



directing council

PAN AMERICAN
SANITARY
ORGANIZATION
VII Meeting

regional committee

WORLD
HEALTH
ORGANIZATION
V Meeting



Washington, D. C.
9-22 October 1953

CD7/7 (Eng.)
10 August 1953
ORIGINAL: ENGLISH

Topic 14: FINANCIAL REPORT OF THE DIRECTOR AND REPORT OF THE EXTERNAL
AUDITOR FOR 1952

The Financial Report of the Director and the Report of the External Auditor for 1952 were presented to the Executive Committee at its 19th Meeting.

Having studied this Report, the Executive Committee approved the following resolution:

"Resolution II

"THE EXECUTIVE COMMITTEE,

"HAVING SEEN the Financial Report of the Director and the Report of the External Auditor for 1952; and

"HAVING CONSIDERED the Report thereon prepared by Working Party II and the conclusions and recommendations contained in that Report,

"RESOLVES:

"To approve the Report of Working Party II (Document CE19/25) and to transmit it to the Directing Council, together with the Financial Report of the Director and Report of the External Auditor for 1952 (Document CE19/10), in accordance with Article XII, Regulation 12.9 of the Financial Regulations of the Pan American Sanitary Bureau."

In accordance with this resolution, the Director respectfully transmits the said reports to the Directing Council for consideration.

Proposed Resolution

THE DIRECTING COUNCIL,

HAVING NOTED the approval given by the Executive Committee at its 19th Meeting (Resolution II) to the Financial Report of the Director and the Report of the External Auditor for the year 1952, and having studied the Report of Working Party II on this document,

RESOLVES:

To approve the Financial Report of the Director and the Report of the External Auditor for the year 1952.



*executive committee of
the directing council*

PAN AMERICAN
SANITARY
ORGANIZATION

*working party of
the regional committee*

WORLD
HEALTH
ORGANIZATION



19th Meeting
Washington, D. C.

April 1953

CE19/25 (Eng.)

24 April 1953

ORIGINAL: SPANISH

REPORT OF THE WORKING PARTY APPOINTED BY THE EXECUTIVE COMMITTEE
TO STUDY THE FINANCIAL REPORT OF THE DIRECTOR AND THE
REPORT OF THE EXTERNAL AUDITOR FOR 1952

The Working Party appointed by the Executive Committee to examine the financial Report of the Director and the Report of the External Auditor for 1952 (Document CE19/10), and composed of Dr. Oscar Jiménez Pinochet (Chile), Chairman; Dr. Alberto Bissot (Panama), Rapporteur, and Dr. Lucien Pierre-Noël (Haiti), met on 21, 22 and 23 April.

After the aforesaid document had been read, the opinions of the members of the Working Party had been heard, and Dr. Fred L. Soper, Director, Dr. Miguel E. Bustamante, Secretary General, Mr. Harry A. Hinderer, Chief, Division of Administration and Mr. D. Ogdon, Finance Officer, had been consulted, the following report was prepared with the assistance of the Observer for the United States, Mr. Simon N. Wilson:

I. FINANCIAL REPORT OF THE DIRECTOR FOR THE YEAR 1 JANUARY TO
31 DECEMBER 1952

This report refers to three statements, as follows:

1. Statement of Appropriations, Obligations Incurred and Unobligated Balance of Appropriations for the Year 1952 (Exhibit I)
2. Statement of Income, Obligations and Surplus for the Year 1952 (Exhibit II)
3. Statement of Assets and Liabilities as at 31 December 1952 (Exhibit III)

After analyzing the explanations offered by the Director on each of the three statements, the Working Party has reached the conclusion that they are sufficiently clear, and since they are in accordance with the powers vested in the Director, they do not require any comment.

II. REPORT OF THE EXTERNAL AUDITOR FOR 1952

This report, signed by Mr. Uno Brunskog, External Auditor, in Washington, D. C., on 26 February 1953, is accompanied by the certifications

that appear on each of the three afore-mentioned statements contained in the Financial Report of the Director.

For the convenience of the Executive Committee, the 15 points contained in the Report of the External Auditor are listed below, although only such points as require comment are analyzed in detail:

Point I: Introduction to the Report

- " 2: Listing of the 3 statements included in the Financial Report of the Director
- " 3: Refers to the improvement in the utilization of budgeted provisions as compared with the previous year
- " 4: Refers to the cash surplus for 1952, which in round figures amounted to \$279,253. This point will be commented on in the remarks on point 12.
- " 5: Refers to the improved collection of contributions in arrears. In 1952 these amounted to \$272,721
- " 6: Deals with a particular instance in relation to point 5.
- " 7: Refers to the contributions of non-self-governing territories and concludes that such contributions should be treated in the same manner as those from Member States.

This point is the subject of Topic 17 on the Agenda of the present meeting of the Executive Committee.

