

directing council



PAN AMERICAN
SANITARY
ORGANIZATION

X Meeting

regional committee

WORLD
HEALTH
ORGANIZATION

IX Meeting



Washington, D. C.
September 1957

CD10/7 (Eng.)
15 July 1957
ORIGINAL: ENGLISH

Topic 16: WORKING CAPITAL FUND

The Executive Committee, at its 31st Meeting, after having studied the report and proposals of the Director on the Working Capital Fund, adopted Resolution VI, which reads:

The Executive Committee,

Considering the desirability of maintaining the level of the Working Capital Fund at approximately 60 per cent of the budget of the Organization at all times, so as to provide sufficient resources to the Pan American Sanitary Bureau to carry on its operations until quota contributions assessed on Member Countries in any one fiscal year are received;

Considering that the level of the Working Capital Fund is now considerably less than 60 per cent of the approved budgets;

Bearing in mind Article 6.2 of the Financial Regulations, which provides that the Working Capital Fund shall be established in an amount and for the purposes to be determined from time to time by the Directing Council; and

Bearing in mind Resolution III of the XIII Pan American Sanitary Conference (1950), which provides that reports in connection with budget estimates shall be made by the Executive Committee with the cooperation of the Director on the status of the Working Capital Fund, with recommendations as to anticipated needs,

RESOLVES:

1. To recommend to the Directing Council that the Working Capital Fund be established at the level of 60 per cent of the approved budget of the Organization for 1957 and subsequent years.

2. To recommend further to the Directing Council that the Director of the Bureau be authorized to meet the necessary increases by the transfer of surplus funds that may result in 1957 and subsequent fiscal years.

Accordingly, the Director has the honor to transmit the aforesaid report (Document CE31/4, Corr.) to the Directing Council for consideration. After studying the matter, the Directing Council may wish to consider the following proposed resolution:

Proposed Resolution

The Directing Council,

Bearing in mind Article 6.2 of the Financial Regulations, which provides that the Working Capital Fund shall be established in an amount and for the purposes to be determined from time to time by the Directing Council;

Recognizing the need for maintaining the Working Capital Fund at a level sufficient to provide resources to the Pan American Sanitary Bureau to carry on its operations until quota contributions assessed on Member Countries in any one fiscal year are received; and

Concurring in the recommendations made in Resolution VI of the 31st Meeting of the Executive Committee,

RESOLVES:

1. To authorize the establishment of the Working Capital Fund at the level of 60 per cent of the approved budget of the Organization for 1957 and subsequent years.

2. To authorize the Director of the Bureau to meet the necessary increases by the transfer of surplus funds that may result in 1957 and subsequent fiscal years.



*executive committee of
the directing council*

PAN AMERICAN
SANITARY
ORGANIZATION

31st Meeting
Washington, D. C.
June 1957

*working party of
the regional committee*

WORLD
HEALTH
ORGANIZATION



CE31/4, Corr. (Eng.)
30 April 1957
ORIGINAL: ENGLISH

Topic 8: WORKING CAPITAL FUND

The Financial Regulations of the Pan American Sanitary Bureau provide in Article 6.4 that "the Working Capital Fund shall be used to finance budgetary appropriations during a financial year and the Fund shall be reimbursed as soon as and to the extent that income is available for that purpose."

Resolution VI of the XIV Pan American Sanitary Conference (1954) established the level of the Working Capital Fund at \$1,200,000 until such time as the budgetary position of the Bureau warrants a change.

The Director believes that the budgetary position of the Bureau has changed sufficiently in the last two years to warrant a change in the total amount of the Working Capital Fund. In this connection it should be pointed out that the Directing Council at its VII Meeting (1953), in Resolution XI, stated the opinion that an amount representing approximately 60 per cent of the budget would provide a sufficient balance in the Working Capital Fund. This was also the recommendation of the External Auditor. The Director is in agreement with these recommendations and believes that the amount must be maintained at the 60 per cent figure in order to ensure that the Bureau will be able to carry on its activities within safe limits from the beginning of a fiscal year until quota payments are received later in the same year.

In the year 1956 the amount of the budget was increased to \$2,200,000 and in 1957 to \$2,400,000. For 1958 the Director is proposing a \$3,191,520 budget.

It is recommended, therefore, that the Executive Committee consider the advisability of increasing the Working Capital Fund in 1957 and subsequent years in order to keep the amount of the Fund within an established margin of 60 per cent of the Organization's budget.

The Director believes that the most feasible way to increase the Working Capital Fund is to use surplus funds that may accrue in 1957 and subsequent years for this purpose. As of 1 April 1957, an amount of \$284,698.40 in quota payments for 1956 and previous years was in arrears. It is safe to assume, on the basis of experience, that at least a portion of this amount will be paid in 1957 and subsequent years. Part of the amount paid in 1957 as well as subsequent years may be required to reach the appropriation level voted for these years, because experience shows that a certain number of contributors delay payments beyond the year due. It is recommended, however, that any amounts of arrears over and above those needed to make up the full appropriation in 1957 and subsequent years be used for increasing the Working Capital Fund as indicated above.

This recommendation is in keeping with the position taken by the External Auditor in his report, Official Document No. 20. He has expressed the opinion that consideration should be given to "the ratio between the total budgetary appropriations and the amount of the Working Capital Fund in order to avoid future financial complications." In paragraphs 18 through 22 of this report, he has offered a concise analysis of the financial status of the Pan American Sanitary Bureau and the place of the Working Capital Fund in the operations of the Bureau financial process, and emphasized the need for maintaining the 60 per cent of appropriation ceiling of the fund.

In view of the foregoing, the Executive Committee may wish to consider a resolution along the following lines:

Proposed Resolution

The Executive Committee,

Considering the desirability of maintaining the level of the Working Capital Fund at approximately 60 per cent of the budget of the Organization at all times, so as to provide sufficient resources to the Pan American Sanitary Bureau to carry on its operations until quota contributions assessed in any one fiscal year on Member Countries are received;

Considering that the level of the Working Capital Fund is now considerably less than 60 per cent of the approved budgets;

Bearing in mind Article 6.2 of the Financial Regulations, which provides that the Working Capital Fund shall be established in an amount and for the purposes to be determined from time to time by the Directing Council; and

Bearing in mind Resolution III of the XIII Pan American Sanitary Conference (1950), which provides that reports shall be made in connection with budget estimates by the Executive Committee with the cooperation of the Director on the status of the Working Capital Fund, with recommendations as to anticipated needs,

RESOLVES:

1. To recommend to the Directing Council that the Working Capital Fund be established at the level of 60 per cent of the approved budget of the Organization for 1957 and subsequent years.

2. To further recommend to the Directing Council that the Director of the Bureau be authorized to meet these increases by transfer of surplus funds that may result in 1957 and subsequent fiscal years.