

PAN AMERICAN SANITARY ORGANIZATION

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Financial Report of the Director  
and  
Report of the External Auditor  
1 January - 31 December 1956



Pan American Sanitary Bureau  
Regional Office of the World Health Organization  
1501 New Hampshire Avenue, N.W.  
Washington 6, D. C., U. S. A.

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Report of the External Auditor

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Letter of Transmittal

The financial statements of the Pan American Sanitary Bureau for the financial year 1 January to 31 December 1956 are presented herewith, together with the Report of the External Auditor.

The presentation of the accounts is, in general, the same as for 1955, containing the same principal statements, viz.:

- 1) Statement of Appropriations, Obligations and Unobligated Balances of Appropriations (Exhibit I).
- 2) Statement of Income, Expenditures and Deficit (Exhibit II).
- 3) Statement of Assets and Liabilities (Exhibit III).

Exhibit I and II reflect the Bureau's activities for the year, and Exhibit III and its supporting schedules show the financial position of the Bureau as at 31 December 1956. Explanation of the amounts shown in the above mentioned exhibits is given in the attachment, together with details and summaries of 1956 expenditures.

In order to facilitate the preparation and submission of the Financial Report of the Institute of Nutrition of Central America and Panama, the 1956 activities of INCAP have been consolidated into a separate schedule (Schedule F) and shown as a separate entity in Exhibit III. The External Auditor's certificate has also been affixed to this schedule.

Total funds expended for the combined activities of the Pan American Sanitary Bureau and the Regional Office of the World Health Organization were as follows:

Pan American Sanitary Bureau	\$ 2,199,966
World Health Organization	1,153,206
United Nations Technical Assistance	1,191,763
United Nations Children's Fund	4,125
Organization of American States - Technical Assistance	217,517
Institute of Nutrition of Central America and Panama	74,835
INCAP - Grants	89,125
PASB - Grants	48,923
Procurements	1,053,756
Special Funds	124,991
	<hr/>
	\$ 6,158,207

It will be noted from the financial statements that the total amount of expenditures in respect of PASB was \$2,199,966, against an appropriation of \$2,200,000, leaving a balance of \$34.00.

Still uncollected from Member Governments as at 31 December 1956  
were:

Quota Contributions	\$565,573
Balances of procurements	13,671
Obligations pertaining to the XIV Pan American Sanitary Conference in Santiago, Chile	<u>13,113</u>
	<u>\$592,357</u>

It is my duty to call to the attention of the member governments that the External Auditor has expressed concern in his report about the financial position of the Pan American Sanitary Bureau. According to his analysis the financial condition of the Bureau weakened during the year 1956 as a result of insufficient quota payments during the year to meet the cash requirements of a \$2,200,000 program and budget. The difference between quotas collected and the funds required for this program was advanced from the Working Capital Fund. It is true that at the time of the preparation of the report of the External Auditor, April 1957, enough arrears had been collected in 1957 to replenish the fund. However, I must express my own concern over the fact that it was necessary for the Bureau to use its Working Capital Fund to meet the amount of the approved appropriation and to note the External Auditor's statement on page 47 of his report that the balance of the Working Capital Fund fell as low as \$358,000 in 1956.

If the Bureau had failed to collect additional quotas during the month of July, it is clear that the Working Capital Fund would have been exhausted by August 1956.

In past years the Bureau, thanks to the efforts of the member governments, was able to collect sufficient funds derived from quota assessments and to realize enough miscellaneous income to meet the level of the approved budget. On occasion, surplus funds were declared and placed at the disposal of the Directing Council.

In the recent past, however, as the program has attained its present level and quota contributions have lagged, this situation has changed. It is apparent that the program authorized for 1957 makes it imperative that quotas be paid on a current basis if the program is to be realized.

I respectfully commend to the member governments that arrears of quota contributions should be paid in the immediate future and the 1957 quotas should be paid in this year. This is the only way we shall be able to meet the objectives set for us by the Directing Council in this year, and to have some flexibility in the management of funds for operations beginning in 1958.

  
Fred L. Soper  
Director

Washington, D.C.  
1 May 1957

The following notes are given to facilitate the study of the various exhibits and schedules.

Statement of Appropriations, Obligations Incurred and Unobligated Balance of Appropriations for the year 1956 (Exhibit I).

Total obligations, liquidated and unliquidated were \$2,199,966 against an effective appropriation of \$2,200,000. A transfer of \$9,172 has been made from Part II of the Budget for the purpose of increasing Part I by \$4,823 and Part III by \$4,349 in accordance with Resolution IX of the VII Meeting of the Directing Council whereby the Director is authorized to make transfer between parts of the budget. Further analysis of the expenditures is given in the attachment to this report.

Statement of Income, Expenditures and Deficit for the year 1956 (Exhibit II).

Income

Quota Contributions

The assessment on member governments for 1956 totalled \$2,100,000 and collections amounted to \$1,734,499 or 82.60%. The total of quota contributions in arrears amounted to \$450,356 at the beginning of the year, of which \$250,284 were collected. The contributions of the Governments of France, the Netherlands and the United Kingdom on behalf of their departments and territories in the Western Hemisphere totalled \$22,532. Altogether, the total balance of quota contributions due as at 31 December 1956 amounted to \$565,573. Details of quota contributions due and collections are given in Schedule A.

Procurement Service Charges

The revenue from the 3% procurement charge which is applied to purchases made on behalf of member governments in accordance with the terms of Resolution XXIX of the V Meeting of the Directing Council amounted to \$25,179. The service charge is calculated on net commodity prices at the time of payment of invoices to the vendors. No service charge is levied upon items such as freight, loading, insurance or emergency procurement nor is the charge applied for procurement services rendered to staff members. The gross payments made during 1956 in respect of procurement were \$1,053,756 of which 3% service charge was calculated on net purchases amounting to \$839,300.

Interest

Interest earned in the amount of \$26,696, represents revenue from short-term investments in the Treasury Bills, US Certificates of Indebtedness, dividend on Mexican Telephone Stock, interest earned on bank deposits and on income tax refunds.

Sale of Capital Assets

Sale of old capital assets, amounting to \$5,972, includes the sale of obsolete equipment, furniture, and an automobile.

### Sale of Publications

Sale of publications in the amount of \$848 represents sale of PASB Bulletin and various scientific pamphlets published by the Pan American Sanitary Bureau.

### Sundries

Sundries amounting to \$118 represent miscellaneous income from the sale of waste paper, the commission on receipts from public telephone in Headquarters Buildings, etc.

### Unused Balance of Obligations, etc.

Of the amount of \$13,101 representing the balance of the 1954 unliquidated obligations remaining as at 31 December 1955, \$2,492 was in excess of the requirements when liquidating the outstanding obligations and is taken up as income in 1956.

The item "Credits against previous years' expenditures" represents various types of refunds which were previously charged to expense, viz.:

Income tax refunds	\$3,323
Transportation	912
Fellowship stipend refund	118
Project service allowance refund	535
Unused funds earmarked for the investigation of rabies vaccine	2,000
Pension contribution refund	157
Insurance claim, etc.	35
	<u>\$7,080</u>

### Expenditures

Budgetary expenditures during the year amounted to \$2,199,966 of which \$2,123,610 represent cash disbursements and \$76,356 unliquidated obligations. Details of expenditures are given in Exhibit I and in the attachment to this report.

In addition to the above there was a loss on exchange amounting to \$814 on the balance remaining in the voluntary contribution from the Government of Argentina.

### Deficit

In 1956 there was a cash deficit (i.e. a difference between obligations incurred in respect of the financial year 1956 and the budgetary income in cash) amounting to \$125,080. This deficit was advanced from the Working Capital Fund and subsequently covered from collection of quota contribution arrears in 1957.

Statement of Assets and Liabilities (Exhibit III).

