



Ref.: C.L.15.1994

Geneva, 1 July 1994

Sir,

Appointment of External Auditor of the World Health Organization
for financial periods 1996-1997 and 1998-1999

At its forty-fourth session in May 1991, the World Health Assembly, by resolution WHA44.17, appointed the holder of the office of the Comptroller and Auditor General of the United Kingdom of Great Britain and Northern Ireland to be the External Auditor of the World Health Organization (WHO) for the two financial periods 1992-1993 and 1994-1995. In accordance with Article 12.1 of WHO's Financial Regulations, it will be necessary for the World Health Assembly, at its session in May 1995, to appoint an External Auditor, who shall be the Auditor-General (or an officer holding equivalent title or otherwise qualified) of a Member government, for the financial period 1996-1997 and, if so desired by the Assembly, also for the subsequent period 1998-1999.

In the past it has been the practice for only the name of the current External Auditor to be proposed to the World Health Assembly for appointment, except when the current External Auditor had previously indicated he was not able to continue. In view, however, of the present trend in the United Nations system for organizations to seek actively the candidature of all potential External Auditors, and in view of the interest in the appointment expressed by other Member governments both at the Forty-fourth World Health Assembly at the time of the appointment of the current External Auditor of the World Health Organization and in subsequent correspondence and inquiries, I have decided to prepare for the appointment of the External Auditor for 1996-1997 and subsequent bienniums by inviting tenders from all Member governments. This procedural change will also help to reinforce WHO's continuing efforts to encourage wider participation and promote greater transparency in all activities, objectives which were discussed and endorsed at the Forty-sixth World Health Assembly in May 1993.

... ENCLS: (3)

C.L.15.1994

1 July 1994

I have the honour, therefore, to invite you to nominate a candidate whom you may wish the World Health Assembly to consider for appointment as the External Auditor of WHO for the financial periods 1996-1997 and 1998-1999. The full text of Article XII of the Financial Regulations and the Additional Terms of Reference Governing the External Audit of WHO are enclosed herewith as Annex I. Annex II lists the External Auditors of WHO appointed during the period 1948 to 1995, and Annex III gives other additional background information including information on WHO's financial operations.

The name of the candidate you may wish to propose in accordance with Article 12.1 of the Financial Regulations, should reach me as early as possible, and preferably by 31 January 1995 at the latest, to allow time for the preparation of the submission to the Forty-eighth World Health Assembly in May 1995. The nomination should include, in respect of the proposed Auditor-General (or officer holding equivalent title):

- (a) a curriculum vitae and details of the international and national activities of the Auditor-General's office noting the range of audit specialities that can be of benefit to WHO;
- (b) estimates of the overall number of auditor-work-months which would be devoted to carrying out the audit for 1996-1997 and 1998-1999;
- (c) for each biennium, a proposed audit fee expressed in United States dollars. This fee should cover the audit of both regular programme activities and extrabudgetary funded activities;
- (d) any other information which may assist the World Health Assembly in finalizing the appointment.

In estimating the cost of the audit you should consider that all secretarial and other ancillary costs, and all travel costs and living expenses of the External Audit staff should be included in the audit fee proposed. Travel costs should include travel from the place of residence of the audit office to Geneva and to other offices of the Organization if required by the External Auditor for the purposes of the audit.

If you require further information before deciding to make a nomination please do not hesitate to contact me.

Please accept, Sir, the assurance of my highest consideration.

Hiroshi Nakajima, M.D., Ph.D.
Director-General

THE WORLD HEALTH ORGANIZATION
EXTRACT FROM FINANCIAL REGULATIONS

Article XII — External Audit

12.1 External Auditor(s), each of whom shall be the Auditor-General (or officer holding equivalent title or otherwise qualified) of a Member Government, shall be appointed by the Health Assembly, in the manner decided by the Assembly. Auditor(s) appointed may be removed only by the Assembly.

12.2 Subject to any special direction of the Health Assembly, each audit which the Auditor(s) is/are required to make shall be conducted in conformity with generally accepted common auditing standards and in accordance with the Additional Terms of Reference set out in the appendix to these regulations.

12.3 The External Auditor(s) may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

12.4 The External Auditor(s) shall be completely independent and solely responsible for the conduct of the audit.

12.5 The Health Assembly may request the Auditor(s) to perform certain specific examinations and issue separate reports on the results.

12.6 The Director-General shall provide the External Auditor(s) with the facilities he/they may require in the performance of the audit.

12.7 For the purpose of making a local or special examination or for effecting economies of audit cost, the Auditor(s) may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute or any other person or firm who, in the opinion of the Auditor(s), is technically qualified.

