paper management, to enhance efficiency and effectiveness of managing and monitoring staff related documentation, and also to increase accuracy in the financial controls over the benefits claimed and paid, we recommend that a process of digitalization of personnel files is implemented, providing, as a first step, for a backup of all data and documents, for example uploading them in an ERP.	WMO accepts the recommendation and has initiated work on a digitization project and files of consultants were partly scanned (this is ongoing). We also draw attention to the fact that most UN entities do not yet have fully digitized their personnel filing. As part of our project, we did a survey (through the Chief Executives Board (CEB)) and the feedback was that most entities have looked into this preliminarily but have not progressed.	<p>Update as of October 2021:</p> <p>1) Implemented</p> <p>2) All files of new staff, effective 1 January 2021, are kept in digital form. Digitization of historic staff files was considered, but no practical and financially viable modality could be identified to implement the retroactive digitalization, taking into account the considerable workload and financial resources required.</p> <p>Update as of March 2022:</p> <p>Same as October 2021.</p>	Closed We will monitor in the contest of our future audits
12/2020 (FS) (2021/12)	In order to enhance an effective control over Employee benefits, and to protect WMO from the risk of false declarations by staff, we recommend enhancing the legal framework – through the issuance, for instance, of internal Memoranda and/or service notes – which provide effective evidence of the right of the staff to obtain that specific benefit, not limiting to self-declarations but providing specific lists of documents that could be effectively cross-checked with internal and external database. On the other hand, we recommend enhancing also the regulatory framework, establishing effective sanctions on false self-declarations, able to protect the WMO from risks of fraudulent statements.	WMO accepts the recommendation by enhancing existing checks related to staff self- declarations, as appropriate.	<p>Update as of October 2021:</p> <p>1) In progress</p> <p>2) A relating Service Note, reminding staff of their obligations under Staff Rule 112.5 (obligation to supply information) is ready for issuance. A table that lists the relevant supporting documentation to be provided for each benefit is posted on the HUB.</p> <p>Update as of March 2022:</p> <p>1) Implemented</p> <p>2) Service Note 2021/22 was issued clarifying obligations of staff regarding entitlements under Staff Rule 112.5 and introducing related controls. The HUB page contains a list of required documentation to be provided for each benefit is posted on the HUB.</p>	Closed We will monitor the effectiveness of the Service Note in the contest of our future audits

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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 Elios, waiting for final approval by SG.	Ongoing
14/2020 (FS) (2021/14)	In order to assess the financial impact in 2020 and following years, considering the absence of a comprehensive ex post cost-benefit document, we recommend that an assessment be drawn up which, starting from the objectives of the restructuring, enhance the preparation of a financial plan that considers staff expenditures and the cost-benefits of the restructuring jointly with the budgetary risk, for instance those costs for the payment of benefits to personnel.	WMO accepts the recommendation and agrees to review the existing ex post analysis to incorporate the additional elements referred to in the recommendation.	Update as of October 2021: 1) Implemented 2) Analysis of cost was done that presented the total cost of the restructuring. The budgetary amounts saved were reinvested in 29 new staff positions as approved the Secretary-General. This was communicated to the Executive Council in the Budget 2022-2023 INF document and was a key element of the budget. See the documentation of the additional positions and discussion in the Budget 2022-2023 INF document: EC-73-INF06-2-BIENNIAL-BUDGET-FOR-2022-2023. Update as of March 2022: Same as October 2021.	Closed We will monitor in the contest of our future audits
15/2020 (FS) (2021/15)	Considering that, if HR had formally forwarded detailed financial elements, a provision related to termination benefits and accrued employee benefits (such as leave) that result from the ongoing restructuring may have been deemed to be required at 31.12.2019, according to IPSAS Standard 19, or additional disclosure as a subsequent event could have been considered, we recommend that HR should forward systematically, at year end in a formal memo, all the financial elements that could help Finance to assess if a provision would be necessary in order to present fairly financial data in the Statements.	WMO accepts the recommendation. With regards to the specific elements of the restructuring, the Chief FIN was aware of the ongoing restructuring and the potential impact on staffing. However, this did not impact a provision in the financial statements. Based upon the level of specificity of the restructuring determined as at 31 December 2019, particularly with respect to the fact that the number of staff to be impacted could not have been determined, WMO management believes that a provision was not required in the 2019 financial statements. It is recognized that formalization of that determination should have been documented and approved in connection with the preparation of the 2019 Financial Statements.	Update as of October 2021: 1) In progress 2) Discussions were carried out between C/HRS and C/FIN and an arrangement was reached on a structured approach to address the recommendation. Update as of March 2022: 1) Implemented. 2) The agreed meeting between HRS and FIN took place and relevant information was exchanged. The results of the meeting are documented in a detailed memo that lists potential liabilities.	Closed