Contributions Receivable from Member States

The total of quota contributions outstanding as at 31 December 1956 was \$565,573. Details are given in Schedule A.

Accounts Receivable

The accounts receivable totalled \$251,332, representing interest accrued, amounts due from other international and governmental agencies, advances to staff members made in accordance with Regulations of the Organization, deposit accounts and sundry other debtors.

Capital Assets

The amount of \$526,565 represents the recorded book value of land and buildings of the Headquarters of the Pan American Sanitary Bureau in Washington, D.C.

Cash in Banks and on Hand

Total cash in banks and on hand for all funds, except those of WHO and UN/TA amounted to \$860,673.

The total amount is distributed between the various funds as follows:

General Fund	\$19,246
Working Capital Fund	94,433
Emergency Procurement	
Revolving Fund	35,424
Building Fund	5,498
Special Funds	165,060
Trust Funds	449,079
Institute of Nutrition of	
Central America and Panama	40,059
Organization of American States	
Technical Assistance	<u>51,874</u>
	<u>\$860,673</u>

Investments

The cost of the investments amounted to \$1,872,909 and these are held in USA Treasury Bonds, USA Treasury Bills and Mexican Telephone Stock. Details of the investments are given in Schedule B.

Obligations Payable (General Fund)

Unliquidated obligations for 1956 amounted to \$76,356. A breakdown by parts of the budget is given in Exhibit I. A balance of \$12,140 still remains unliquidated as at 31 December in respect of obligations reserved for 1955.



Accounts Payable (General Fund)

The amount of \$2,259 includes contribution from staff members and the Organization to be transmitted to the United Nations Joint Pension Fund, credit balances of staff members personal account and sundry creditors.

Insurance Equalization Account

This account has been established in order to distribute evenly the expenses for various types of insurance over a period of years. An amount of \$5,400 was credited to this account during the year. The balance as at 31 December was \$7,339.

Reserves Clearance Account 1955

The balance in this account amounting to \$2516 represents the net balance resulting from the liquidation of 1955 reserve items, transfer of amounts considered in excess of requirements, and expenditures applicable to 1955 budget for which no reserves were established, and is being retained in accordance with PASB Financial Regulations Article IV, 4.3. Also referred to in the Report of the External Auditor.

Working Capital Fund

The Working Capital Fund was established in order to ensure normal operation during the course of the year pending receipt of quota contributions.

During 1956 the current budget expenditures exceeded the current income by \$125,080 (Exhibit II). This amount has been advanced from the Working Capital Fund.

Emergency Revolving Fund

A series of emergency purchases of supplies and equipment was made from this fund on behalf of the Government of Argentina as a result of a poliomyelitis outbreak. The total of these purchases amounted to \$74,316 of which the Government of Argentina refunded \$59,740 leaving a balance of \$14,576 due the Fund as at 31 December 1956 (Exhibit III). The Fund was restored to its established balance namely \$50,000, in January 1957 upon receipt of the \$14,576 from the Government of Argentina.

Building Fund

A sum of \$200,000 has been set aside in a building fund in compliance with Resolution XIV of the VIII Meeting and Resolution VII of the IX Meeting of the Directing Council, to be used for the construction of a new Headquarters building for the Pan American Sanitary Bureau. This fund increased \$2602 during 1956 representing interest of \$2954 earned on the investments of the Fund less investment agents fees of \$352.

Special Funds

The Special Funds include the accounting for the appropriations of extra budgetary funds made by the Directing Council from the 1955 surplus and also the accounting for balances from previous years' appropriations from such surpluses. Details are given in Schedule C.

Trust Funds

The amount of \$1,145,239 represents the balance of cash deposits made with PASB on account of procurement on behalf of governments, institutions and individuals. Schedule D furnishes details of transactions arranged by countries. Under each country numerous accounts are in operation. Amounts due to PASB from the respective governments totalling \$13,671 are shown in this schedule and reflected in the balance sheet under Accounts Receivable, General Fund.

Schedule E shows the funds available to PASB from grants, the total amounts reserved for and payments made to an employee in respect of the Provident Fund, and employees in respect of Accrued Repatriation Entitlements during 1956.

The following grants were received during 1956 on behalf of PASB activities:

Kellogg Foundation:

Consultant in Dental Health \$ 21,550

Shell Chemical Corporation:

Field Studies of Dieldrin  
and Other Insecticides 80,000

Government of Argentina:

Installation and Operation of  
Pan American Zoonoses Center.  
Contribution Argentine Pesos  
\$500,000 14,286

T o t a l \$115,836

Institute of Nutrition of Central America and Panama

Under the basic agreement of INCAP "The Pan American Sanitary Bureau will continue to assume responsibility for the administration of INCAP".

Details of receipts and payments to INCAP activities are given in Schedule F.

Amounts of assessed quotas and collections during 1956 were as follows:

	Balance Due 1 January 1956	Assessed	Collected	Balance 31 Dec. 1956
	\$	\$	\$	\$
Costa Rica	-	12,500	12,500	-
El Salvador	-	12,500	12,500	-
Guatemala	12,500	12,500	25,000	-
Honduras	12,500	12,500	25,000	-
Nicaragua	-	12,500	12,500	-
Panama	-	12,500	12,500	-
	<u>25,000</u>	<u>75,000</u>	<u>100,000</u>	<u>-</u>

An amount of \$74,835 of which \$1,114 represents unliquidated obligations was obligated against the 1956 regular budget of \$75,000 leaving a budget surplus of \$165.

The status of the Contingency Reserve Fund was as follows:

Balance 1 January 1956	\$13,782
<b>Add:</b>	
Unobligated balance 1956 Budget	165
Revenue from Quota Contributions 1955	25,000
Unused budgetary provision for 1955	20
Credits from Provident Fund Account	236
Revenue from Interest	522
Revenue from miscellaneous income	<u>328</u>
	40,053
<b>Less:</b>	
Transfer to Surplus at Disposal of Council of INCAP	<u>2,553</u>
Balance 31 December 1956	<u>\$37,500</u>

Miscellaneous income amounted to \$328 and included such items as refunds against previous years' expenditures, sale of pamphlets, etc. Accounts Receivable amounting to \$59 represent travel and salary advances to employees.

The following grants were received during 1956 on behalf of INCAP activities:

E.I. Dupont de Nemours	\$20,000
Harvard University	2,850
Instituto Agropecuario Nacional- Guatemala	440
W.K. Kellogg Foundation	2,786
Merck and Company	2,500
National Live Stock and Meat Board	7,600
National Research Council	16,500
Nutrition Foundation, Inc.	5,700
Research Corporation - William Waterman Fund	5,000
Rockefeller Foundation	10,000
Servicio Cooperativo Interamericano de Agricultura	3,700
US Public Health Service- National Institutes of Health	20,018
World Health Organization	6,000
Gift for Education and Training for Professional Personnel	500
	<u>\$103,594</u>

Organization of American States - Technical Assistance

The total cash allocation received from the Organization of American States on behalf of the Aftosa project during 1956 amounted to \$250,412 of which \$219,580 pertained to 1956 Program year and \$30,832 to 1955 Program year. Cash expenditures amounting to \$192,986 and \$29,322 have been disbursed against these allocations respectively. In addition to the cash allocation miscellaneous income representing revenue from interest amounted to \$344. Unliquidated obligations in respect of 1956 Budget amounted to \$24,531 as shown in Schedule G which also shows the accounting of balances of allocations for previous years. Thus, total amount of expenditures liquidated and unliquidated for 1956 amounted to \$217,517.

Accounts Payable in the amount of \$20,700 represent primarily payments temporarily made from PASB funds for which reimbursement has since been made.