- " 8 and 9: Financial Situation.- Since these points deal with the most important problems of the External Auditor's Report, we quote below some of the conclusions reached therein, following which the comments deemed pertinent by the Working Party are presented:

"I wish to state that the financial position is good but I would draw attention to the following matters relating to financing arrangements:

- "(a) The bank account managed on behalf of the Bureau by the Treasurer of the Pan American Union has been overdrawn in the books of the Bureau over the last quarter of the year, the overdraft at 31 December 1952 amounting to \$152,564 (See Exhibit III).

"(b) Funds belonging to the Pan American Sanitary Bureau have been used to meet the cash requirements of the World Health Organization to the extent of \$99,533 (See Exhibit III), of which \$75,000 represents a direct loan.

"(c) It has happened that Pan American Sanitary Bureau funds have been used for financing expenditures relating to World Health Organization and Bureau joint projects."

As to paragraph (a), both the Director and the Finance Officer, Mr. Ogdon, explained that the wording used by the Auditor might give rise to a misunderstanding, since at no time was there any overdraft in the Bank, as is shown in line 14 of page 41. In a word, what happened is as follows: Owing to the failure to take timely measures, a failure arising out of the fact that the funds of the Pan American Sanitary Bureau are managed by the Treasurer of the Union and not by the Division of Administration, bonds in the hands of the Treasurer were not converted into cash at the proper time, and this was one of the reasons why the money needed to cover outstanding accounts was not available in cash and the accounts were paid between 31 December 1952 and 21 January 1953, when there was available the money from the 1953 quota contributions received.

With respect to the payments made for the World Health Organization as stated in point 8 (b) and (c), payments that also helped increase the overdraft, they will be studied later.

It was a question, then of an accounting overdraft and not of an overdraft at the Bank; obviously there would have been an overdraft at the Bank if checks issued in January but dated 31 December 1952 had been sent out on the date they bore.

The Director has given assurance that this will not happen again, inasmuch as the negotiations that are now under way and should shortly be concluded will make it possible to have prompt and direct knowledge of the status of the accounts, once the funds have been transferred from the Treasurer of the Union to the Pan American Sanitary Bureau, thus making it possible to issue instructions for converting the bonds into cash sufficiently in advance.

Among the reasons given by the Auditor in point 9 to explain this overdraft are the following:

(a) Staff changes

(b) Relationship between the Bureau and the Pan American Union

(c) Overinvestment of funds

- (a) It is obvious that a 63-percent movement in personnel is not desirable for any institution in so short a period as one year, and that is the real reason for the failure to take timely measures mentioned above, since if the staff had been experienced, this would not have happened.

In an organization whose administration is as complex as that of the Pan American Sanitary Bureau, it is absolutely necessary to take the proper measures to obtain efficient and stable personnel, who will work willingly and be adequately remunerated, in order to prevent such actual occurrences as the resignations to which the Chief of the Division of Administration referred during the Session at which the Executive Committee discussed this matter, and the filling of a single post as many as three times in 18 months.

- (b) This paragraph refers to the need to hasten the transfer of the office of Treasurer from the Pan American Union to the Pan American Sanitary Bureau, a measure that the Working Party considers imperative and recommends that the Executive Committee support by a vote of agreement.
- (c) The Auditor describes as "unsound financial management" "the situation created by placing too much money in investments".

We believe that the investment policy followed by the Pan American Sanitary Bureau cannot be so described, since, according to the information obtained, an owner of bonds may convert them into cash at any time merely by giving an order to that effect to the Bank.

From the foregoing it can be seen that the investment policy is, on the contrary, a wise one, since it produces interest, and all that needs to be done is to have the office of Treasurer transferred to the Pan American Sanitary Bureau, as suggested above, in order to facilitate the conversion of bonds.

Finally, with respect to the statements in point 8 (b) and (c), on the cash advanced to the World Health Organization, the Working Party believes that they are a result of the same failure to take timely measures owing to the excessive turnover of personnel, previously referred to.

The situation created by the interchange of funds of two Organizations like the Pan American Sanitary Bureau and the World Health Organization, which work on similar and often joint programs, and in a common

territory--the American Continent--, has led the Working Party to recommend to the Executive Committee that it request the technical experts of the Pan American Sanitary Bureau to prepare a study on the possibility of revising the Bureau's financial structure in such a manner as to make possible, at a given moment, the transfer of funds between the various Organizations and other accounting operations, in order to bring about greater efficiency and reduce administrative costs.

In order to reach this objective, it would be necessary for the various organizations engaged in health programs on this continent to reach an agreement, so as to have a single budget based on the contributions received by each of them, and to envisage the possibility that the Pan American Sanitary Bureau would take the responsibility for carrying out the projects prepared by the respective authorities of each of the participating organizations, with greater liberty than at present. This liberty refers to the possibility that the Pan American Sanitary Bureau staff throughout the American continent be paid from a common fund, irrespective of the origin thereof, and that the same method be employed for purchases and other accounting operations. Moreover, it would be advisable that the respective organizations merely point out the objective, location, and cost in money of each project, without deciding the percentages to be assigned to each item of such project (equipment, personnel, transportation, etc.).