12.8 The Auditor(s) shall issue a report on the audit of the final accounts prepared by the Director-General pursuant to financial regulation 11.1 and relevant schedules. The report shall include such information as he/they deem necessary in regard to financial regulation 12.3 and the Additional Terms of Reference.

12.9 The report(s) of the Auditor(s) shall be transmitted through the Executive Board, together with the audited final accounts, to the Health Assembly not later than 1 May following the end of the financial period to which the final accounts relate. The Executive Board shall examine the interim and final financial reports and the audit report(s) and shall forward them to the Health Assembly with such comments as it deems necessary.

Appendix

ADDITIONAL TERMS OF REFERENCE GOVERNING THE EXTERNAL AUDIT OF THE WORLD HEALTH ORGANIZATION

1. The Auditor(s) shall perform such audit of the accounts of the World Health Organization, including all trust funds and special accounts, as he/they deem necessary in order to satisfy himself/themselves:

- (a) that the financial statements are in accord with the books and records of the Organization;
- (b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives;
- (c) that the securities and moneys on deposit and on hand have been verified by the certificates received direct from the Organization's depositaries or by actual count;
- (d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon;
- (e) that procedures satisfactory to the Auditor(s) have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The Auditor(s) shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretariat and may proceed to such detailed examination and verification as he/they choose(s) of all financial records including those relating to supplies and equipment.

3. The Auditor(s) and his/their staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Auditor(s), necessary for the performance of the audit. Information classified as privileged and which the Secretariat agrees is required by the Auditor(s) for the purposes of the audit, and information classified as confidential, shall be made available on application. The Auditor(s) and his/their staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connexion with the performance of the audit. The Auditor(s) may draw the attention of the Health Assembly to any denial of information classified as privileged which, in his/their opinion, was required for the purpose of the audit.

4. The Auditor(s) shall have no power to disallow items in the accounts but shall draw to the attention of the Director-General for appropriate action any transaction concerning which he/they entertain(s) doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be immediately communicated to the Director-General.

5. The Auditor(s) shall express and sign an opinion in the following terms:

I/We have examined the following appended financial statements, numbered to properly identified, and relevant schedules of the World Health Organization for the financial period ended 31 December My/Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I/we considered necessary in the circumstances.

and which states, as appropriate, whether:

- (a) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period then ended;
- (b) the financial statements were prepared in accordance with the stated accounting principles;
- (c) the accounting principles were applied on a basis consistent with that of the preceding financial period;
- (d) transactions were in accordance with the Financial Regulations and legislative authority.

6. The report of the Auditor(s) to the Health Assembly on the financial operations of the period should mention:

- (a) the type and scope of his/their examination;
- (b) matters affecting the completeness or accuracy of the accounts, including where appropriate:
 - (i) information necessary to the correct interpretation of the accounts;
 - (ii) any amounts which ought to have been received but which have not been brought to account;
 - (iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
 - (iv) expenditures not properly substantiated;
 - (v) whether proper books of accounts have been kept; where in the presentation of statements there are deviations of material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;
- (c) other matters which should be brought to the notice of the Health Assembly such as:
 - (i) cases of fraud or presumptive fraud;
 - (ii) wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);
 - (iii) expenditure likely to commit the Organization to further outlay on a large scale;
 - (iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements, or of supplies and equipment;
 - (v) expenditure not in accordance with the intention of the Health Assembly, after making allowance for duly authorized transfers within the budget;
 - (vi) expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
 - (vii) expenditure not in conformity with the authority which governs it;
- (d) the accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records.

In addition, the report may contain reference to:

