



World Health Organization
Organisation mondiale de la Santé

FIFTIETH WORLD HEALTH ASSEMBLY

Provisional agenda item 22.1

A50/24
5 May 1997

Interim financial report for the year 1996

First report of the Administration, Budget and Finance Committee to the Fiftieth World Health Assembly

1. In accordance with its terms of reference contained in resolution EB93.R13, the Administration, Budget and Finance Committee of the Executive Board met on 2 May 1997 under the chairmanship of Professor A. Aberkane to consider, *inter alia*, the interim financial report on the accounts of WHO for 1996,¹ and to report thereon to the Fiftieth World Health Assembly on behalf of the Board.
2. The list of participants is attached as the Annex.
3. The interim financial report for the year 1996, which covers the first year of the financial period 1996-1997 and is not subject to an external audit certification, was introduced by the Secretariat. It has been confirmed to the Committee that the financial report for the 1996-1997 biennium, to be presented to the Fifty-first World Health Assembly, will be prepared in accordance with the new United Nations Accounting Standards.
4. There were two additional documents presented to the Committee with the Interim Financial Report for the year 1996, the External Auditor's report on his work and the comments of the Director-General.²
5. The Committee noted that the rate of collection of contributions at 31 December 1996 was 77.7%, as compared to 80.3% and 56.3% on 31 December 1994 and 31 December 1995, respectively. The total of outstanding contributions due for the year 1996 and prior years was US\$ 168 228 206. An analysis of the figure showed that US\$ 95.8 million was due from three Members; another 19 Members, with outstanding contributions of over US\$ 1 million each, owed US\$ 55.8 million and the amount owed by the remaining 68 countries totalled US\$ 16.6 million.
6. While it was noted that the amount of internal borrowing had been US\$ 178 million at 31 December 1995, the balance at 2 May 1997 was US\$ 14.2 million. It is expected that this balance will be further reduced during 1997.

¹ Documents A50/8 and A50/8 Add.1.

² Documents A50/22 and A50/23.

7. The Committee noted the amount of casual income available at 31 December 1996 and endorsed the recommendation of the Director-General in his report on casual income¹ to appropriate the balance of US\$ 12 617 000 to help finance the 1998-1999 regular budget.

8. The representative of the External Auditor confirmed the contents of document A50/22, drawing the particular attention of the Committee to the External Auditor's views on the establishment of an audit committee, on the internal audit and oversight function within the Organization, on the United Nations Common Accounting Standards, and on consistency in reporting on the internal borrowing situation.

9. The External Auditor had noted the comments of the Director-General; maintaining the validity of his report, the External Auditor indicated his willingness for discussions in the future.

10. The attention of the Committee was drawn to document A50/23 in which the Director-General responded to the issues raised by the External Auditor. The need for more extensive discussions in this regard was highlighted as a matter of concern.

11. Regarding the comments on the reform process, the Director-General referred to the resolution of the Executive Board in January 1997 in which he was thanked and commended for the progress made in budgetary reform in the proposed programme budget for 1998-1999 (resolution EB99.R13).

12. Members raised a number of questions on specific issues referred to in the report, to which the representative of the External Auditor and the Secretariat responded. The Committee felt that any differences of opinion between the External Auditor and the Secretariat should be resolved, to the maximum extent possible, before the documents were presented to the governing bodies of the Organization, and that current difficulties could be resolved by greater consultation. As for the comments in the report attributable, according to the Secretariat, to insufficient communication between the External Auditor and itself, some members of the Committee regretted the delay in reaching agreement on the methods to be followed and approved the principle of further discussion to ensure better understanding by all concerned of the issues involved. In addition, some members of the Committee expressed concern about the difficulty of understanding and dealing with complex accounting principles, which were not in their area of competence; the problem was made more complex because the time to study the documents presented was insufficient.

13. On the question of the establishment of an audit committee, most members of the Committee expressed the wish that this be further explored and examined by the Executive Board during its 101st session in January 1998. It was confirmed by the Secretariat that a report on follow-up to other matters raised by the External Auditor would also be made to the 101st session of the Executive Board, taking into account comments made by the Committee.

14. The Committee, following its examination of the interim financial report on behalf of the Executive Board and having taken due account of the External Auditor's report on his work as well as the comments of the Director-General, recommends to the Fiftieth World Health Assembly the adoption of the following resolution:

The Fiftieth World Health Assembly,

Having examined the interim financial report for the year 1996;

Having noted the report of the Administration, Budget and Finance Committee of the Executive Board,

ACCEPTS the Director-General's interim financial report for the year 1996.

¹ Document A50/11.

ANNEX

LIST OF PARTICIPANTS

Members, alternates and advisers

Professor A. Aberkane (Member, Chairman)

Dr Y.-S. Shin (Member)

Dr B. Wasisto (Member)

Mrs R. Tahar (adviser)

Mr B. Clerc (alternate to Professor J.-F. Girard)

Mr L. de Souza (alternate to Dr C.M. Morel)

Dr A. El Etr (alternate to Professor I. Sallam)

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