SUMMARY AND DISTRIBUTION OF OBLIGATIONS INCURRED

SUMMARY OF 1956 EXPENDITURES BY OBJECT GROUPS

	Pan American Sanitary Organization PART I	Pan American Sanitary Bureau		TOTAL
		Head- quarters PART II	Field and Other Programs PART III	
	\$	\$	\$	\$
Personal Services	96,967	637,835	540,228	1,275,030
Personal Allowances	14,973	105,538	140,229	260,741
Travel and Transportation	26,774	47,179	146,877	220,829
Space and Equipment Services	161	30,249	15,924	46,334
Other Services	3,709	31,861	43,865	79,435
Supplies and Materials	22,789	23,278	65,099	111,167
Fixed Charges and Claims	8,289	68,819	8,434	85,542
Grants and Contracted Technical Services	-0-	-0-	98,072	98,071
Acquisition of Capital Assets	-0-	10,024	12,793	22,817
TOTAL	173,662	954,783	1,071,521	2,199,966

SUMMARY OF 1956 EXPENDITURES

ALL FUNDS

	PASE	WHO	UN/TA	OEBF
Personal Services	\$1,275,030	\$ 504,892	\$ 486,112	\$266,193
Personal Allowances	260,741	103,050	111,413	40,472
Travel and Transportation	220,829	155,064	111,807	64,949
Space and Equipment Services	46,334	12,971	2,275	24,382
Other Services	79,435	46,934	18,807	30,494
Supplies and Materials	111,167	58,607	40,449	56,805
Fixed Charges and Claims	85,542	52,556	28,587	6,958
Grants and Contracted Technical Services	98,071	199,678	281,100	46,583
Acquisition of Capital Assets	22,817	19,454	111,213	21,262
Overhead	-0-	-0-	-0-	1,417
<b>TOTAL</b>	<b>\$2,199,966</b>	<b>\$1,153,206</b>	<b>\$1,191,763</b>	<b>\$559,515</b>



STATEMENT OF 1956 EXPENDITURES

ALL FUNDS

	PASB	WHO	UN/TA	OEBF
	\$	\$	\$	\$
<u>PART I</u>				
Conference Services	68,608	14,864	5,607	-
Organizational Meetings	83,762	20,400	-	-
Common Staff Costs	21,292	3,806	2,091	-
TOTAL PART I:	173,662	39,070	7,698	-
<u>PART II</u>				
<u>Executive Offices</u>				
Office of the Director	88,051	25,877	-	-
Office of Public Information	16,922	58,299	1,304	-
Office of Coordination	7,521	17,290	-	-
Library	30,985	5,375	-	-
Editorial	53,417	5,787	-	-
<u>Division of Education and Training</u>				
Office of the Chief	7,789	17,516	5,771	-
Fellowships Branch	26,432	28,396	-	-
Professional Education Branch	29,287	-	-	-
<u>Division of Administration</u>				
Office of the Chief	23,763	686	-	-
Supply Office	40,817	14,966	11,154	-
Administrative Management and Personnel Branch	28,206	22,609	11,239	-
Budget and Finance Branch	69,178	41,678	10,104	-
General Services Office	114,518	25,155	6,939	-
<u>Division of Public Health</u>				
Office of the Chief	21,786	21,105	1,014	-
Health Promotion Branch	15,162	34,501	-	-
Communicable Diseases Branch	81,975	34,287	-	-
Environmental Sanitation Branch	14,493	10,212	-	-
<u>Common Costs</u>				
Compensation for Service- Incurred Illness	174	-	-	-
Common Staff Costs	198,020	99,367	9,680	-
Common Services	86,287	40,832	6,605	18,775
TOTAL PART II:	954,783	503,938	63,810	18,775

	PASB	WHO	UN/TA	OEBS
	\$	\$	\$	\$
<u>PART III</u>				
<u>Zone Offices</u>				
El Paso Field Office	25,493	-	-	-
Jamaica Field Office (Zone I)	29,674	554	-	-
Mexico Zone Office (Zone II)	84,048	20,581	-	-
Guatemala Zone Office (Zone III)	94,117	14,686	-	-
Lima Zone Office (Zone IV)	91,046	19,954	-	-
Rio de Janeiro Zone Office (Zone V)	48,703	47	-	-
Buenos Aires Zone Office (Zone VI)	93,125	883	-	-
Total Zone Offices:	466,206	56,705	-	-
<u>Programs</u>				
<u>Argentina</u>				
4, Public Health Administration Malbran Institute	-	3,943	-	-
6, Public Health Administration Fellowships	-	27,785	-	-
12, Survey of Health Services	17,726	-	-	-
51, Aedes aegypti Eradication	30,128	-	-	-
<u>Bolivia</u>				
4, Malaria Eradication	-	-	10,995	-
5, Nursing Education	-	14,767	3,300	-
6, Study of Water Supply	-	-	2,182	-
10, Public Health Services	19,622	-	-	-
<u>Brazil</u>				
17, Hydatidosis Control	-	-	5,355	-
18, National Drug Services	-	79	-	-
20, Yaws Eradication	-	-	3,231	-
22, Nursing Education	9,365	-	-	-
51, Yellow Fever Laboratory	6,284	-	-	-
53, Schistosomiasis	6,352	-	-	-
<u>British Honduras</u>				
4, Public Health Administration Fellowships	-	4,080	-	-
<u>British West Indies</u>				
Barbados-2, Local Health Services	-	-	25,612	342
<u>Chile</u>				
10, Tuberculosis Control (BCG)	-	6,626	-	-
12, Demonstration Center for Care of Premature Infants	-	10,341	-	-
15, Consultant in Alcoholism	-	6,726	-	-
17, University of Chile Medical School Laboratories	-	-	70,966	-
20, Midwifery Education	-	4,040	-	-
25, Public Health Administration Fellowships	-	10,100	-	-

	PASB	WHO	UN/TA	OEBF
	\$	\$	\$	\$
<u>Colombia</u>				
4, Public Health Services	-	-	65,284	-
5, Malaria Eradication	-	-	33,807	-
15, Tuberculosis Control - BCG	-	-	6,200	612
52, Yellow Fever, Carlos Finlay Institute	31,600	-	-	-
<u>Costa Rica</u>				
3, Nursing Education	-	-	31,092	-
<u>Cuba</u>				
1, Aedes aegypti Eradication	39,583	-	-	-
<u>Dominican Republic</u>				
2, Malaria and Aedes aegypti Eradication	-	-	10,369	-
4, Reorganization of Local Health Services	35,668	-	-	-
52, Venereal Disease Control	12,323	-	-	-
<u>Ecuador</u>				
4, Rural Public Health Services	9,456	11,084	-	-
11, National Institute of Health	-	-	22,575	-
17, Public Health Administration Fellowships	-	-	7,645	-
53, National Institute of Nutrition	-	-	9,567	251
<u>El Salvador</u>				
5, Health Demonstration Area	-	-	69,056	-
<u>Guatemala</u>				
6, Training of Nursing Auxiliaries	-	17,372	-	-
8, Rural Public Health Services	-	41,159	-	-
11, Vaccination - BCG	-	-	8,444	-
<u>Haiti</u>				
1, Yaws Eradication and Syphilis Control	14,342	46,385	-	-
4, Malaria and Aedes aegypti Eradication	-	-	33,209	-
9, Public Health Laboratory	11,053	-	-	-
10, Training of Midwives	-	3,953	-	-
11, Physical Rehabilitation	-	8,641	-	-
<u>Honduras</u>				
4, Rural Public Health Services	-	-	34,294	-
5, Vaccination - BCG	-	-	91	-
<u>Mexico</u>				
12, National University - School of Nursing	8,114	-	-	-
18, Public Health Administrations Fellowships	-	16,765	-	-
20, Virus Center	-	3,580	-	-
22, Integrated Health Services	-	22,446	-	-
53, Malaria Eradication	-	-	28,524	-