16/2020 (FS) (2021/16)	In order to have an effective system of internal controls and considering that the minutes are an important step in the WMO's financial life and for all events having financial impact, we therefore recommend enhancing the audit trail, as best practice, through i) a written workflow regulated by internal rules, ii) a systematic keeping of minutes of meetings carried out for the restructuring, and iii) the recording of summaries of the discussions held during the meeting. Agenda and minutes should transparently show what actions have been decided, who is responsible and accountable for any decision and what are the milestones and deadlines.	WMO accepts the recommendation to document reports of actions from decision-making meetings to enhance the audit trail.	Update as of October 2021: 1) Implemented 2) Decisions with significant impact on WMO originate in various fora such as the Board of Directors, the Joint Consultative Committee etc. and such meetings are minuted. Furthermore, decisions and their approval workflow are documented in WMO's document management system, elios. They are also formalized through the issuance of service notes. Update as of March 2022: Same as October 2021.	Closed We will monitor in the contest of our future audits
17/2020 (FS) (2021/17)	Considering that "the Recruitment and Termination Benefits reserve" is used to support recruitment and termination benefit costs, and, particularly in the perspective of the restructuring that was initiated in 2019, we consider that Management could have considered an advance process at least to discuss the opportunity to increase the funding to the reserve that could have been used to adequately fund the restructuring costs. We recommend that Management start an internal process, to determine whether the current 4% charge is adequate for facing these costs looking forward.	WMO accepts the recommendation and, similar to what was done with respect to the Post- Employment Benefits Reserve in 2019, will perform a review of the adequacy of the 4% charge for the Recruitment and Termination Benefits Reserve.	Update as of October 2021: 1) Implemented 2) An analysis of the adequacy of the 4% charge, for the period from 2016 through 2020 has been performed, and a memo has been prepared and approved by D/GS. The analysis shows that the annual actual costs are materially close to 4 percent, excluding extraordinary reorganization activities; therefore, the reserve will be maintained at a 4% charge for 2021 and 2022, with an update to the analysis in 2023 to allow for potential modifications at the beginning of the next Financial Period. Update as of March 2022: Same as October 2021.	Closed We will monitor in the contest of our future audits

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18/2020 (FS) (2021/18)	We recommend that Management update the WMO Oracle ERP in order to allow an automatic identification and monitoring of the Purchase Orders or Contracts executed under a waiver of competition.	WMO accepts the recommendation that automated identification and monitoring of procurement actions executed under a waiver of competition would improve the overall effectiveness of internal controls related to procurement activities. Therefore, WMO will consider implementing an automated tool, whether within the ERP system or through a separate tool or identifying and monitoring these waivers.	Update as of October 2021: 1) Implemented 2) The Procurement Section created a folder in Elios to archive all the Purchase Orders or Contracts executed under a waiver of competition in order to implement the recommendation. This is a most economic and effective solution within the current ERP framework. However, when the current ERP will be upgraded, possibilities of technically better solutions should be explored. Update as of March 2022: Same as October 2021.	Closed
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.	Update as of October 2021: 1) In progress 2) Chapter 10 of the Standing Instructions (paragraph 10,11,11) is being revised with a view to implementing this recommendation. Update as of March 2022: 1) In progress 2) The paragraph 10.11.11 of the Chapter 10 of the Standing Instructions was revised to implement this recommendation. The revised Chapter 10 needs to be approved through Elios.	Ongoing
20/2020 (FS) (2021/20)	We recommend that management perform a review of all Agreements currently in force, in order to identify those being automatically renewed and, upon identification, to confirm the validity of the ongoing agreements and to provide indication to the relevant supplier regarding the incorporation of a reasonable term of validity within the agreement(s).	WMO accepts the recommendation. Purchase contracts will be reviewed and amended where possible to exclude automatic renewals.	Update as of October 2021: 1) In progress 2) This recommendation is related to Purchase contracts. The Purchase contracts are being reviewed. So far the only case identified to be addressed is the case of CMA. Update as of March 2022: 1) Implemented 2) This recommendation is related to Purchase contracts. The Purchase contracts were reviewed and the only case identified to be addressed is the case of CMA. CMA confirmed that its agreement with WMO should be open-ended without end date.	Closed
21/2020 (FS) (2021/21)	In line with IPSAS 24, Statement V of the Financial Statements contains the details of the actual expenditures of the Regular Budget compared to the approved Regular Budget. Further, Note 7 to the Financial Statements contains a reconciliation of the total expenditures of the Regular Budget on a budgetary basis to the total expenses of WMO for the General Fund Group. In order to have a transparent view of the impact of the Financial Performance on Statement V, we recommend that, from next year onwards, Statement V should be further expanded on the face of the Financial Statements, to fully reconcile the actual expenditures of the Regular Budget for the year to both the approved Regular Budget and to the full financial results for the financial year that comprise the Surplus/Deficit for the year under the “Statement of Financial Performance”.	WMO accepts with the recommendation and will perform a review of the presentation of Statement V with a view to expand the information contained in Statement V while ensuring the results of the regular budget for the year continue to be prominently displayed.	Update as of October 2021: 1) In progress 2) A first draft of a revised Statement of Comparison of Budget and Actual Amounts (Statement V) has been developed for initial discussions. Update as of March 2022: 1) Implemented 2) The revised Statement of Comparison of Budget and Actual Amounts (Statement V) has been submitted to the External Auditor on 30 March 2022.	Closed