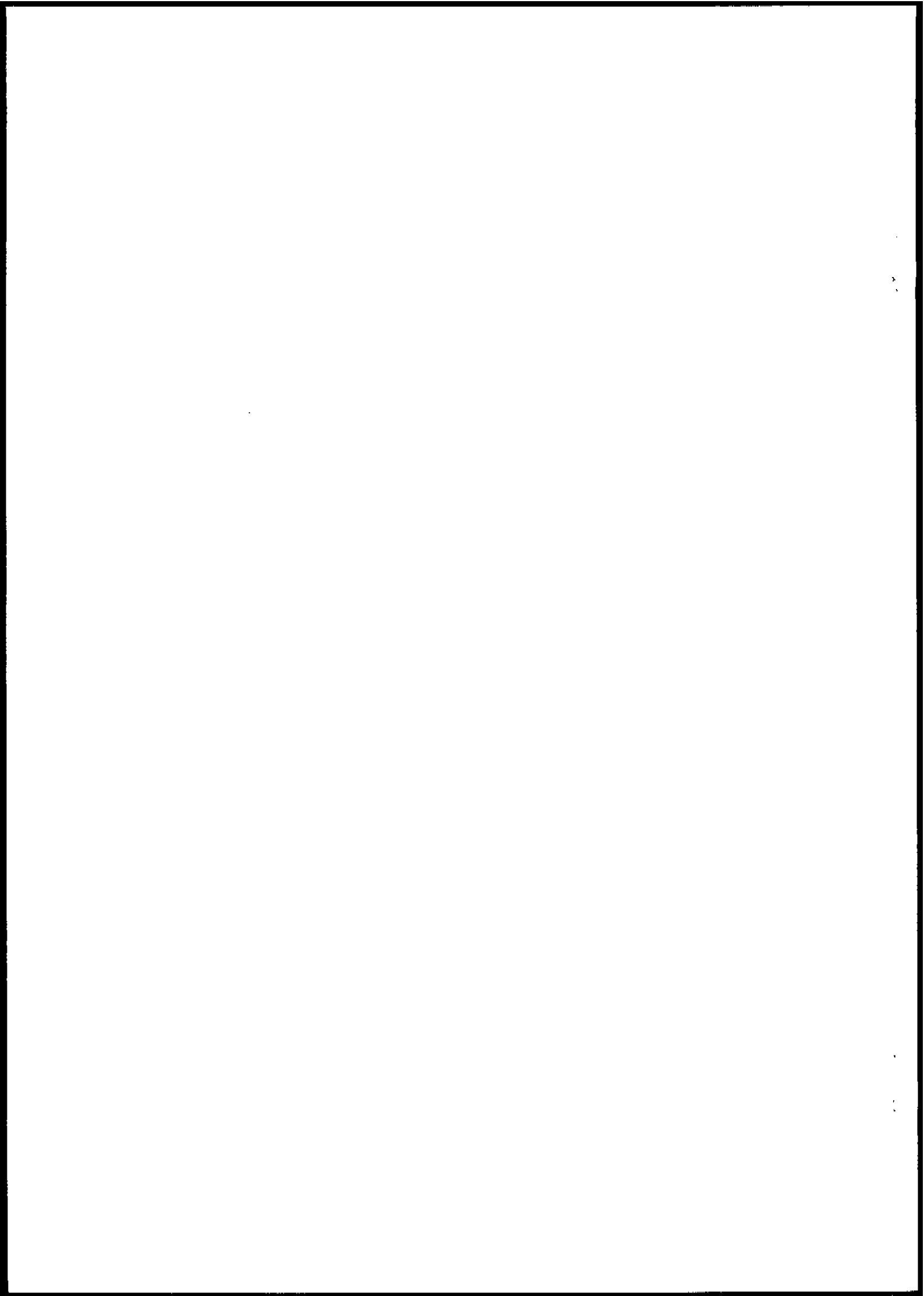
- (e) transactions accounted for in a previous financial period, concerning which further information has been obtained, or transactions in a later financial period concerning which it seems desirable that the Health Assembly should have early knowledge.

7. The Auditor(s) may make such observations with respect to his/their findings resulting from the audit and such comments on the financial report as he/they deem(s) appropriate to the Health Assembly or to the Director-General.

8. Whenever the Auditor's(s') scope of audit is restricted, or he/they is/are unable to obtain sufficient evidence, the Auditor(s) shall refer to the matter in his/their opinion and report, making clear in his/their report the reasons for his/their comments and the effect on the financial position and the financial transactions as recorded.

