



World Health Organization Organisation mondiale de la Santé

FIFTY-FIRST WORLD HEALTH ASSEMBLY

Provisional agenda item 23.1

A51/12
8 May 1998

Financial report and audited financial statements for the financial period 1 January 1996 - 31 December 1997 and report of the External Auditor to the World Health Assembly

First report of the Administration, Budget and Finance Committee of the Executive Board to the Fifty-first 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 8 May 1998 under the chairmanship of Dr B. Wasisto to consider *inter alia*, the financial report of the Organization for the financial period 1 January 1996 to 31 December 1997, the report of the External Auditor and the Director-General's comments thereon,¹ and in accordance with Financial Regulation 12.9, to submit to the Fifty-first World Health Assembly on behalf of the Board such comments as it considered necessary.
2. The list of participants is attached (Annex).
3. Introduction of the financial report for the financial period 1996-1997 was followed by a presentation by the External Auditor of his report.
4. The Committee noted that the Organization had presented the financial statements for the period 1996-1997 in accordance with the formats that had been developed under the United Nations System Accounting Standards. The Committee welcomed the new presentation, noting also that the accounts would be subject to continuing review and change in the light of the future enhancement of the United Nations standards.
5. The rate of collection of contributions for 1996-1997 was 84.97%, as compared to 73.62% for 1994-1995. Of the 88 Members who had not paid their 1996-1997 assessed contributions in full at the end of 1997, 37 Members had made no payment at all for the biennium.
6. The Committee noted that the Organization had had to deliver its 1996-1997 approved regular budget programme under difficult financial conditions because of the continuing delayed payment of assessed contributions for the biennium. Programme implementation was reduced by US\$ 28 450 716.
7. The Committee noted that financial operations were carried out within the 1996-1997 approved budget and in accordance with the Financial Regulations and Rules of the Organization. Because of the shortfall in the collection of assessed contributions in 1996-1997, the Organization incurred an income deficit of US\$ 97 578 194, which was covered in part by a withdrawal of the balance available in the Working Capital Fund, US\$ 4 632 071. The remainder, US\$ 92 946 123, was secured against other funds of the Organization in

¹ Documents A51/11, A51/11 Add.1, and A51/27, respectively.

accordance with Financial Regulation 5.1 dealing *inter alia* with internal borrowing. The Committee expressed concern at the serious lack of financial support by some Members, which had obliged the Organization to resort to internal borrowing.

8. The Committee noted the importance of applying 13% programme support costs as partial reimbursement of expenditures incurred in the delivering of activities financed from extrabudgetary resources, while the regular budget carried a further 22.5% of these expenditures.

9. In connection with the operation of the exchange rate facility, the Committee noted that due to more favourable United Nations/WHO accounting rates of exchange throughout the biennium, exchange rate savings totalling US\$ 23 266 100 had been transferred to casual income.

10. Obligations incurred under all sources of funds amounted to US\$ 1 540 582 649, of which US\$ 790 937 184 (51.34%) related to the regular budget and US\$ 749 645 465 (48.66%) to extrabudgetary funds.

11. The Committee noted that during 1996-1997, the Organization continued to maintain close control of administrative costs, which were reduced to 10.67% of all obligations incurred under all sources of funds.

12. The Committee reviewed the report of the External Auditor and noted his findings, conclusions and recommendations in relation to financial matters and the accounts of the Organization for 1996-1997. In reviewing the comments of the Director-General on the matters raised by the External Auditor, the Committee noted that there was no matter considered material which would affect the Auditor's opinion. The External Auditor responded to questions on matters relating to local costs subsidies and programme implementation, monitoring and evaluation. In relation to the comments of the Director-General, the Secretariat advised that a subsequent report on follow-up to the External Auditors' comments would be presented to the 103rd session of the Executive Board.

13. The Committee noted the statement of regular budget appropriations, transfers between sections, use of the exchange rate facility, obligations incurred and balances for the biennium 1996-1997. This revealed that total obligations incurred amounted to US\$ 790 937 184, against the approved regular budget of US\$ 842 654 000 which, after transfer to casual income of US\$ 22 266 100 in respect of exchange rate savings (resolution WHA48.32), totalled US\$ 819 387 900.

14. The Committee noted that the Annex to the financial report contained comprehensive information on extrabudgetary resources for programme activities.¹

15. After examining the financial report for 1996-1997 and the report of the External Auditor, together with the Director-General's comments thereon, the Committee recommends to the Fifty-first World Health Assembly adoption of the following resolution:

The Fifty-first World Health Assembly,

Having examined the financial report and audited financial statements for the financial period 1 January 1996 to 31 December 1997 and the report of the External Auditor to the Health Assembly;²

Having considered the first report of the Administration, Budget and Finance Committee of the Executive Board to the Fifty-first World Health Assembly;³

¹ Document A51/11 Add.1.

² Document A51/11.

³ Document A51/12.

ACCEPTS the Director-General's financial report and audited financial statements for the financial period 1 January 1996 to 31 December 1997 and the report of the External Auditor to the Health Assembly.

ANNEX

LIST OF PARTICIPANTS

Members, alternates and advisers

Dr B. Wasisto (member, Chairman)

Dr A. Badran (alternate to Professor I. Sallam)

Dr C. Morel (member)

Dr A. Sanou Ira (member)

Dr Y. S. Shin (member)

Mr H. Voigtländer (member)

Mr U. Kalbitzer (adviser)

Other Executive Board members, alternates and advisers

Mr O. T. Christensen

Mr T. S. Stamps

Mr E. Vanderval

Mr E. Varela

Mr G. M. Warrington

Mr J. Waslander

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