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## **Unaudited interim financial report on the accounts of WHO for 2008**

### **Third report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-second World Health Assembly**

1. The tenth meeting of the Programme, Budget and Administration Committee was held in Geneva on 14 May 2009 under the chairmanship of Dr M. Dahl-Regis (Bahamas).<sup>1</sup>
2. The Committee noted the salient points of the unaudited interim financial report for the period 2008.<sup>2</sup>
  - The redesigned format of the report represented a major step towards full compliance with the International Public Sector Accounting Standards (IPSAS), planned for the financial period beginning 2010. Adoption of IPSAS will enable preparation of better financial reports that will improve accountability, transparency and governance.
  - Some one-off variances related to the recognition of income appear in the report for 2008 as a result of new financial-reporting mechanisms. These effects were primarily due to a change in the income-recognition policy which went into effect in 2007 and which caused a significant one-time rise in reported income in the previous biennium. This change was partially responsible for the larger-than-normal reported carry forward at the beginning of 2008.
  - Total income for WHO's programme activities for 2008 was US\$ 1734.9 million with expenditure almost equal at US\$ 1735.0 million. Financial income of US\$ 34.8 million was largely responsible for the final surplus of US\$ 34.7 million for the year.
  - Despite difficult financial markets, the Secretariat earned a modest return of US\$ 61.5 million in 2008. These positive returns and the preservation of capital can be credited to the close monitoring by Investment Committee and the conservative investment policy.
  - Member States continue to be the largest source of income for the Organization through both assessed and voluntary contributions. In 2008 Member States contributed about 46% of the total income for the period. Other organizations in the United Nations system and intergovernmental organizations contributed 28% of the total income, but much of this

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<sup>1</sup> For list of participants, see document A62/43, Annex.

<sup>2</sup> See documents A62/28 and A62/28 Corr.1.

funding can also be attributed to Member States which were, in most cases, the original donor.

3. The Committee raised questions about the timing of full compliance with IPSAS and whether the Region of the Americas would comply with the Standards even though it is not part of the currently planned introduction of the Global Management System. The Secretariat stated that WHO would be fully compliant with the Standards from the beginning of 2010, data for the Region of the Americas included.

4. Concerns were raised about the level of travel expenses for 2008. It appeared that there would be a substantial increase in travel costs by the end of 2009 if the trend in 2008 continued. The Secretariat explained that the increase was primarily due to the increased number of trips taken by staff and delegates as well as an increase in air travel costs in 2008. The Director-General had already put plans in place to cut travel costs by enforcing use of advance ticket purchase discounts. In addition, programme managers are encouraged, where possible, to use videoconferencing for some meetings in order to reduce travel costs.

5. It was noted that the Organization needs an estimated US\$ 1000 million carry forward to fund known commitments for staff costs and programme activities. The actual total carried forward at 31 December 2008 was higher, because of an uneven distribution of the amounts carried forward and the earmarking of substantial funds for expenditure across several years.

6. The Committee commented that expenses related to research appeared to be much higher at headquarters than at the regional offices. The Secretariat explained that much of the expenditure for research was for the UNICEF/UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases and the UNDP/UNFPA/WHO/World Bank Special Programme of Research, Development and Research Training in Human Reproduction. Both these programmes are managed from headquarters, and the expenditures are recorded at the issuing office and not in the country where the research was taking place.

## **RECOMMENDATION TO THE HEALTH ASSEMBLY**

7. The Committee, after examination on behalf of the Executive Board of the unaudited interim financial report for 2008 and the interim report of the External Auditor,<sup>1</sup> recommends to the Sixty-second World Health Assembly adoption of the following draft resolution:

The Sixty-Second World Health Assembly,

Having examined the unaudited interim financial report for 2008;<sup>2</sup>

Having noted the third report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-second World Health Assembly;<sup>3</sup>

ACCEPTS the Director-General's unaudited interim financial report for the year 2008.

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<sup>1</sup> See document A62/29.

<sup>2</sup> See documents A62/28 and A62/28 Corr.1.

<sup>3</sup> See document A62/44.