Point 10: Refers to the purchase of the buildings and to improvements.

" 11: Deals with the expenditures approved by the Directing Council at its VI Meeting regarding the surplus in the Working Capital Fund.

" 12: Refers to the suggestion of the External Auditor regarding the need to stabilize the Working Capital Fund at a fixed level. The Working Party does not believe it necessary to accept this suggestion, since it would limit the ability of the Director to make such changes as are indicated by the financial status of the Bureau, which may vary from year to year.

" 13: Refers to the External Auditor's summarized statement of the inventory on hand at Headquarters as of 31 December 1952, and after attesting to the correctness of the statement, he speaks of the need for a closer relationship between the Supply Section, General Services Section and the Finance and Accounts Section. The Working Party agrees with this recommendation.

Point 14: Here the External Auditor refers to the records of capital assets of the Zone Offices, and states that it is imperative that good inventory records concerning capital assets used by teams carrying out medical projects, financed either by Regular Budget or by Technical Assistance Funds, be maintained.

The Working Party recommends that the Pan American Sanitary Bureau introduce the measures necessary to improve the procedures for controlling inventories at Headquarters and in the Zones.

Point 15: The conclusions of the External Auditor do not summarize the comments made throughout the Report, nor does he repeat the certifications appearing at the end of each of the Statements on pages 15, 16, and 17 of Document CE19/10.

After due analysis of the aforementioned points as a whole, the Working Party concludes that financial operations of the Pan American Sanitary Bureau for 1952 were correct and that although there were some administrative and accounting errors--which, incidentally, did not injure the interests of the Bureau--the explanations offered by the Director and his advisers are satisfactory.

The Working Party wishes to call attention to the fact that the experience gained through the errors made will suffice to prevent their repetition.



*executive committee of
the directing council*

**PAN AMERICAN
SANITARY
ORGANIZATION**

*working party of
the regional committee*

**WORLD
HEALTH
ORGANIZATION**



19th Meeting
Washington, D.C.
April 1953

CE19/10 (Eng.)
18 March 1953
ORIGINAL: ENGLISH

Topic 5: FINANCIAL REPORT OF THE DIRECTOR AND REPORT OF THE EXTERNAL
AUDITOR FOR 1952

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Financial Report of the Director for the year

1 January - 31 December 1952

The financial statements of the Pan American Sanitary Bureau for the period 1 January - 31 December 1952 are presented herewith together with the report of the External Auditor.

The principal statements are as follows:

- (1) Statement of Appropriations, Obligations and Unobligated Balances of Appropriations for the year 1952 (Exhibit I)
- (2) Statement of Income, Obligations and Surplus for the year 1952 (Exhibit II)
- (3) Statement of Assets and Liabilities as at 31 December 1952 (Exhibit III)

Statement of Appropriations, Obligations and Unobligated Balances of Appropriations for the year 1952

The above mentioned statement shows that an amount of \$1,749,739 has been obligated against the appropriation of \$1,973,681 by the Directing Council, resulting in an unexpended balance of \$223,942. A transfer of approximately \$50,000 has been made from Part II - Operations to Part III - Administration under authorization of Resolution III of the V Meeting of the Directing Council.

This transfer was the result of the following expenditures approved by the Directing Council:

- (1) The adoption of new wage scales for the local staff of the Washington Office on the basis of an increase of approximately 7-1/2%;
- (2) The adoption of a Cost-of-Living Adjustment of 7-1/2% for International Staff, located in Washington;
- (3) Increased reimbursement of Federal Income Tax to employees as a result of increased salary payments and also an increase in the tax rates.

The total of the above expenditure approximated \$35,000.00

- (4) Improvements to Office Buildings in Washington in the amount of approximately \$45,000.

The reason why the transfer was not greater was economies introduced as a result of re-organization of the staffing pattern at Headquarters and a concentrated effort on the part of management to conduct the operations in the most efficient manner. Due to the changes having taken place in the Organization it was found desirable to re-arrange the Budget for 1953 and the Budget thus presented, was approved by the Directing Council in its VI Meeting (Resolution VI).

For purposes of comparison between the Budget documents for 1953 and that for the previous year, a statement of Appropriations, Obligations Incurred and Unobligated Balance of Appropriations for 1952 has been prepared in accordance with the re-arranged pattern adopted for 1953, and is attached hereto together with details of Obligations Incurred shown under budget classifications.

Statement of Income, Obligations and Surplus for the year 1952

Income

Total cash income amounted to \$2,028,991 representing the following:

(1) Collection of Quotas for 1952	\$1,628,730.00
(2) Collection of Quotas for previous years	272,721.00
(3) Miscellaneous Income	127,540.00

The greater part of Miscellaneous Income represents the 3% charge amounting to \$80,055, collected for Procurement services of equipment and supplies on behalf of Government Agencies and Institutions, etc., as compared to \$43,040 in 1951. Interest earned during 1952 amounted to \$25,346. In 1951 the figure was \$5,575. Other Miscellaneous income, as detailed in Exhibit II, amounted to \$22,139.

