



XXIV PAN AMERICAN SANITARY CONFERENCE

XLVI REGIONAL COMMITTEE MEETING

WASHINGTON, D.C.
SEPTEMBER 1994

Provisional Agenda Item 6.2

CSP24/23 (Eng.)
9 August 1994
ORIGINAL: ENGLISH

FINANCIAL REPORT OF THE DIRECTOR AND REPORT OF THE EXTERNAL AUDITOR FOR THE PERIOD 1992-1993

The Director has the honor to present the Financial Report of the Director and the Report of the External Auditor for the period 1992-1993 (*Official Document 261*). This document will be distributed to the Conference prior to its opening. This report contains the details of the financial transactions of the Pan American Health Organization for the period 1 January 1992 to 31 December 1993 and statements depicting the financial position of the Organization as of 31 December 1993. It also includes financial statements for the Caribbean Epidemiology Center (CAREC), the Caribbean Food and Nutrition Institute (CFNI) and the Institute of Nutrition of Central America and Panama (INCAP).

The financial statements which were presented to the 113th Meeting of the Executive Committee in June 1994, were unaudited at that time as a result of difficulties encountered by the Organization with its new computerized financial management system. The complete and audited Financial Report will be presented to the 114th Meeting of the Executive Committee on 25 September 1994. The Committee will consider the Financial Report of the Director and Report of the External Auditor for the Period 1992-1993 and report to the XXIV Pan American Sanitary Conference.



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XLVI REGIONAL COMMITTEE MEETING

WASHINGTON, D.C.
SEPTEMBER 1994

Agenda Item 6.2

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26 September 1994
ORIGINAL: ENGLISH

FINANCIAL REPORT OF THE DIRECTOR AND REPORT OF THE EXTERNAL AUDITOR FOR 1992-1993

At a special session of the Executive Committee on 25 September 1994, the Secretariat presented the Financial Report of the Director and Report of the External auditor. This report contained the details of the financial activities of the Organization for the period, 1 January 1992 to 31 December 1993. The report includes financial statements which reflect the financial situation of PAHO as of 31 December 1993, as well as financial presentations for the Caribbean Epidemiology Center and the Caribbean Food and Nutrition Institute. The report demonstrated that the Organization had continued to maintain a steady program growth with accompanying healthy finances during 1992-1993. Total expenditures increased by some 9% over expenditures during 1990-1991. Overall, cash receipts from quota assessments were very favorable and earned miscellaneous income exceeded the budget estimate by more than \$300,000.

Funds available exceeded total disbursements for 1992-1993 by \$2,000,000 and this amount was available for reprogramming. Resolution II as approved by the XXXVII Meeting of the Directing Council, authorized the Director to use up to \$2,000,000 from any 1992-1993 surplus to help finance the biennial budget for 1994-1995.

The External Auditor, represented by Mr. Martin Sinclair, presented comments on the key aspects and results of the audit of the Organization finances and management activities during 1992-1993. The detailed procedures followed enabled the External Auditor to form an unqualified opinion that the 1992-1993 financial statements presented fairly the financial position of the Organization and the results of its operations for the financial period. Overall, the External Auditor indicated that as of 31 December 1993 the financial position of the Organization was reasonable healthy. However, the External Auditor was much less reassuring about the financial positions of the Caribbean Epidemiology Center and the Caribbean Food and Nutrition Institute, both of which were facing continued increases in arrears of quota contributions and generally weakening financial positions.

The Secretariat also had indicated similar concerns about the financial viability of these two Centers. On the other hand, the financial health of the Institute of Nutrition for Central America and Panama had continued to improve over the last two years and overall management improvement at this Center was continuing. The External Auditor's Report contained a detailed review of the Organization's new computer systems, their costs and the problems encountered during development and implementation.

The Auditor's Report included significant recommendations to address some of the underlying circumstances which the audit concluded had led to the Organization's systems problems.

Finally, the Executive Committee reviewed the transfer of credits that had been authorized by the Director between various parts of the Effective Working Budget during 1992-1993. These transfers were considered reasonable actions to meet program requirements during implementation of the budget. In particular, the Committee approved the Director's transfer of \$2,087,403 from Part I to Parts II and III, an amount in excess of the 10% transfer limitation established under the 1992-1993 budget resolution.

The Executive Committee adopted the following Resolution:

CE114.R1 Financial Report of the Director and Report of the External Auditor for 1992-1993

THE 114th MEETING OF THE EXECUTIVE COMMITTEE,

Having considered Document CE114/3 and the Financial Report of the Director and Report of the External Auditor for 1992-1993 (*Official Document 261*),

RESOLVES:

1. To take note of and to approve the Director's transfer of funds from Part I to Parts II and III of the Effective Working Budget for 1992-1993.
2. To recommend to the XXIV Pan American Sanitary Conference that it adopt a resolution along the following lines:

THE XXIV PAN AMERICAN SANITARY CONFERENCE,

Having studied the Financial Report of the Director and the Report of the External Auditor for 1992-1993 (*Official Document 261*) on the accounts of the Pan American

Health Organization, and taking note of the comments of the 114th Meeting of the Executive Committee on its examination of the Report;

Noting the presentation by the External Auditor on the satisfactory condition of the Organization's accounts and the Organization's continued compliance with the Financial Regulations and legislative authority; and

Expressing satisfaction that the Organization has continued to follow sound financial practices and to maintain a stable fiscal standing,

RESOLVES:

1. To take note of the Financial Report of the Director for 1992-1993.
2. To congratulate the External Auditor for the thoroughness of his audit reviews during the past biennium and for presenting a clear and concise report on the condition of the Organization's accounts and accuracy of the financial statements for 1992-1993.
3. To express concern about the difficulties being encountered by the Organization in the implementation and operation of its new financial management system, to encourage the Director to solve these systems problems as quickly as possible, and to keep the Executive Committee informed.
4. To take note of the actions taken by the Director to transfer funds between parts of the 1992-1993 Effective Working Budget to meet program priorities.
5. To express deep concern about the financial situations that currently exist at the Caribbean Epidemiology Center and the Caribbean Food and Nutrition Institute and to request strongly that the Member Governments meet their financial commitments to these Centers as soon as possible.
6. To recognize the efforts made by the Institute of Nutrition of Central America and Panama to maintain the Institute in an improved financial condition.
7. To commend the Director for having maintained the Organization in a sound financial condition.