	PASB	WHO	UN/TA	OEBF
	\$	\$	\$	\$
<u>Nicaragua</u>				
3, Rural Public Health Services	-	-	4,302	-
5, Nursing Education	-	23,660	-	-
<u>Panama</u>				
1, Public Health Services	-	-	87,029	-
<u>Paraguay</u>				
1, Malaria Eradication	-	-	1,825	-
7, Vaccination - BCG	-	-	-	3,171
9, Leprosy Control	-	2,721	-	-
10, Public Health Services	-	-	115,804	-
<u>Peru</u>				
22, Public Health Services	-	-	26,595	-
<u>Trinidad</u>				
5, Public Health Administration Fellowships	-	-	850	-
<u>United States</u>				
6, TPI Study Grant	7,750	-	-	-
7, Public Health Administration Fellowships	-	894	-	-
8, Mental Health	-	3,974	-	-
<u>Uruguay</u>				
5, Rural Health Services	-	-	35,091	-
<u>Venezuela</u>				
1, Local Health Services	-	-	38,781	-
52, Venereal Disease Laboratory	16,720	-	-	-
<u>Inter-Country and Inter-Zone Projects</u>				
<u>AMRO-</u>				
1, Environmental Sanitation Training	-	62,337	-	-
6, Joint Field Mission on Indigenous Populations	-	-	23,704	-
7, Malaria and Aedes aegypti Eradication (Central America and Panama)	-	-	81,160	-
8, Malaria and Aedes aegypti Eradication (Caribbean)	-	-	98,427	-
10, Inter-American Center of Biostatistics	-	-	79,298	-
17.3, Waterworks Training Course	-	14,748	-	-
18, Medical and Public Health Education	-	36,320	-	-
23, Fourth Regional Nursing Congress	-	2,916	-	-
28, Advanced Nursing Education	-	9,889	-	-
29, Cultural Anthropology	-	16,792	-	-
35, Fellowships (Unspecified)	53,346	-	-	-
45, Laboratory Services	-	6,503	-	-

	PASB	WHO	UN/TA	OEEF
	\$	\$	\$	\$
47, Yaws Eradication and Syphilis Control	-	-	27,452	-
49, Seminar on Teaching of Preventive Medicine	-	21,662	-	-
50, Fluoridation of Water	-	-	1,766	-
54, Assistance to INCAP	44,309	2,563	-	163,959
57, Yellow Fever Studies	41,198	-	-	-
58, Leprosy Control	-	1,747	-	-
60, Smallpox Eradication	-	-	-	74,462
61, Rabies Control	-	15,221	-	-
67, Veterinary Medicine Education	-	4,798	-	-
72, Dental Health	-	-	-	20,864
74, Plague Investigation	12,229	-	-	-
76, Vaccine Testing	-	4,081	-	-
77, Aftosa Center	-	-	-	217,517
81, Zoonoses Center for the Americas	-	-	6,293	22
83, Typhus Control	6,125	-	-	-
85, Latin American Center for Classification of Diseases	-	7,344	-	-
86, Health Statistics	-	20,738	-	-
88, Adviser on Aedes aegypti Eradication	16,757	-	-	-
90, Eradication of Malaria	97,418	-	-	-
91, Seminar on Application of International Sanitary Regulations	-	13,341	-	-
93, Health Education	-	12,864	-	-
94, Diarrheal Diseases in Childhood	6,918	-	-	-
95, Environmental Sanitation	-	-	9,088	-
103, Seminar on Treponematosi Eradication	-	8,508	-	-
105, Field Study of Dieldrin and other Insecticides	-	-	-	27,786
106, Meeting of International Advisers on Integrated Health Projects	225	-	-	-
109, Malaria Eradication Supplemental Assistance to Country Projects	-	-	-	31,754
112, Fundamental Education Training Center(CREFAL)	-	-	992	-
Repatriation Grant	720	-	-	-
Income Tax	2,585	-	-	-
<b>Total Programs:</b>	<b>557,916</b>	<b>553,493</b>	<b>1,120,255</b>	<b>540,740</b>

	PASB	WHO	UN/TA	OEBF
	\$	\$	\$	\$
<u>Publications of PASB</u>				
PASB Bulletin	31,067	-	-	-
Statistical Publications and Reports	3,479	-	-	-
Special Publications	7,849	-	-	-
AIDIS Journal	5,004	-	-	-
Total Publications	47,399	-	-	-
TOTAL PART III	1,071,521	610,198	1,120,255	540,740
GRAND TOTAL PARTS I, II and III	2,199,966	1,153,206	1,191,763	559,515



FINANCIAL STATEMENTS



EXHIBIT I

STATEMENT OF APPROPRIATIONS, OBLIGATIONS INCURRED AND UNOBLIGATED  
BALANCE OF APPROPRIATIONS FOR THE YEAR 1956

Part of the Budget	Purpose of Appropriation	Appropriated by the Directing Council	Amounts Transferred Between Parts*	Effective Appropriation	Obligations Incurred			Unobligated Balance of Appropriations
					Liquidated by Disbursements	Unliquidated	Total	
I	Pan American Sanitary Organization	\$ 168,839	\$ 4,823	\$ 173,662	\$ 168,992	\$ 4,670	\$ 173,662	\$ -
II	Pan American Sanitary Bureau - Headquarters	963,990	(9,172)	954,818	932,526	22,358	954,784	34
III	Pan American Sanitary Bureau - Field and Other Programs	1,067,171	4,349	1,071,520	1,022,092	49,428	1,071,520	-
	TOTAL	2,200,000	-	2,200,000	2,123,610	76,356	2,199,966	34

For the Director  
Pan American Sanitary Bureau

*D. F. Simpson*  
D. F. Simpson, Chief  
Division of Administration

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that, in my opinion, the above statement is correct subject to the observations in my report.

*Uno Brumskog*  
Uno Brumskog  
External Auditor

\*Figure in brackets denotes reduction

STATEMENT OF INCOME, EXPENDITURES  
AND DEFICIT FOR THE YEAR 1956

	\$	\$
<u>INCOME</u>		
<u>Contributions from Member States:</u>		
Amounts collected in respect of 1956 assessments	1,734,499	
Amounts collected in respect of arrears for previous years	<u>250,284</u>	1,984,783
<u>Contributions on behalf of Territories of France, Netherlands, and United Kingdom:</u>		
Amounts collected in respect of 1956 assessments		22,532
<u>Miscellaneous Income:</u>		
3% Procurement charge	25,179	
Interest earned	26,696	
Sale of old capital assets	5,972	
Sale of publications	848	
Sundries	<u>118</u>	58,813
<u>Unused Balances of Obligations, etc.:</u>		
Unused budgetary provisions for 1954	2,492	
Credits against previous years' expenditures	<u>7,080</u>	<u>9,572</u>
		2,075,700
<u>EXPENDITURES</u>		
Obligations incurred	2,199,966	
Loss on exchange	<u>814</u>	<u>2,200,780</u>
<u>DEFICIT</u>		
Deficit advanced from Working Capital Fund		<u><u>125,080</u></u>

For the Director  
Pan American Sanitary Bureau

*D. F. Simpson*  
D.F. Simpson, Chief  
Division of Administration

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required, and I certify, as a result of the Audit, that in my opinion, the above statement is correct subject to the observations in my report.