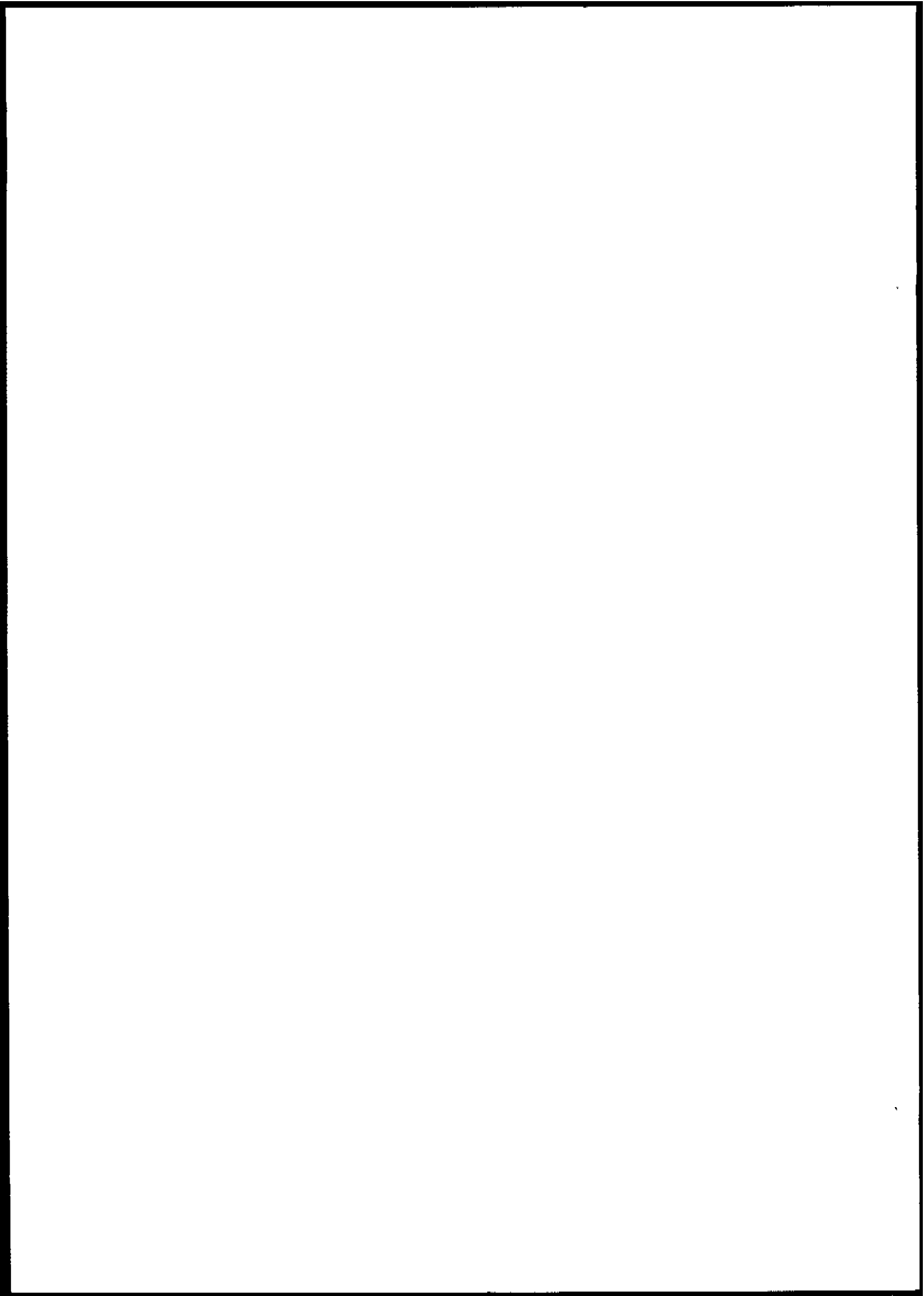
9. In no case shall the Auditor(s) include criticism in his/their report without first affording the Director-General an adequate opportunity of explanation on the matter under observation.

10. The Auditor(s) is/are not required to mention any matter referred to in the foregoing which, in his/their opinion, is insignificant in all respects.



THE WORLD HEALTH ORGANIZATION
EXTERNAL AUDITORS 1948 TO 1995

<u>Period</u>	<u>No. of years</u>	<u>Name</u>	<u>Nationality</u>
1.9.1948 to 31.12.1966	18	Mr Uno Brunskog	Swedish
1.1.1967 to 31.12.1973	7	Mr Lars Breie	Norwegian
1.1.1974 to 31.12.1977	4	Mr Lars Lindmark	Swedish
1.1.1978 to 31.12.1995	18	Holder of Office of Comptroller and Auditor General of the United Kingdom of Great Britain and Northern Ireland	British



THE WORLD HEALTH ORGANIZATION
APPOINTMENT OF EXTERNAL AUDITOR

Background information

1. General audit approach expected

The World Health Organization seeks to obtain an effective practical financial audit carried out to a high technical standard. The audit should be directed at important questions of financial policy and practice, with appropriate importance being given to efficiency (value-for-money) audits.

2. Nature of audit assignment

An appreciation of the magnitude of the financial operations of the World Health Organization, and thus of the nature of the audit, may be obtained from the attached copies of

- (a) Consolidated Statement of Income and Expenditure under all Funds for the Financial Period 1992-1993.
- (b) Statement of Assets and Liabilities as at 31 December, 1993.

Copies of the detailed financial report headed - "Financial Report and Audited Financial Statements for the Financial Period 1 January 1992 - 31 December 1993", and the "Annex - Extrabudgetary Resources for Programme Activities", are available on request.

Main centres of financial activity are the World Health Organization headquarters in Geneva, Switzerland, the six regional offices (all self-accounting) located at Alexandria, Brazzaville, Copenhagen, Manila, New Delhi and Washington, D.C., and the Onchocerciasis Control Programme (OCP) headquarters (also self-accounting) in Ouagadougou, Burkina Faso. The six regional offices and OCP prepare monthly accounting statements for consolidation at headquarters, Geneva. The World Health Organization also has resident staff in many developing countries and expenditure is made locally through imprest accounts.