Unused budgetary provisions for 1950 (1950 - Reserves for Obligations Payable) and refunds against 1951 expenditures, totalling \$26,432, have been credited direct to the Working Capital in accordance with the Financial Regulations, Article IV, Paragraph 4.3 and consequently, are not treated as income.

Obligations (Expenditures)

Expenditures in 1952 amounted to \$1,749,738. Details are given in the attachments to this report.

Surplus

The excess of Income over Expenditures amounted to \$279,253. It is recommended that of this amount, \$108,525 be transferred to the Working Capital Fund to build up that Fund to a fixed level of \$1,200,000 and that the balance of \$170,728 be transferred to a Special Fund at the disposal of the Directing Council in accordance with the recommendation of the External Auditor.

Statement of Assets and Liabilities

It will be seen that the statement is divided in five parts, viz.:

- (1) General Fund
- (2) Working Capital Fund
- (3) Emergency Procurement Revolving Fund
- (4) Trust and Special Funds
- (5) Technical Assistance Funds

The first three represent the Pan American Sanitary Bureau's own funds while the two others are held in trust or for purposes indicated in the financial statements. However, included in the Special Funds is the amount of \$170,728, representing part of the Excess of Income over Expenditures, recommended to be transferred to the Special Funds for the disposal of the Directing Council.

Respectfully submitted

Fred L. Soper
Director

STATEMENT OF APPROPRIATIONS, OBLIGATIONS INCURRED AND UNOBLIGATED
BALANCES OF APPROPRIATIONS FOR THE YEAR 1952

Part	Purpose of Appropriation	Amount of Appropriation	Obligations incurred			Unobligated Balance of Appropriations
			Liquidated Disbursements	Unliquidated	Total	
		\$	\$	\$	\$	\$
I	Pan American Sanitary Organization	165,807.00	153,219.21	1,850.50	155,069.71	10,737.29
II	Pan American Sanitary Bureau - Headquarters	1,058,323.00	859,254.30	94,236.83	953,491.13	104,831.87
III	Pan American Sanitary Bureau - Field and Other Programs	699,551.00	558,110.84	33,066.73	591,177.57	108,373.43
IV	Pan American Sanitary Bureau - Other Expenditures	50,000.00	50,000.00	--	50,000.00	--
T O T A L		1,973,681.00	1,620,584.35	129,154.06	1,749,738.41	223,942.59

SUMMARY OF OBLIGATIONS INCURRED IN
RESPECT OF THE BUDGET FOR THE YEAR
1 JANUARY - 31 DECEMBER 1952

PART I

PAN AMERICAN SANITARY ORGANIZATION

	Liquidated	Unliquidated	Total
	\$	\$	\$
<u>Conference Section Personnel</u>			
Office of the Conference Chief	39,944.88	207.50	40,152.38
Translating Unit	34,078.50	-.-	34,078.50
	<hr/> 74,023.38	<hr/> 207.50	<hr/> 74,230.88
<u>Organizational Meetings</u>			
Meeting of the Directing Council	62,513.83	1,643.00	64,156.83
Meetings of the Executive Committee	<hr/> 16,682.00	<hr/> -.-	<hr/> 16,682.00
	<hr/> 79,195.83	<hr/> 1,643.00	<hr/> 80,838.83
TOTAL PART I	<hr/> 153,219.21	<hr/> 1,850.50	<hr/> 155,069.71

SUMMARY OF OBLIGATIONS INCURRED IN
RESPECT OF THE BUDGET FOR THE YEAR
1 JANUARY - 31 DECEMBER 1952

PART II

PAN AMERICAN SANITARY BUREAU - HEADQUARTERS

	Liquidated \$	Unliquidated \$	Total \$
<u>Executive Office</u>			
Office of the Director	75,062.35	225.00	75,287.35
Office of Public Information	12,322.90	222.58	12,545.48
Unit of Coordination	9,353.36	-.-	9,353.36
Library	28,305.83	3,017.51	31,323.34
Editorial Office	51,099.65	-.-	51,099.65
Travel - Executive Office	12,962.57	1,152.50	14,115.07
	189,106.66	4,617.59	193,724.25
<u>Division of Education and Training</u>			
Office of the Chief	3,292.77	-.-	3,292.77
Fellowship Branch	14,431.25	-.-	14,431.25
Professional Education Branch	14,840.27	-.-	14,840.27
Travel - Division of Education and Training	2,430.83	337.50	2,768.33
	34,995.12	337.50	35,332.62
<u>Division of Public Health</u>			
Office of the Chief	16,062.33	-.-	16,062.33
Health Promotion Branch	38,801.90	-.-	38,801.90
Communicable Diseases Branch	70,689.14	-.-	70,689.14
Environmental Sanitation Branch	16,404.98	-.-	16,404.98
Travel - Division of Public Health	26,760.92	862.50	27,623.42
	168,719.27	862.50	169,581.77