*Uno Brunskog*  
Uno Brunskog  
External Auditor

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 1956

<u>GENERAL FUND</u>	
<u>ASSETS</u>	<u>LIABILITIES</u>
Contributions Receivable from Member States (Schedule A)	Contribution Received in Advance
\$ 565,573	\$ 4,876
Less: Reserves for Non-Collected Contributions	Government of Chile
565,573	
<u>Accounts Receivable</u>	<u>Obligations Payable</u>
Governments, Institutions and Individuals, on Account of Procurements (Schedule D)	Unliquidated Obligations in Respect of:
Government of Chile on Account PASO Conference, for Equipment	1956 Budget
Organization of American States, Technical Assistance, on Account Artosa Project	\$ 76,356
World Health Organization, Current Account	12,140
Sundry Debtors	88,496
Other Accounts Receivable - Prepayments	<u>Accounts Payable</u>
Interest Accrued	World Health Organization, in Respect of Pension and Insurance Contributions, etc.
Reimbursable Income Tax	Sundry Creditors
Less: Reserve for Income Tax	\$ 952
909	1,307
84,496	2,259
<u>Capital Assets</u>	<u>Insurance Equalization Account</u>
Buildings in Washington	7,339
Less: Equity in Buildings	<u>Reserves Clearance Account 1955</u>
526,565	2,516
526,565	
Investments (Schedule B)	
1,744	
Cash in Banks and on Hand:	
U. S. Dollar Currency	19,246
105,486	\$ 105,486
<u>WORKING CAPITAL FUND</u>	
Investments (Schedule B)	Established Working Capital
Cash in Banks and on Hand:	Less: Advance to 1956 Budget pending receipt of quotas
U. S. Dollar Currency	\$ 1,200,000
Other Currencies	125,080
74,968	\$ 1,074,920
19,465	1,074,920
1,074,920	
<u>EMERGENCY PROCUREMENT REVOLVING FUND</u>	
Cash in Banks	Established Emergency Procurement Fund
Accounts Receivable	\$ 50,000
35,424	\$ 50,000
44,576	
50,000	





SCHEDULES

## STATEMENT OF CONTRIBUTIONS OF MEMBER STATES

States	Contributions in Respect of the Year 1956			Balance Due on 31 December 1956 in Respect of Years Prior to 1956 (See Annex)	Total Balance Due on 31 December 1956
	Assessment	Collections	Balance Due		
Argentina	\$ 155,400	\$ -	\$ 155,400	\$ -	\$ 155,400
Bolivia	6,510	-	6,510	47,040	53,550
Brazil	168,420	100,000	68,420	-	68,420
Chile	38,220	38,220	-	-	-
Colombia	52,290	47,932	4,358	-	4,358
Costa Rica	5,040	4,800	240	-	240
Cuba	38,220	-	38,220	67,875	106,095
Dominican Republic	6,510	6,510	-	-	-
Ecuador	5,040	2,521	2,519	-	2,519
El Salvador	7,770	7,770	-	-	-
Guatemala	9,030	9,030	-	-	-
Haiti	5,040	5,040	-	-	-
Honduras	5,040	5,040	-	-	-
Mexico	102,060	102,060	-	-	-
Nicaragua	5,040	4,800	240	-	240
Panama	6,510	6,510	-	-	-
Paraguay	5,040	-	5,040	4,800	9,840
Peru	22,890	8,266	14,624	-	14,624
United States	1,386,000	1,386,000	-	-	-
Uruguay	22,890	-	22,890	80,357	103,247
Venezuela	47,040	-	47,040	-	47,040
	2,100,000	1,734,499	365,501	200,072	565,573

## STATEMENT OF CONTRIBUTIONS ON BEHALF OF TERRITORIES OF FRANCE, NETHERLANDS AND UNITED KINGDOM

France	5,044	5,044	-	-	-
Netherlands	2,488	2,488	-	-	-
United Kingdom	15,000	15,000	-	-	-
	22,532	22,532	-	-	-

Schedule A  
Annex 1

ARREARS OF CONTRIBUTIONS DUE BY MEMBER STATES  
IN RESPECT TO YEARS PRIOR TO 1956

States	Year	Due on 1 January 1956	Collected in 1956	Balance Due 31 December 1956	Totals
Argentina	1954	\$ 2,200	2,200	-	-
	1955	148,000	148,000	-	-
Bolivia	1950	5,426	-	5,426	
	1951	10,690	-	10,690	
	1952	9,524	-	9,524	
	1953	7,000	-	7,000	
	1954	7,400	-	7,400	
	1955	7,000	-	7,000	47,040
Chile	1955	35,304	35,304	-	-
Cuba	1953	34,658	34,658	-	
	1954	41,400	13,925	27,475	
	1955	40,400	-	40,400	67,875
Ecuador	1955	2,438	2,438	-	-
Guatemala	1955	4,996	4,996	-	-
Paraguay	1955	4,800	-	4,800	4,800
Peru	1955	8,763	8,763	-	-
Uruguay	1951	4,619	-	4,619	
	1952	15,938	-	15,938	
	1953	19,800	-	19,800	
	1954	20,200	-	20,200	
	1955	19,800	-	19,800	80,357
		450,356	250,284	200,072	200,072



Schedule B

PAN AMERICAN SANITARY BUREAU

INVESTMENTS AT 31 DECEMBER 1956

	Par Value	Cost	Market Value at 31 December 1956
	\$	\$	\$
<u>General Fund:</u>			
Mexican Telephone Stock Mexican Pesos 22,500 at 12.50	1,800	1,744	1,611
<u>Working Capital Fund:</u>			
U.S. Treasury Bills, Maturing 31 January 1957 (Purchased 28 December 1956 at 99.7417)	430,000	428,889	428,977
U.S. Treasury Bills, Maturing 7 February 1957 (Purchased 26 December 1956 at 99.643)	130,000	129,536	129,606
U.S. Treasury Bills, Maturing 21 February 1957 (Purchased 26 December 1956 at 99.524)	125,000	124,405	124,466
U.S. Treasury Bills, Maturing 7 March 1957 (Purchased 6 December 1956 at 99.219)	300,000	297,657	298,341
<u>Building Fund:</u>			
U.S. of America Treasury Bonds, 3% Maturing 15 February 1995	100,000	97,500	91,125
U.S. of America Treasury Bonds, 3½% Maturing 15 June 1983	100,000	98,344	96,500
<u>Trust Funds:</u>			
U.S. Treasury Bills, Maturing 10 January 1957 (Purchased 11 October 1956 at 99.238)	100,000	99,238	99,912
U.S. Treasury Bills, Maturing 24 January 1957 (Purchased 25 October 1956 at 99.266)	600,000	595,596	598,926
TOTAL	1,886,800	1,872,909	1,869,494

Schedule C

SPECIAL FUNDS

Name and Purpose of Funds	Balance 1 January 1956	Received During 1956	Total	Disbursed During 1956	Transfers 1956	Balance 31 December 1956		Total
						Unliquidated Obligations	Unobligated	
<u>Appropriation of Extra Budgetary Funds</u>	\$	\$	\$	\$	\$	\$	\$	\$
Building Alterations	18,775	-	18,775	18,775	-	-	-	-
Smallpox Eradication	154,501	-	154,501	74,462	-	8,311	71,728	80,039
Anti-Malaria Activities	93,251	-	93,251	31,754	-	6,379	55,118	61,497
Initial Architectural Expenses for Headquarters Building	-	23,524	23,524	-	-	-	23,524	23,524
Cash Surplus at Disposal of the Directing Council	266,527	23,524	290,051	124,991	-	14,690	150,370	165,060
1955 Surplus	123,524	-	123,524	-	1) 123,524	-	-	-
TOTAL	390,051	23,524	413,575	124,991	123,524	14,690	150,370	165,060

1) Transferred to Building Fund \$ 100,000  
 " " Initial Architectu-  
 ral Expenses for  
 Headquarters Building 23,524  
\$ 123,524

## P R O C U R E M E N T F U N D

STATEMENT OF PROCUREMENT SERVICES EFFECTED  
ON BEHALF OF GOVERNMENT ADMINISTRATIONS,  
PUBLIC INSTITUTIONS, ETC.