3. The International Agency for Research on Cancer

The External Auditor of the World Health Organization is required to act also as the External Auditor of the International Agency for Research on Cancer (IARC) whose headquarters are in Lyon, France. Therefore, the candidate nominated for appointment as External Auditor of WHO should be prepared to undertake also the audit of IARC. A copy of the latest available audited financial statements for IARC is available on request.

4. External audit fees

Total World Health Organization external audit fees paid, including travel and secretarial costs, have ranged between US\$ 700 000 and US\$ 850 000 per biennium for the three bienniums 1986-1987, 1988-1989 and 1990-1991. In addition to the above fees, the Organization has also supplied office accommodation, services and supplies valued at approximately US\$ 100 000 per biennium.

5. Internal audit

The World Health Organization maintains an internal audit which at present comprises a chief auditor and five supporting professional auditors. The internal auditors are staff members of the World Health Organization and the chief auditor reports directly to the Director-General. The main responsibility of the internal audit, as stated in Article X of the WHO Financial Regulations, is to provide an effective current examination and/or review of the Organization's financial transactions. The internal and external auditors are expected to coordinate their work to avoid duplication and promote efficiency in audit.

6. The Pan American Health Organization

In the past, the External Auditor appointed for the World Health Organization has also been appointed as External Auditor by the Pan American Health Organization (PAHO), whose headquarters are located in Washington, D.C., USA. PAHO also serves as the regional office for the World Health Organization in the Americas.

It should be noted, however, that PAHO will be making its own arrangements for the appointment of its External Auditor for the financial period 1996-1997, and this present invitation to Member governments of the World Health Organization to submit names of candidates for appointment as External Auditor relates only to the World Health Organization and IARG.

7. Summary of significant accounting policies

A copy of the Summary of Significant Accounting Policies published with the World Health Organization's audited accounts is attached.

EXTRACT FROM FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE
FINANCIAL PERIOD 1 JANUARY 1992 - 31 DECEMBER 1993 (DOCUMENT A47/19)

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE UNDER ALL FUNDS ^a
FOR THE FINANCIAL PERIOD 1992-1993
(expressed in US dollars)

