



# **Follow-up to the report of the External Auditor**

## **Report by the Director-General**

This follows up matters raised in the report by the External Auditor for 1996,<sup>1</sup> the Director-General's comments thereon<sup>2</sup> and the first report of the Administration, Budget and Finance Committee to the Fiftieth World Health Assembly.<sup>3</sup>

1. The External Auditor reported to the Fiftieth World Health Assembly on progress during his first year (1996) on the audit assignment. He did not give an opinion on the financial statements put before the Health Assembly as these accounts for 1996 were interim accounts and not the final accounts for 1996-1997 which will go before it in 1998. Nevertheless, a number of important issues were raised on which the Director-General submitted comments to the Assembly. Three of the broader policy issues have been followed up in this report to the Board.
2. During the discussions in the Board's Administration, Budget and Finance Committee (ABFC) preceding the Fiftieth World Health Assembly on the accounts of WHO for 1996, the need was expressed for more extensive discussions between the External Auditor and the Secretariat. The Director-General is pleased to report that since then there has been greater consultation, as a result of which the audit matters raised were addressed.
3. In particular, further progress has been made during 1997 in presenting WHO's financial statements in the formats prescribed under the United Nations system accounting standards. This exercise is now nearing completion. A series of mutually beneficial discussions with the External Auditor has contributed to the overall development of the financial statements. The new financial statements, along with supporting notes and schedules to be included in the financial report for the biennium 1996-1997, will be presented to the Fifty-first World Health Assembly in May 1998.
4. Finally, concerning the External Auditor's proposal to establish a separate audit committee, the Director-General maintains the view that the present ABFC provides an appropriate means of discussing the matters brought up by the External Auditor. Therefore, the Director-General, in consultation with the External Auditor,

<sup>1</sup> Document A50/22.

<sup>2</sup> Document A50/23.

<sup>3</sup> Document A50/24.

proposes that the existing mandate of ABFC be expanded to include the functions of an audit committee. The Committee could appropriately be renamed Administration, Budget, Finance and Audit Committee.

5. ABFC is due to consider this report at its meeting immediately prior to the 101st session of the Board in the presence of the External Auditor, and its views will be reported to the Board.

6. The Director-General wishes to acknowledge the External Auditor's cooperation in addressing the issues raised and intends to maintain the procedure developed after the Fiftieth World Health Assembly in May 1997 through continued discussion.

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