	Liquidated	Unliquidated	Total
	\$	\$	\$
<u>Division of Administration</u>			
Office of the Chief	18,035.48	-.-	18,035.48
Legal Office	12,527.62	-.-	12,527.62
Supply Office	38,486.32	-.-	38,486.32
Office of the Chief - Adm. Management and Personnel Branch	1,413.13	-.-	1,413.13
Management Office	4,128.65	-.-	4,128.65
Personnel Office	21,457.39	-.-	21,457.39
Office of the Chief - Budget and Finance Branch	11,681.64	-.-	11,681.64
Finance Office	41,882.91	-.-	41,882.91
Budget Office	18,189.52	-.-	18,189.52
General Services	144,555.35	-.-	144,555.35
Travel - Division of Administration	7,788.45	-.-	7,788.45

320,146.46	-.-	320,146.46
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Common Services - Headquarters

Space and Equipment Services	26,019.27	1,492.97	27,512.24
Other Services	22,671.52	4,375.30	27,046.82
Supplies and Materials	14,434.94	1,826.43	16,261.37
Fixed Charges and Claims	7,609.33	75,000.00	82,609.33
Acquisition of Capital Assets	11,858.04	4,649.22	16,507.26
Building Improvements	45,209.20	583.00	45,792.20
Terminal Leave	18,484.49	492.32	18,976.81

146,286.79	88,419.24	234,706.03
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TOTAL PART II

859,254.30	94,236.83	953,491.13
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SUMMARY OF OBLIGATIONS INCURRED IN
RESPECT OF THE BUDGET FOR THE YEAR
1 JANUARY - 31 DECEMBER 1952

PART III

PAN AMERICAN SANITARY BUREAU - FIELD AND OTHER PROGRAMS

	Liquidated	Unliquidated	Total
	\$	\$	\$
<u>Zone Offices</u>			
Mexico (Zone II)	56,497.21	4,299.08	60,796.29
Guatemala (Zone III)	86,886.64	2,299.28	89,185.92
Lima (Zone IV)	94,822.82	1,224.65	96,047.47
Rio de Janeiro (Zone V)	57,246.23	1,621.56	58,867.79
Buenos Aires (Zone VI)	45,162.57	3,437.07	48,599.64
	<u>340,615.47</u>	<u>12,881.64</u>	<u>353,497.11</u>
<u>Country Programs</u>			
Insect Control	71,616.81	2,812.05	74,428.86
Venereal Diseases	51,800.26	8,909.09	60,709.35
Acute Communicable Diseases	51,959.71	-.-	51,959.71
Nutrition	17,855.74	1,358.32	19,214.06
	<u>193,232.52</u>	<u>13,079.46</u>	<u>206,311.98</u>
<u>Education and Training Program</u>			
Fellowships	2,167.30	-.-	2,167.30
<u>Publications of the PASB</u>			
PASB Bulletin	21,327.92	6,578.88	27,906.80
Epidemiology Report	660.43	526.75	1,187.18
Special Publications	107.20	-.-	107.20
	<u>22,095.55</u>	<u>7,105.63</u>	<u>29,201.18</u>
TOTAL PART III	<u><u>558,110.84</u></u>	<u><u>33,066.73</u></u>	<u><u>591,177.57</u></u>

SUMMARY OF OBLIGATIONS INCURRED IN
RESPECT OF THE BUDGET FOR THE YEAR
1 JANUARY - 31 DECEMBER 1952

PART IV

PAN AMERICAN SANITARY BUREAU - OTHER EXPENDITURES

	Liquidated \$	Unliquidated \$	Total \$
Building Loan Amortization	50,000.00	-.-	50,000.00
TOTAL PART IV	50,000.00	-.-	50,000.00
TOTAL ALL PARTS	1,620,584.35	129,154.06	1,749,738.41

SUMMARY OF 1952 EXPENSES BY OBJECT GROUPS

	Pan American Sanitary Organization Part I	Pan American Sanitary Bureau			Total
		Headquarters Part II	Field and Other Programs Part III	Other Expendi- tures Part IV	
	\$	\$	\$	\$	\$
Personal Services	90,518.41	583,980.27	274,884.90		949,383.58
Personal Allowances	11,936.09	89,077.82	42,434.65		143,448.56
Travel	32,471.97	52,295.27	114,387.05		199,154.29
Space and Equipment Services	1,610.87	72,885.00	15,255.63		89,751.50
Other Services	5,186.39	30,334.90	29,183.41		64,704.70
Supplies and Material	12,984.16	20,531.50	51,704.76		85,220.42
Fixed Charges and Claims	108.33	82,609.33	2,802.36		85,520.02
Grants and Contracted Technical Services	--	--	41,412.02		41,412.02
Acquisition of Capital Assets	253.49	21,777.04	19,112.79		41,143.32
Loan Amortization	--	--	--	50,000.00	50,000.00
	<u>155,069.71</u>	<u>953,491.13</u>	<u>591,177.57</u>	<u>50,000.00</u>	<u>1,749,738.41</u>

FINANCIAL STATEMENTS FOR THE YEAR

1952.