	1 January 1956 (Brought forward from 1955)		Amounts Received or Transferred during 1956	Payments for Supplies, etc. Made during 1956	Balance 31 December 1956	
	Amounts Due to PASB	Deposits with PASB			Amounts Due to PASB	Deposits with PASB
Argentina	\$ -	\$ 476	\$ 121,260	\$ 111,476	\$ -	\$ 10,260
Bolivia	8,664	-	-	-	8,664	-
British W. Indies	-	32	14,639	6,193	-	8,478
Brazil	483	12,105	1,436,416	578,791	483	869,730
Chile	-	19,337	184,499	32,091	-	171,715
Colombia	-	1	5,410	3,549	296	2,158
Costa Rica	192	-	190	-	2	-
Cuba	2,642	-	-	-	2,642	-
Dom. Republic	-	13,296	113,977	119,811	-	7,462
Ecuador	-	90,314	1,815	89,452	-	2,677
El Salvador	-	6,932	24,084	12,708	-	18,308
Guatemala	647	400	19,284	17,857	685	1,865
Haiti	-	432	439	807	-	64
Honduras	6	-	548	310	-	232
Mexico	768	255	6,941	4,281	768	2,915
Nicaragua	-	2,555	960	3,423	-	92
Panama	-	15,241	28,392	34,967	-	8,666
Paraguay	97	-	10,953	999	97	9,954
Peru	-	6,645	10,564	11,037	-	6,142
United States	-	-	-	-	-	-
Uruguay	-	2,152	559	2,711	10	10
Venezuela	-	2,120	21,282	13,999	2	9,405
Employees	-	525	23,823	9,294	22	15,076
TOTAL	13,499	172,788	2,026,035	1,053,756	13,671	1,145,239

Schedule B

T R U S T F U N D S  
GRANTS - ACCRUED REPATRIATION ENTITLEMENTS - PROVIDENT FUND

Name and Purpose of Funds	Balance 1 January 1956 \$	Received During 1956 \$	Total \$	Disbursed During 1956 \$	Transfers During 1956 \$	Balance 31 December 1956	
						Unliquidated Obligations \$	Unobligated \$
							Total \$
1. <u>GRANTS</u>							
<u>Kellogg Foundation</u>							
Nutrition Institute of Ecuador -- To provide equipment and scientific books for Bromatological Laboratory of the Institute	251	-	251	251	-	-	-
Consultant in Dental Health	448	21,550	21,998	20,865	-	1,133	1,133
<u>Shell Chemical Corporation</u>							
Field Studies of Dieldrin and Other Insecticides	-	80,000	80,000	27,785	-	412	52,215
<u>Government of Argentina</u>							
Pan American Zoonoses Center	-	14,286	14,286	22	-	-	14,264
<b>TOTAL GRANTS</b>	699	115,836	116,535	48,923	-	412	67,612
2. <u>PROVIDENT FUND</u>	1,017	78	1,095	1,095	-	-	-
3. <u>ACCRUED REPATRIATION ENTITLEMENTS</u>	65,964	17,306	87,270	10,079	-	77,191	77,191
<b>TOTAL-Grants-Provident Fund Accrued Repatriation Entitlements</b>	71,680	133,220	204,900	60,097	-	412	144,803

SCHEDULE F

INSTITUTE OF NUTRITION  
OF CENTRAL AMERICA AND PANAMA

	Balance 1 January 1956	Received During 1956	Total	Disbursed During 1956	Transferred	Balance 31 December 1956		
						Unliquidated Obligations	Unobligated	Total
<b>1. REGULAR FUNDS</b>								
1955 Budget	4,289		4,289	4,269				
1956 Budget	-	74,835	74,835	73,721	20	1,114	-	1,114
<b>TOTAL REGULAR FUNDS</b>	4,289	74,835	79,124	77,990	20	1,114	-	1,114
<b>2. PROVIDENT FUND</b>	17,844	9,884	27,728	7,164	20	-	20,328	20,328
<b>3. GRANTS</b>								
<u>Kellogg Foundation</u>								
Books, Equipment and Supplies	506	-	506	506				
Laboratory Equipment	803	-	803	803				
Research and Adminis- trative Services -								
Library	2,358	-	2,358	2,318		9	31	40
Graphic Art	2,500	-	2,500	4,293		888	105	993
Lab. Equip.	2,786	-	2,786	2,786		-	-	-
Corn Study	10,000	-	10,000	9,688		-	312	312
<b>Merck and Company, Nutri- tion Foundation, Inc., Harvard University, National Live Stock and Meat Board, Research Corporation, Williams- Waterman Fund</b>	18,953	2,786	21,739	20,394		897	448	1,345
<u>Nutritional Disease Investigation</u>	734	23,650	24,384	17,923		2,578	3,883	6,461
<u>Rockefeller Foundation</u>								
Study of Variety of Corn	231	10,000	10,231	9,738		493	-	493
<u>SIIDA, Instituto Agrope- guario Nacional</u>								
Study of Indigenous Plants	754	4,140	4,894	4,281		96	517	613
<u>National Research Council</u>								
Study of Indigenous Plants	-	16,500	16,500	4,616		90	11,794	11,884



Schedule G

ORGANIZATION OF AMERICAN STATES

TECHNICAL ASSISTANCE

	Balance 1 January 1956	Received During 1956	Total	Disbursed During 1956	Refund to OAS/CCTA	Balance 31 December 1956	
						Unliquidated Obligations	Unobligated
Aftosa Center - 1954	\$ 2,717	-	\$ 2,717	-	\$ 2,717	-	\$ -
1955	2,726	30,832	33,558	29,322	-	-	4,236
1956	-	219,924	219,924	192,986	-	24,531	2,407
TOTAL	5,443	<u>1/</u> 250,756	256,199	222,308	2,717	24,531	<u>2/</u> 31,174

1/ Revenue from Allocations \$ 250,412  
 Revenue from Interest 344  
\$ 250,756

2/ U. S. Dollar Currency \$ 49,362  
 Cruzeiro Currency 2,512

Less: Accounts Payable \$ 51,874  
20,700  
\$ 31,174

REPORT OF THE EXTERNAL AUDITOR





Washington, D. C.  
15 April 1957

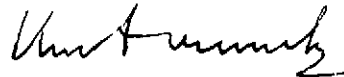
Sir,

I have the honour to transmit the financial statements of the Pan American Sanitary Bureau in respect of the year 1 January to 31 December 1956, which were submitted by the Director.

In accordance with the Financial Regulations, I have the honour to present my report with regard to the above-mentioned period.

I have the honour to be, Sir,

Your obedient Servant,



Uno Brunskog  
External Auditor

The Chairman of the  
Directing Council of the  
Pan American Sanitary Organization

REPORT OF THE EXTERNAL AUDITOR  
ON THE AUDIT OF THE ACCOUNTS OF THE  
PAN AMERICAN SANITARY BUREAU FOR 1956

1. Pursuant to my letter of appointment as the External Auditor, in accordance with Article XII, paragraph 12.1 of the Financial Regulations for the Pan American Sanitary Bureau, I have examined the accounts of the Bureau for the financial year 1956, with due regard to the provisions covering the scope of the audit as contained in Article XII of the Financial Regulations, and I have the honour to submit the following report, together with the accounts submitted to me by the Director.
2. Audit certificates have been issued subject to the observations in this report to the following statements of the Pan American Sanitary Bureau. These certificates also apply to the Institute of Nutrition of Central America and Panama (INCAP), the funds for which are administered by the Bureau:
  - a. Statement of Appropriations, Obligations Incurred, and Unobligated Balance of Appropriations for the Year 1956;
  - b. Statement of Income, Expenditures and Deficit for the Year 1956; and
  - c. Statement of Assets and Liabilities as at 31 December 1956.

Budgetary Expenditures

3. Against the total appropriated budget of \$2,200,000 an amount of \$2,199,966 has been expended, leaving an unobligated balance of \$34. In other words, close to 100% of the total budget was utilized. As regards the unobligated balances for the years 1954 and 1955, the corresponding figures were \$577 and \$17,770, respectively.
4. Since it is very rare to achieve a 100% utilization of the appropriated budget, I have scrutinized both the disbursements and the unliquidated obligations very carefully. I am satisfied that no obligations in excess of requirements have been recorded.

