

Unaudited interim financial report on the accounts of WHO for the year 2010

Second report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-fourth World Health Assembly

1. The fourteenth meeting of the Programme, Budget and Administration Committee of the Executive Board was held in Geneva on 12 and 13 May 2011 under the chairmanship of Dr Ali Jaffer Mohamed (Oman).¹
2. The Committee noted that the Secretariat had prepared the report in accordance with WHO Financial Regulations and Financial Rules and in compliance with the United Nations System Accounting Standards. It was also noted that the format of the statements had already been aligned towards compliance with the International Public Sector Accounting Standards (IPSAS).
3. The Committee noted that the Secretariat was continuing to prepare for the first IPSAS-compliant financial statements in 2012. Key areas of focus in this regard were fixed assets, inventory, long-term liabilities and budget comparisons.
4. The Secretariat presented the income figures for the year 2010, which amounted to US\$ 2.3 billion, of which accounts receivable represented US\$ 0.6 billion. Expenditure for the year 2010 amounted to US\$ 2.1 billion. Included in both income and expenditure were contributions in kind and reimbursable procurement of US\$ 0.2 billion.
5. The Committee expressed concern over the cash deficit for the period of US\$ 0.3 billion resulting from excess cash expenditures over cash received, arising from US\$ 0.5 billion of income recorded but not yet received.
6. The Committee raised questions regarding the accounting policies for the recording of income. The Secretariat explained that where agreements contained specific conditions (e.g. when they were subject to parliamentary approval) the income would not be recorded in full. In addition, those agreements that contained clear timelines for future payments would not be recorded in full in the current period but when the payment was due.

¹ For list of participants, see document A64/45, Annex.

7. The Committee noted that the total cash balance held by WHO of US\$ 2.6 billion included amounts for external partners such as UNITAID and UNAIDS as well as for long-term liabilities for Staff Health Insurance and terminal payments. The total amount of cash available for programmatic activities was US\$ 1.3 billion.

8. The Secretariat explained that the minimum cash carry-forward required to sustain operations for six months into the next biennium would be US\$ 1.0 billion (approximately 25% of the total). The carry-forward required to ensure security of future financing, i.e. confirmed income, would, however, be closer to US\$ 1.5 billion.

9. It was noted that at the end of 2010 the carry-forward balance was US\$ 1.8 billion, which on a cash basis was US\$ 1.3 billion after reduction of outstanding receivables of US\$ 0.5 billion. The Secretariat explained that 90% of that balance, however, related to specified contributions and therefore was unevenly distributed across the Organization.

10. The Committee noted that the Secretariat forecasted that income would remain flat or potentially decline over the period. Current estimated income for the biennium was US\$ 4.0 billion. Expenditure continued to rise and was expected to reach US\$ 4.0 billion by the end of the biennium.

11. The Secretariat highlighted the salient points from the statement of financial position. Key figures reported to the Committee included US\$ 0.6 billion of accounts receivable. The key liabilities in the statement for terminal payments and after-service health insurance were both significantly underfunded when accounted for on an IPSAS basis. The Secretariat had already introduced a plan to reduce the unfunded liability for terminal payments over a period of 15 years.

12. The Committee expressed some concern that travel costs had risen in 2010 when compared to the previous biennium 2008–2009. The Secretariat explained that the Director-General had already put in place measures to reduce travel by 20% when compared with 2009. It was noted that the total expenditure for travel was approximately 50% for staff and 50% for non-staff (e.g. meeting participants, temporary advisors and consultants).

13. The Committee also expressed some concern over the specified nature of contributions not coming from Member States. Of the 50% contributions by nongovernmental organizations, the private sector, foundations, and the United Nations system, only 0.3% were fully flexible. A concern was noted that efforts to increase non-Member State contributions might actually lead to less flexible funding for the Organization.

RECOMMENDATION TO THE HEALTH ASSEMBLY

14. The Committee recommended, on behalf of the Executive Board, that the Health Assembly adopt the following draft resolution:

The Sixty-fourth World Health Assembly,

Having examined the unaudited interim financial report on the accounts of WHO for the year 2010;¹

Having noted the second report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-fourth World Health Assembly,²

ACCEPTS the Director-General's unaudited interim financial report for the year 2010.

= = =

¹ See documents A64/29 and A64/29 Add.1.

² See document A64/49.