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STATEMENT OF APPROPRIATIONS, OBLIGATIONS INCURRED AND UNOBLIGATED
BALANCE OF APPROPRIATIONS FOR THE YEAR 1952

Part	Purpose of Appropriation	A p p r o p r i a t i o n s			Obligations Incurred		Unobligated
		Appropriated by the Directing Council	Amount Transferred between Parts (figures in brackets denote reductions)	Effective Appropriation	Liquidated by Disbursements	Unliquidated Total	Balance of Appropriations
		\$	\$	\$	\$	\$	\$
I	Pan American Sanitary Organization	125,795.00	--	125,795.00	119,140.71	1,850.50	120,991.21 4,803.79
II	Pan American Sanitary Bureau - Operations	1,331,346.00	(49,797.70)	1,281,548.30	982,187.10	96,230.40	1,078,417.50 203,130.80
III	Pan American Sanitary Bureau - Administration	450,532.00	49,797.70	500,329.70	469,256.54	31,073.16	500,329.70 --
IV	Pan American Sanitary Bureau - Building Fund	66,008.00	--	66,008.00	50,000.00	--	50,000.00 16,008.00
T O T A L		1,973,681.00	--	1,973,681.00	1,620,584.35	129,154.06	1,749,738.41 223,942.59

For the Director,
Pan American Sanitary Bureau

Henry G. Lindner
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

Exhibit II

STATEMENT OF INCOME, OBLIGATIONS
AND SURPLUS FOR THE YEAR 1 9 5 2

Income

Contributions from Member States:		
Amounts collected in respect of the 1952 Assessments (Schedule A)		\$ 1,628,730.02
Amounts collected in respect of arrears for previous years (Schedule A and Annex 1)		272,721.04
Miscellaneous Income:		
Contributions from non self- governing Territories:		
France	\$ 6,738.25	
Netherlands	<u>1,821.00</u>	\$ 8,559.25
3% Procurement Charge		80,055.19
Interest Earned		25,345.68
Sale of old Capital Assets		1,608.27
Sale of Bulletin		385.25
U.S. Public Health Service contribution for administration of Onchocerciasis Project		5,898.00
Sundries		<u>5,688.74</u>
		<u>127,540.38</u>
Total Income		\$ 2,028,991.44

Obligations

Obligations Incurred (Exhibit I)	<u>1,749,738.41</u>
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Surplus

Excess of Income over Obligations	\$ <u>279,253.03</u>
(Carried to Working Capital Fund	\$ 108,524.57
Carried to Trust and Special Funds	170,728.46
at disposal by the Directing Council).	

For the Director,
Pan American Sanitary Bureau

Harry A. Linderer
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 1952ASSETSGENERAL FUND

Contribution Receivable from Member States (Schedule A)	\$ 669,844.09	
Less: Reserves for non-collected Contributions	<u>669,844.09</u>	\$ --
Accounts Receivable:		
Governments, Institutions and Individuals on account of procurement (Schedule G)	\$ 33,895.45	
World Health Organization	99,532.78	
Sundry Debtors	8,859.65	
Interest Accrued	<u>7,391.67</u>	149,679.55
Capital Assets:		
Buildings in Washington	\$ 393,725.60	
Less: Equity in Buildings	<u>193,725.60</u>	200,000.00
Cash in Banks		<u>94,912.90</u>
		<u>\$ 444,592.45</u>

WORKING CAPITAL FUND

Cash in Banks	\$ 33,517.50	
Investments (Schedule C)	<u>1,166,482.50</u>	\$ 1,200,000.00

EMERGENCY PROCUREMENT REVOLVING FUND

Cash in Banks		\$ 50,000.00
---------------	--	--------------

TRUST AND SPECIAL FUNDS

Cash in Banks	\$ 395,062.20	
Investments (Schedule C)	<u>746,625.00</u>	\$ 1,141,687.20

TECHNICAL ASSISTANCE -ORGANIZATION OF AMERICAN STATES

Cash in Banks		\$ 86,353.58
		<u>\$ 2,922,633.23</u>

LIABILITIESGENERAL FUND

Contribution from Chile received in advance		\$ 1,891.34
Accounts Payable:		
Unliquidated Obligations in respect of:		
1952 Budget	\$ 129,154.06	
Less: Advance Income		
Tax payments	<u>47,927.49</u>	\$ 81,226.57
1951 Budget		<u>7,360.98</u>
		88,587.55
Loan invested in the Buildings:		
From Kellogg Foundation	\$ 100,000.00	
From Rockefeller Foundation	<u>100,000.00</u>	200,000.00
Sundry Creditors		1,549.66
Bank Over-Draft		<u>152,563.90</u>
		<u>\$ 444,592.45</u>