As can be seen from the following table, the unliquidated obligations have constantly decreased at the year-end of the last years:

	<u>1954</u>	<u>1955</u>	<u>1956</u>
Amounts of unliquidated obligations	\$ 191,274	\$ 120,124	\$ 76,356
Outstanding obligations in relation to the total obligations incurred %	9.11	5.78	3.47

The progressive reduction in the amount of unliquidated obligations at the end of the years 1954, 1955 and 1956 indicates that, in addition to closer estimation of outstanding liabilities, obligations are being incurred and liquidated earlier in the financial year. The pressure exerted by the necessity of maintaining increasing activities within the bonds of a limited budget has resulted in increased efficiency in budget management, the utilization of funds to the fullest extent and a careful control over commitments to insure that budgetary expenditures do not exceed the amount available.

5. The budgetary expenditures from 1956 compared with those of the two preceding years were as follows. The percentages, shown in brackets, reflect the percentage of the total obligations incurred:

	<u>1954</u>	<u>1955</u>	<u>1956</u>
	<u>Amount in</u> <u>thousands</u>	<u>Amount in</u> <u>thousands</u>	<u>Amount in</u> <u>thousands</u>
I Pan American Sanitary Organization	\$ 208 (10)	\$ 152 (7)	\$ 174 (8)
II Pan American Sanitary Bureau - Headquarters	891 (42)	919 (44)	955 (43)
III Pan American Sanitary Bureau - Field and Other Programs	1,000 (48)	1,011 (49)	1,071 (49)
Total	2,099 (100)	2,082 (100)	2,200 (100)

As can be seen from the table above, during the years 1954-1956 there has been a stabilization of the allocation of funds over the activities of the Organization.

6. The following ex-gratia payments were made and charged to the budget:

Payment to staff member for storage of household goods arising through exceptional circumstances	\$143
Payment to staff member for compensation for penalty arising from the cancellation of lease on his apartment when he was reassigned on an emergency basis	\$490

Budgetary Income

7. Revenues during 1956, compared with those of preceding years, were as follows:

	<u>1954</u> \$	<u>1955</u> \$	<u>1956</u> \$
Gross income budget	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,200,000</u>
Contributions for the current year collected from Member States	1,728,574	1,728,499	1,734,499
Arrears of contributions collected from Member States	500,304	258,026	250,284
Contributions collected on behalf of Non-Self Governing Territories	39,865	22,277	22,532
3% Procurement Charges	24,587	21,500	25,179
Interest Earned	14,742	17,798	26,696
Unused budgetary provisions for previous years	48,896	56,219	9,572
Voluntary Contributions	-	91,576	-
Other Income	<u>10,723</u>	<u>4,508</u>	<u>6,938</u>
Total budgetary income	2,367,691	2,200,403	2,075,700
Percentage of income budget	112.74	104.78	94.35

8. The figures in the above table indicate that during the years 1954 to 1956 the weakest feature on the revenue side was the collection of contributions, that the revenue total necessary to meet budget commitments for the years 1954 and 1955 was only attained through collection of arrears of contributions and by voluntary contributions, and that in 1956 non-payment of contributions, a decrease in the amount of arrears collected and non-receipt of voluntary contributions resulted in a deficit of revenue to meet budget commitments.

9. The collected contributions for the year 1956 in percentage of assessed contributions are exhibited in the table below:

	Contributions Assessed \$	Current Year Contributions Collected \$	%
1956	2,100,000	1,734,499	82.60
1955	2,000,000	1,728,499	86.42
1954	2,000,000	1,728,574	86.43
1953	2,000,000	1,743,702	87.18
1952	1,943,681	1,628,730	83.50
1951	1,943,681	1,748,627	89.97

It will be noted that, excepting the year 1952, the percentage of assessed contributions collected has progressively decreased by 7.37 percent and that in 1956 the percentage was the lowest recorded since the Bureau obtained its present structure.

10. The position with regard to uncollected arrears as at 31 December 1956, and as compared with previous years was as follows:

	<u>1954</u> \$	<u>1955</u> \$	<u>1956</u> \$
Unpaid balance of arrears as at 1 January	665,759	436,881	450,356
Collected arrears	<u>500,304</u>	<u>258,026</u>	<u>250,284</u>
Balance of unpaid arrears	165,455	178,855	200,072
Add uncollected arrears for current year	<u>271,426</u>	<u>271,501</u>	<u>365,501</u>
Unpaid balances of contributions for current and previous years as at 31 December	<u>436,881</u>	<u>450,356</u>	<u>565,573</u>
Percentage of assessed contributions	21.84%	22.52%	26.93%

As will be seen from the above, the outstanding arrears as at 31 December 1956 amount to more than one fourth of the total assessed contributions, and the position in respect of arrears has continuously worsened during the last three years.

Of the outstanding arrears, fully or in part, the following Member States owe more than two years' contributions in arrears, viz:

Bolivia - 7 years: an amount of \$ 53,550  
 Uruguay - 6 years: an amount of \$ 103,247  
 Cuba - 3 years: an amount of \$ 106,095

11. During 1956 the 3% procurement charges showed a slight increase. This income was made up as follows, and for comparison the figures are shown for the years 1954 and 1955:

	<u>1954</u> \$	<u>1955</u> \$	<u>1956</u> \$
Purchases made on behalf of:			
Government Administrations and Public Institutions	819,574	716,661	916,142
Antigen Sales	4,727	216	-
Employees, etc.	15,288	27,385	9,294
Shipment, freight and insurance costs, etc.	128,192	80,619	103,141
3% Procurement charges	<u>24,587</u>	<u>21,500</u>	<u>25,179</u>
Total	992,368	846,381	1,053,756

Procurement charges are made only on purchases for Government Administrations and Public Institutions and only on the net purchase price, excluding freight, loading, insurance cost, etc. Of the purchases for Government Administrations and Public Institutions, amounting to \$916,142, an amount of \$839,300 has only borne the procurement charges. Of the remaining amount, \$74,316 was financed from the Emergency Procurement Revolving Fund, and \$2,526 from a grant and in these cases the 3% procurement charge was not applied.

In addition to the purchases mentioned above, the procurement service of the Pan American Sanitary Bureau has made considerable purchases on behalf of the Bureau itself and the World Health Organization.

12. The drop in the income of the unused budgetary provisions from previous years from \$56,219 to \$9,572 is due to closer estimation of the unliquidated obligations (see also paragraph 4).

### Cash Deficit

13. In 1956 there was for the first time a cash deficit (i.e. the difference between obligations incurred in respect of the financial year 1956 and the budgetary income in cash) amounting to \$125,080. <sup>1/</sup> This deficit is covered by an advance from the Working Capital Fund. In 1954 and 1955 there were cash surpluses amounting to \$268,268 and \$118,173, respectively.
14. In Exhibit II, under the heading "Expenditures" is shown an item "Loss on Exchange" amounting to \$814. This amount relates to a loss of exchange on the voluntary contributions made by Argentina and accounted for in 1955. As there is no item in the budget covering such losses it has been shown apart from the budgetary expenditures.