	Supporting schedule	Balance 1 January 1992	Income	Expenditure		Balance 31 December 1993
				International health programme	Other purposes	
1. ORGANIZATION'S FUNDS						
1.1 Regular budget 1992-1993						
Effective working budget	2	-	690 209 277 ^{a,d}	688 816 477 ^b	1 392 800 ^e	-
1.2 Working Capital Fund	4	-	7 338 035	-	7 338 035 ^d	-
1.3 Other WHO funds						
Casual Income Account	5	16 458 659	18 466 112	-	23 507 300	11 417 471
Executive Board Special Fund	-	100 000	-	-	-	100 000
Holding Account	-	28 929 000	16 729 000	-	28 929 000	16 729 000
Real Estate Fund	8	5 922 950	1 174 721	-	3 937 499 ^e	3 160 172
Revolving Fund for Teaching and Laboratory Equipment for Medical Education and Training	10	400 000	960 006 ^f	-	960 006 ^f	400 000
Revolving Sales Fund	-	356 326	7 192 911	1 292 153 ^e	6 041 125	215 959
Special Account for Headquarters Extension and Repayment of the Swiss Loan	9	67 432	1 753 230	-	1 814 699 ^e	5 963
Special Account for Operation of Concessions at Headquarters	-	873 614	828 147	-	380 377 ^e	1 321 384
Special Account for Servicing Costs	7	51 352 236	60 605 934	46 688 564 ^{b,e}	5 320 000	59 949 606
Tax Equalization Fund	-	1 382 130	59 000 000	-	61 328 840	(946 710) ^h
Terminal Payments Account	11	31 693 410	16 051 455	-	19 748 729 ^e	27 996 136
		137 535 757	182 761 516	47 980 717	151 967 575	120 348 981
Amount secured to cover balance of regular budget income deficit 1992-1993	2	(54 245 802)	54 245 802	-	43 870 503 ^d	(43 870 503)
		83 289 955	237 007 318	47 980 717	195 838 078	76 478 478
Subtotal - Organization's funds		83 289 955	934 554 630	736 797 194	204 568 913	76 478 478
2. VOLUNTARY FUND FOR HEALTH PROMOTION	6	140 471 830 ^a	316 119 688 ^b	289 674 463 ^e	-	166 917 055 ^e
3. TRUST FUNDS						
3.1 Technical cooperation funds						
Global Programme on AIDS	-	63 684 133	166 532 848 ^b	163 702 287 ^e	-	66 514 694
Onchocerciasis Control Programme	-	7 376 757	65 959 479 ^b	58 219 860	-	15 116 376
Sasakawa Health Trust Fund	-	15 247 557	9 222 194	9 196 222 ^b	-	15 273 529
Trust Fund for the Special Programme for Research and Training in Tropical Diseases	-	(1 859 784)	68 133 651 ^b	67 822 190	-	(1 548 323) ^h
United Nations Afghanistan Emergency Trust Fund	-	7 014 036	1 272 278	5 465 936 ^e	-	2 820 378
United Nations Children's Fund	-	575 199	2 472 874	2 005 888 ^e	-	1 042 185
United Nations Development Programme	-	(1 477 896)	41 244 881	40 391 741 ^b	-	(624 756) ^h
United Nations Environment Programme	-	(735 114)	3 480 820	3 913 385	-	(1 167 679) ^h
United Nations International Drug Control Programme	-	(349 055)	3 227 004	3 262 781	-	(384 832) ^h
United Nations Population Fund	-	(1 478 176)	30 039 227	29 038 514 ^b	-	(477 463) ^h
United Nations High Commissioner for Refugees	-	9 981	40 019	20 900	-	29 100
United Nations sundry trust and voluntary funds	-	52 686	(39 561)	1 731	-	11 394
United Nations Trust Fund for Assistance to Lebanon	-	-	100 000	65 114	-	34 886
Standard letter of agreement between executing agencies	-	-	1 049 504	1 049 504	-	-
Standard letter of agreement with a government as executing agency	-	-	925 476	925 476	-	-
World Bank Cooperative Programmes	-	9 909	(209)	-	-	9 700
Associate professional officers	-	3 748 171	9 741 658	9 572 361 ^e	-	3 917 468
Other funds	-	3 727 723	8 720 447 ^b	6 032 208 ^e	-	6 415 962
3.2 Supply services funds						
United Nations Development Programme	12	-	1 632 015	1 632 015 ^e	-	-
United Nations Educational, Scientific and Cultural Organization	12	103 017	-	11 228 ^e	-	91 789
United Nations High Commissioner for Refugees	12	-	176 404	173 487 ^e	-	2 917
United Nations Relief and Works Agency for Palestine Refugees in the Near East	-	241 638	7 246	190 848 ^e	-	58 036
World Bank	-	-	66 000	57 114 ^e	-	8 886
General	12	7 699 705	11 351 234	14 569 884 ^e	-	4 481 055
Revolving Fund for Teaching and Laboratory Equipment for Medical Education and Training	-	2 123 052	960 006 ^f	1 740 085 ^e	-	1 342 973

	Supporting schedule	Balance 1 January 1992	Income	Expenditure		Balance 31 December 1993
				International health programme	Other purposes	
3.3 Other trust funds						
Members' contributions received in advance	-	16 291 176	18 891 999	-	16 291 176	18 891 999
Léon Bernard Foundation	-	17 034	84	-	2 024	15 094
Darling Foundation	-	14 646	7	-	-	14 653
Dr A.T. Shousha Foundation	-	90 891	12 747	-	17 020	86 618
Jacques Pariset Foundation	-	127 353	1 702	-	5 000	124 055
Child Health Foundation	-	228 707	14 600	-	2 500	240 807
Dr Comlan A.A. Quenum Prize	-	20 441	1 280	-	2 000	19 721
Francesco Pocchiarri Fellowship	-	119 340	7 640	-	10 000	116 980
United Arab Emirates Health Foundation	-	-	1 004 160	-	-	1 004 160
International Agency for Research on Cancer	i	6 981 238	42 618 223	-	41 143 902	8 455 559
International Computing Centre	i	1 069 165	23 935 180	-	24 320 790 ^g	683 555
Due to estates of deceased staff members	-	111 480	94 407	-	118 215	87 672
Special fund for compensation	-	2 611 959	204 772	-	538 654	2 278 077
Staff health insurance fund	-	49 545 636	65 659 979	-	32 470 927 ^g	82 734 688
Other funds	-	615 133	9 175 620	-	8 482 830	1 307 923
Subtotal - Trust funds		183 557 738	587 937 895	419 060 759	123 405 038	229 029 836
TOTAL - ALL FUNDS ^h		407 319 523	1 838 612 213	1 445 532 416	327 973 951	472 425 369

^a Excluding PAHO.

^b The following transfers were made between the Funds indicated during 1992-1993, being recorded as expenditure under the international health programme against the Funds from which the transfers originated and as income in the receiving Funds concerned.

