

## **Financial report and audited financial statements for the year ended 31 December 2014**

### **Report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-eighth World Health Assembly**

1. The Committee considered the Director-General's Financial Report and audited financial statements for the year ended 31 December 2014 and the Annex to that report.<sup>1</sup> This is the third year in which the Organization's financial statements are in compliance with the International Public Sector Accounting Standards (IPSAS). Summary tables from the report were highlighted, including the revenue and expenses for the year, the sources of voluntary contributions, the summary of net assets/equity, and the programme budget expenses by region and by expense type.
2. The Committee encouraged the Secretariat to ensure that the transition provisions for the initial recognition of property and equipment are complied with as soon as possible, and by the latest December 2016, as allowed under IPSAS provisions.
3. The Committee noted that the increase in contractual services was a large expenditure, both in terms of absolute amount and as a percentage of the total expenditure. The Secretariat explained that this comprised: (1) agreement for performance of work, which is a key method of programme implementation; (2) direct implementation, which was mainly for polio eradication activities, most notably in Pakistan and Nigeria; and (3) other components: special service agreements, research services, training, fellowships and security expenses.
4. The Committee welcomed the details provided on the Staff Health Insurance scheme, while recognizing that the staff health insurance liability is one of the longer-term financial risks for the Organization. The Secretariat outlined the measures being taken by the Organization, both to mitigate the risk linked to the long-term liabilities of the scheme, and to contain medical expenses. The Secretariat further indicated that contributions of both staff and the Organization have been increased in order to cover the projected future costs. Furthermore, the contributions of active staff fund an additional 25% to cover the retirees' deficit as well as long-term liabilities.
5. The Committee commended the Secretariat on the soundness of its financial position, which included a surplus of US\$ 313 million in 2014 and net assets of US\$ 1848 million.<sup>2</sup>

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<sup>1</sup> Documents A68/38 and A68/INF./1.

<sup>2</sup> Details of the surplus are provided in document A68/38, Statement III and in the referenced notes.

## RECOMMENDATION TO THE HEALTH ASSEMBLY

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

The Sixty-eighth World Health Assembly,

Having considered the financial report and audited financial statements for the year ended 31 December 2014;<sup>1</sup>

Having noted the report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-eighth World Health Assembly,<sup>2</sup>

ACCEPTS the Director-General's financial report and audited financial statements for the year ended 31 December 2014.

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<sup>1</sup> Documents A68/38 and A68/INF./1.

<sup>2</sup> Document A68/57.