### Assets and Liabilities

15. It is noted that under the heading "Accounts Receivable" are still some old claims on different Governments and Institutions:
  - a. \$13,671 relating to procurement of supplies and equipment (see Schedule F). Of that amount \$12,656 consists of old balances which have been outstanding and unpaid for a number of years. Efforts made to collect these balances have been unsuccessful. Attention has been drawn to this matter in my reports on the accounts for the last three years.
  - b. The Government of Chile owes to the Bureau since 1954 an amount of \$13,113 relating to equipment for the Pan American Sanitary Conference in Santiago.
16. In connection with the allocation by the Directing Council of \$19,000 of the 1954 surplus for the installation of a new elevator at Elodgett House, the elevator was installed in the year 1956 and there were no savings on the amount allocated. In fact, additional costs amounting to \$1,347 were charged to the 1956 budget, due to the necessity for reinforcing the entire elevator shaft with structural steel. As the new elevator replaced an old one, the cost has not changed the book value of the buildings in Washington.
17. As a liability an amount of \$2,516 is shown under the heading of "Reserve Clearance Account 1955." This amount represents the net balance resulting from the liquidation of 1955 reserve items, transfer of amounts considered in excess of requirements, and expenditures applicable to 1955 budget for which no reserves or insufficient reserves were established, and is being retained in accordance with the Financial Regulations - Article IV.4.3.

### Working Capital Fund

18. As can be seen from paragraph 13, the realization of the budget has resulted in a deficit of \$125,080. This amount has, at 31 December 1956, been covered by an advance from the Working Capital Fund.

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<sup>1/</sup> It is to be noted that by the time of issue of this report, sufficient arrears have been received to cover this deficit.



The purpose of the Working Capital Fund is described in Article VI, paragraphs 6.4 and 6.5 of the Financial Regulations of the Pan American Sanitary Bureau, which read as follows:

"6.4 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.

6.5 Transfers from the Working Capital Fund to finance unforeseeable and extraordinary expenses or other authorized purposes shall be reimbursed from regularly budgeted funds unless other authorized means are used to replenish the Fund."

19. Accordingly, the regulations in force state that the Working Capital Fund shall be used to finance, firstly, the budget and secondly, unforeseeable and extraordinary expenses. However, I would point out that both the Headquarters and the Zone Offices require floating funds for carrying their activities. A Zone Office, for instance, must have money at its disposal in the form of a floating balance to cover not only its budgetary expenditures, but advances for travel and other purposes, for emergency payments, and to provide against unavoidable delays in funding. The Zone and Field offices floating funds during 1956 amounted to approximately \$300,000, and these funds were designed to cover expenditures during a month, and to leave a working balance to meet needs until the imprest was replenished. To this total must be added \$100,000 as a Headquarters working balance, thus bringing the total cash necessary for the financial management of the Bureau to \$400,000.

It is possible that this amount might be reduced by some changes in funding procedures such as:

- a. Transferring funds to Zone Offices at half-monthly intervals instead of monthly as is usual at present;
- b. A more flexible use of WHO Regular and Technical Assistance funds, already available, for financing World Health Organization activities in the Zones.

Such changes as outlined above might make it possible to reduce the amount of floating funds necessary for the financial management of the Bureau to a minimum of \$200,000 concerning the 1956 budget level.

20. The Statement of Assets and Liabilities as at 31 December 1956 (Exhibit III) shows that no other assets than those belonging to the Working Capital Fund can be used for financing the Bureau's current need of money, or, in other words, for financing the General Fund. The other funds are

earmarked for specific purposes. If, for example, they were used for the purpose for which they were provided, there would be nothing of them left for other purposes, and in any case, to use such funds for financing the Bureau's need of cash is contrary to the rules laid down in the Financial Regulations.

21. The table below shows to what extent the Working Capital Fund has been used at the end of each month of 1956. <sup>1/</sup> In accordance with the calculations mentioned in paragraph 19, the Fund has been as from 1 January 1956, earmarked with \$200,000 relating to current management which sum has been deducted from the initial amount of the Working Capital Fund. It will be noted that except for the four months July through October, it was necessary to use the Working Capital Fund, as insufficient funds were available in the General Fund for working purposes.

	Budgetary Disbursements (in thousands)	Budgetary Income (in thou- sands)	Difference Between Dis- bursements and Income (in thousands)	Balance of Working Ca- pital Fund (in thou- sands)	Surplus in the General Fund (in thousands)
	\$	\$	\$	\$	\$
Balance as at 1 January 1956				1,000	-
January	78	40	-38	962	-
February	125	32	-93	869	-
March	198	26	-172	697	-
April	169	13	-156	541	-
May	189	21	-168	373	-
June	174	159	-15	358	-
July	197	1,399	1,202	1,200	360
August	178	66	-112	1,200	248
September	167	115	-52	1,200	196
October	196	25	-171	1,200	25
November	180	110	-70	1,155	-
December	273	70	-203	952	-

<sup>1/</sup> Disbursements relating to previous years are not included in the table.

The Working Capital Fund is shown in the Statement of Assets and Liabilities at an amount of	\$ 1,075,000
and in the table above at	<u>952,000</u>
The difference is made up as follows:	\$ <u>123,000</u>
Earmarked for operating funds	\$ 200,000
<u>Less:</u>	
Unliquidated obligations (see Exhibit I) (as at 31 December 1956 still in cash)	\$ 76,000
Loss on exchange (see Exhibit II) (not included in the budgetary expenditures)	<u>1,000</u> <u>77,000</u>
	\$ <u>123,000</u>

22. At the time the amount of the Working Capital Fund was decided upon, it was very carefully considered that its amount should be 60 percent of the budgetary appropriations. This is an extremely high percentage to be found nowhere else in any international organization. However, there is a reason for this percentage, for, of 21 Member States, one Member State is assessed at 66 percent of the total assessed contributions, and this contribution is usually paid in July or August. If in 1956 this Member State, because of legislative delays, had not been able to pay its contribution before November, the Working Capital Fund would have been exhausted.

I strongly recommend the Directing Council to study the problems involved concerning the ratio between the total budgetary appropriations and the amount of the Working Capital Fund, in order to avoid future financial complications. It is clear that to embark upon a budget without at the same time considering its relation to the Working Capital Fund is to take a considerable risk of shortage of money for its completion.

### Inventory

23. A statement of the inventory on hand at Headquarters as at 31 December 1956 has been submitted to me. A summary of this, with comparative figures for 1955, is shown in the table below:

	<u>1955</u>	<u>1956</u>
	\$	\$
Bookkeeping Equipment	10,190	16,871
Microscope Equipment	2,316	579
Bookcases Shelving	8,458	8,576
Cabinets	14,755	15,358
Chairs	11,892	11,731
Desks	22,843	22,843
Dictaphone Equipment	9,420	9,420
Tables	2,769	2,814
Typewriters	22,901	22,901
Miscellaneous Office Properties	6,076	5,648
Cartographic Equipment	6,214	6,189
General Services Equipment	3,909	3,857
Reproduction Equipment	15,874	13,018
Automobiles	4,025	4,025
	<u>141,642</u>	<u>143,860</u>
Administrative Supplies	<u>11,293</u>	<u>11,091</u>
TOTAL	<u>\$ 152,935</u>	<u>\$ 154,951</u>

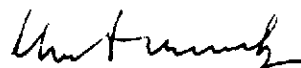
It should be noted that in order to replace an old car a new one was purchased in 1956 but was delivered in 1957. The cost of the new car has not been included in the table above.

General Observations

24. The Zone and Field Offices were visited during 1956 by the Internal Auditor stationed in Washington. A full examination of records was made by him and my assistant, and the reports on these examinations indicate a generally satisfactory position.
25. I am satisfied that every effort was made during 1956 to ensure satisfactory administration of the Bureau and to safeguard the funds. However, I would stress that, as can be seen from the foregoing, the financial position of the Bureau has weakened during the year 1956. I recommend the Directing Council consider the relationship between the amounts of the Working Capital Fund and the proposed increased budget, and, further, decide what steps may usefully be taken to ensure the timely payment of contributions and the collection of arrears.

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The audit was facilitated by the officers of the Bureau, and I am pleased to state that all necessary help was given to me in the most obliging manner, for which I express my appreciation.

  
Uno Brunskog  
External Auditor

Washington, D.C.  
15 April 1957