<u>Originating Fund</u>	<u>Receiving Fund</u>	
Regular Budget	Trust Fund for the Special Programme for Research and Training in Tropical Diseases Onchocerciasis Control Programme	1 710 400 500 000
United Nations Development Programme	Voluntary Fund for Health Promotion Global Programme on AIDS Trust Fund for the Special Programme for Research and Training in Tropical Diseases Other trust funds	11 694 776 4 367 576 5 802 000 275 946
United Nations Population Fund	Voluntary Fund for Health Promotion Global Programme on AIDS	7 000 000 34 400
Sasakawa Health Trust Fund	Trust Fund for the Special Programme for Research and Training in Tropical Diseases	400 000
Special Account for Servicing Costs	Onchocerciasis Control Programme	500 000
		<u>32 285 098</u>

^c Including use of exchange rate facility - see Statement I, Schedule 5 and Table IV.

^d Including a transfer of \$ 7 338 035 from the Working Capital Fund to partially cover the regular budget income deficit of \$ 51 208 538 at 31 December 1993, the balance of \$ 43 870 503 being secured against other WHO funds, pending receipt of outstanding contributions.

^e Disbursements only (unliquidated obligations excluded).

^f The funds deposited in national currencies with WHO for purchase of teaching and laboratory equipment and the cost of such procurement are reflected under supply services funds (see part 3.2).

^g Consisting of cash only.

^h Negative balance resulting from higher expenditure (including unliquidated obligations as reflected in Statement III, page 15) than advances received by the Organization at 31 December 1993.

ⁱ Cash income and disbursements only, reflecting WHO's trustee function. Detailed financial reports issued respectively, by IARC and ICC.

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 1993

(expressed in US dollars)

ASSETS

	<u>1991</u>	<u>1993</u>
<u>Cash*</u>		
At banks, in transit and on hand (Schedule 1(a))	25 739 828	18 905 994
<u>Letters of credit*</u>	2 541 307	-
<u>Deposits and securities</u> (Schedule 1(a))	460 952 548	529 835 887
<u>Accounts receivable*</u>		
Outstanding contributions (Schedule 3):		
Active Members	69 517 817	121 708 668
<u>Less:</u> Reserve for outstanding contributions	69 517 817	121 708 668
	-	-
Sundry debtors*	31 160 854	31 699 400
<u>Prepaid expenses*</u>	881 975	484 954
<u>Capital assets (Real property)*</u>		
Headquarters land and buildings	41 346 431	41 346 431
Africa:		
Regional Office land and buildings	7 012 106	7 012 106
Office building and staff housing in Malabo, Equatorial Guinea ..	599 287	599 287
Staff housing in Windhoek, Namibia	353 740	354 351
Onchocerciasis Control Programme, headquarters land and building	650 347	650 347
South-East Asia:		
Regional Office building	1 481 351	1 482 947
Eastern Mediterranean:		
Staff housing	68 369	68 369
Western Pacific:		
Regional Office building	2 752 872	3 453 271
	54 264 503	54 967 109
	<u>575 541 015</u>	<u>635 893 344</u>

* See Explanatory Notes, following pages.

LIABILITIES

	<u>1991</u>	<u>1992</u>
<u>Accounts payable*</u>	26 998 000	31 334 452
<u>Unliquidated obligations*</u>		
Regular budget - Current financial period (Statement I)	55 480 454	58 215 523
- Prior financial periods	2 626 698	-
	<u>58 107 152</u>	<u>58 215 523</u>
Onchocerciasis Control Programme	4 447 990	3 172 122
Sasakawa Health Trust Fund	961 773	837 881
Trust Fund for the Special Programme for Research and Training in Tropical Diseases	13 273 272	8 796 302
United Nations Development Programme	4 113 829	2 395 993
United Nations Environment Programme	697 675	1 123 263
United Nations International Drug Control Programme	481 758	458 293
United Nations Population Fund	4 852 415	2 138 769
United Nations sundry trust and voluntary funds	23 125	1 821
United Nations trust fund for assistance to Lebanon	-	26 447
	<u>86 958 989</u>	<u>77 166 414</u>
<u>Working Capital Fund*</u> (Schedule 4)	-	-
<u>Other WHO funds</u>		
Casual Income Account (Schedule 5)	16 458 659	11 417 471
Executive Board Special Fund (Statement II)*	100 000	100 000
Holding Account (Statement II)*	28 929 000	16 729 000
Real Estate Fund (Schedule 8)	5 922 950	3 160 172
Revolving Fund for Teaching and Laboratory Equipment for Medical Education and Training (Schedule 10)	400 000	400 000
Revolving Sales Fund (Statement II)*	356 326	215 959
Special Account for Headquarters Extension and Repayment of the Swiss Loan (Schedule 9)	67 432	5 963
Special Account for Operation of Concessions at Headquarters (Statement II)*	873 614	1 321 384
Special Account for Servicing Costs (Schedule 7)	51 352 236	59 949 606
Tax Equalization Fund (Statement II)*	1 382 130	(946 710)
Terminal Payments Account (Schedule 11)	31 693 410	27 996 136
	<u>137 535 757</u>	<u>120 348 981</u>
Amount secured to cover balance of regular budget income deficit* ..	(54 245 802)	(43 870 503)
	<u>83 289 955</u>	<u>76 478 478</u>
<u>Trust funds</u> (Statement II)	183 557 738	229 029 836
<u>Voluntary Fund for Health Promotion</u> (Schedule 6)	140 471 830	166 917 055
<u>Loans repayable*</u>		
Swiss Confederation (1992-1994)	2 944 445	889 262
Swiss Bank Corporation (1992-1995)	444 444	-
	<u>3 388 889</u>	<u>889 262</u>
<u>Equity in capital assets*</u>	50 875 614	54 077 847
	<u>575 541 015</u>	<u>635 893 344</u>