WORKING CAPITAL FUND

(Schedule B)	\$ 1,200,000.00
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EMERGENCY PROCUREMENT REVOLVING FUND

(Schedule D)	\$ 50,000.00
--------------	--------------

TRUST AND SPECIAL FUNDS

Trust Funds (Schedule E)	\$ 77,859.10	
Special Funds (Schedule F)	488,852.52	
Procurement Funds (Schedule G)	<u>574,975.58</u>	\$ 1,141,687.20

TECHNICAL ASSISTANCE -ORGANIZATION OF AMERICAN STATES
(Schedule H)

	\$ 86,353.58
	<u>\$ 2,922,633.23</u>

For the Director,
Pan American Sanitary Bureau

S. Gary A. Linderer
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 CONTRIBUTIONS OF MEMBER STATES

<u>States</u>	<u>Contributions in respect of the year 1952</u>			Balance due on 31 December 1952 in respect of years prior to 1952 (See Annex 1)	Total Balance due on 31 December 1952
	Assessments	Collections	Balance due		
	\$	\$	\$	\$	\$
Argentina	140,139.00	-.-	140,139.00	274,239.42	414,378.42
Bolivia	9,524.00	-.-	9,524.00	23,760.91	33,284.91
Brazil	184,844.00	184,844.00	-.-	-.-	-.-
Chile	37,513.00	37,513.00	-.-	-.-	-.-
Colombia	37,902.00	25,777.02	12,124.98	-.-	12,124.98
Costa Rica	3,693.00	3,693.00	-.-	-.-	-.-
Cuba	27,989.00	-.-	27,989.00	8,347.57	36,336.57
Dominican Republic	5,831.00	5,831.00	-.-	-.-	-.-
Ecuador	6,997.00	-.-	6,997.00	17,977.13	24,974.13
El Salvador	5,831.00	5,831.00	-.-	-.-	-.-
Guatemala	7,580.00	7,580.00	-.-	-.-	-.-
Haiti	6,220.00	-.-	6,220.00	-.-	6,220.00
Honduras	4,082.00	4,082.00	-.-	-.-	-.-
Mexico	69,390.00	-.-	69,390.00	-.-	69,390.00
Nicaragua	4,082.00	4,082.00	-.-	-.-	-.-
Panama	4,470.00	4,470.00	-.-	-.-	-.-
Paraguay	4,082.00	-.-	4,082.00	4,082.00	8,164.00
Peru	22,547.00	-.-	22,547.00	21,867.28	44,414.28
United States	1,318,982.00	1,318,982.00	-.-	-.-	-.-
Uruguay	15,938.00	-.-	15,938.00	4,618.80	20,556.80
Venezuela	26,045.00	26,045.00	-.-	-.-	-.-
	1,943,681.00	1,628,730.02	314,950.98	354,893.11	669,844.09

ARREARS OF CONTRIBUTIONS DUE BY MEMBER STATES
IN RESPECT TO YEARS PRIOR TO 1952

Schedule A
Annex 1
Page 1

State	Year	Due on 1 Jan. 1952	Collected in 1952	Balance due 31 Dec. 1952	Totals
		\$	\$	\$	\$
Argentina	1948	957.04	-.-	957.04	
	1949	79,560.00	6,400.00	73,160.00	
	1950	79,419.38	-.-	79,419.38	
	1951	120,703.00	-.-	120,703.00	274,239.42
Bolivia	1947	706.78	706.78	-.-	
	1948	3,533.90	3,533.90	-.-	
	1949	11,050.00	8,830.23	2,219.77	
	1950	10,851.14	-.-	10,851.14	
	1951	10,690.00	-.-	10,690.00	23,760.91
Brazil	1949	49,626.19	49,626.19	-.-	
	1950	154,335.59	154,335.59	-.-	
	1951	21,956.40	21,956.40	-.-	-.-
Colombia	1951	9,624.11	9,624.11	-.-	-.-
Costa Rica	1950	14.99	14.99	-.-	
	1951	504.00	504.00	-.-	-.-

ARREARS OF CONTRIBUTIONS DUE BY MEMBER STATES
IN RESPECT TO YEARS PRIOR TO 1952

State	Year	Due on 1 Jan. 1952	Collected in 1952	Balance due 31 Dec. 1952	Totals
		\$	\$	\$	\$
Cuba	1946	1,911.43	--	1,911.43	
	1947	955.72	--	955.72	
	1948	4,778.58	--	4,778.58	
	1949	330.00	--	330.00	
	1950	371.84	--	371.84	8,347.57
Ecuador	1948	779.13	--	779.13	
	1949	8,840.00	--	8,840.00	
	1951	8,358.00	--	8,358.00	17,977.13
Guatemala	1951	8,941.00	8,941.00	--	--
Nicaragua	1950	3,430.43	3,430.43	--	
	1951	4,082.00	4,082.00	--	--
Paraguay	1951	4,082.00	--	4,082.00	4,082.00
Peru	1950	21,108.51	735.42	20,373.09	
	1951	1,494.19	--	1,494.19	21,867.28
Uruguay	1951	4,618.80	--	4,618.80	4,618.80
		<u>627,614.15</u>	<u>272,721.04</u>	<u>354,893.11</u>	<u>354,893.11</u>