* See Explanatory Notes, following pages.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and reporting practices being applied in WHO reflect the requirements of WHO's Financial Regulations and Financial Rules. They also reflect the more detailed financial and accounting procedures established by the Director-General in the light of those Regulations and Rules as well as the decisions taken from time to time by the governing bodies. They are compatible with generally accepted accounting standards in so far as they are applicable, as well as with those of the United Nations and the specialized agencies, and are consistent with the policies applied by the Organization in previous financial periods. The significant accounting policies are:

- (a) The financial statements and schedules are presented in US dollars. Assets and liabilities held in other currencies at the end of the financial period are usually translated into US dollars at the United Nations accounting rate of exchange prevailing on 31 December of the closing year. However, when a substantial change occurs in the relationship between currencies at the end of a financial period, the exchange rates used to translate into US dollars funds held in such currencies as at 31 December are those in force on 1 January of the subsequent year. These rates are set by common agreement within the United Nations system prior to 31 December. This practice, which has been applied since 1982, has been adopted in order to provide a more realistic valuation of the funds concerned at the time of closure of the accounts. Since in fact there was no substantial change in the relationship between currencies at the end of the financial period, the rates of exchange used as at 31 December 1993 were those in force for the month of December 1993.
- (b) Liabilities shown in the Statement of Assets and Liabilities (Statement III) include unliquidated obligations in respect of the regular budget, the Onchocerciasis Fund, the Sasakawa Health Trust Fund, the Trust Fund for the Special Programme for Research and Training in Tropical Diseases, UNDP, UNEP, UNDCP, UNFPA and United Nations sundry trust and voluntary funds. All other accounts listed in the Statement of Assets and Liabilities are reflected on a cash basis; however, their liabilities are recorded in the relevant accounts and are shown for information purposes under the relevant schedule.
- (c) Accounts receivable and payable are maintained within the Organization's single set of accounts and are not segregated by source of funds.
- (d) The accounts receivable include outstanding contributions from Members, offset by a corresponding reserve.
- (e) The value of securities held as investments by the Organization is shown at the cost price; however, information on the total market value of the securities is provided in Schedule 1(a).
- (f) Capital assets, other than land and buildings, are not reflected in the balance sheet. However, such assets - mainly non-expendable equipment - are recorded in the project and office inventories of the Organization.
- (g) The value shown for real property (capital assets) is the cost at the time of acquisition, or the value advised by the donors in respect of donated properties. No adjustments are made for depreciation, appreciation or fluctuation in currencies.
- (h) Income, including interest, is recorded on a cash basis (i.e., when actually received). Depending upon the source of funds, expenditure is recorded either on an accrual basis (i.e., as obligated, whether paid or not) or on a cash basis (i.e., when actually paid).
- (i) Interest earnings during a financial period which are credited to specific WHO accounts, trust funds and the Voluntary Fund for Health Promotion are retained for use in those accounts and funds in the succeeding financial period.
- (j) Earnings during a financial period from the application of programme support cost charges against expenditures financed from extrabudgetary resources are credited to the Special Account for Servicing Costs, for use in the succeeding financial period.
- (k) Contributions in kind when received by WHO are recorded in the accounts at the value stated by the donor and are charged as expenditure immediately, whether or not goods have actually been delivered or services actually rendered to the projects concerned.
- (l) Translation of transactions expressed in currencies other than US dollars is effected at the prevailing United Nations accounting rate of exchange applicable at the date of transaction. However, imprest account expenditure transactions are accounted for at the accounting rate of exchange in effect at the date expenditures are recorded in the accounts.
- (m) Pending the receipt of assessed contributions due from Members, appropriations under the regular budget may be financed by advances from the Working Capital Fund or, upon depletion of that Fund, by internal borrowing in accordance with Financial Regulation 5.1.