Schedule B

WORKING CAPITAL FUND

Brought forward from 1951 accounts \$ 1,371,043.09

Withdrawn in accordance with the
Resolution of VI Meeting of the
Directing Council for the following
purposes:

Building Alterations	\$ 135,180.00	
Translation and Publication of PHA Book	10,900.00	
Smallpox Eradication	75,000.00	
Fellowships	<u>84,920.00</u>	
		<u>306,000.00</u>

\$ 1,065,043.09

Unused budgetary provisions 1950	\$ 13,614.26	
Refunds against 1951 Expenditures	5,373.47	
World Health Organization - Share of 1951 Joint Conference	<u>7,444.61</u>	

26,432.34

Part of Excess of Income over
Expenditures for 1952 set off
to replenish the Fund

108,524.57

BALANCE AT 31 DECEMBER 1952

\$ 1,200,000.00

Schedule C

INVESTMENTS AT 31 DECEMBER 1952

Working Capital Fund

<u>Description</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value at 31 December 1952</u>
U.S. Treasury Bills, maturing February 19, 1953	\$ 750,000.00	\$ 746,482.50	\$ 748,020.00
U.S. Treasury Certificates of Indebtness, maturing June 1, 1953	400,000.00	400,000.00	403,750.00
U.S. Treasury Bonds-Savings Series "G" 2 1/2% maturing June 1, 1954	20,000.00	20,000.00	20,000.00
	<u>\$1,170,000.00</u>	<u>\$1,166,482.50</u>	<u>\$ 1,171,770.00</u>

Trust and Special Funds

<u>Description</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value at 31 December 1952</u>
U.S. Treasury Bills, maturing February 5, 1953	\$ 750,000.00	\$ 746,625.00	\$ 748,687.50
Total Investments	<u>\$1,920,000.00</u>	<u>\$1,913,107.50</u>	<u>\$ 1,920,457.50</u>

Schedule D

EMERGENCY PROCUREMENT REVOLVING FUND

Balance at 1 January 1952	\$ 50,000.00
Expenditures during year 1952	" <u> -- </u>
Balance at 31 December 1952	
Cash at Bank	\$ <u><u>50,000.00</u></u>

Schedule E
Page 1

T R U S T F U N D S

<u>Name and Purpose of Funds</u>	<u>1 January 1952 (Brought forward from 1951)</u>	<u>Amounts Received or Transferred during 1952</u>	<u>Total</u>	<u>Payments made during 1952</u>	<u>Balance 31 December 1952</u>
	\$	\$	\$	\$	\$
<u>Joint Project Funds</u>					
<u>Governments of Costa Rica, El Salvador, Guatemala, Honduras and Panama</u>					
Nutrition Institute of Central America and Panama	34,257.81	62,201.80	96,459.61	62,359.28 ⁽¹⁾	34,100.33 ⁽²⁾
Joint project of PASB and Countries involved for the development of the science of nutrition and its application in the Republics of Central America and Panama					
<u>Kellogg Foundation</u>					
Nutrition Section					
To assist in developing a Section of Nutrition in the Pan American Sanitary Bureau					
July 1951 - June 1952	8,247.16	--	8,247.16	7,125.74	1,121.42
July 1952 - June 1953	--	15,212.94	15,212.94	6,933.76	8,279.18
Books, Equipment and Supplies for I.N.C.A.P.	--	12,500.00	12,500.00	482.05	12,017.95
Nutrition Institute of Ecuador	398.17	300.00	698.17	63.05	635.12
To provide Equipment and Scientific Books for Broma- tological Laboratory of the Institute					
Turrialba Study	1,593.96	--	1,593.96	1,465.89	128.07
To assist in study in rural sociology at Turrialba, Costa Rica					

Schedule E
Page 2

<u>Name and Purpose of Funds</u>	<u>1 January 1952 (Brought forward from 1951)</u>	<u>Amounts Received or Transferred during 1952</u>	<u>Total</u>	<u>Payments made during 1952</u>	<u>Balance 31 December 1952</u>
	\$	\$	\$	\$	\$
<u>Merck and Company, National Vitamin Foundation, E.R. Squibb and Sons, Lederle Inc.</u>					
Vegetable Protein Project Study of Vegetable Protein supplemented by synthetic vitamin B 12	5,009.99	27,314.00	32,323.99	25,552.86	6,771.13
<u>Nutrition Foundation Inc.</u>					
Nutrition Foundation Project Fund for special apparatus and study grant for one nutrition expert	407.58	3,500.00	3,907.58	2,898.03	1,009.55
<u>Guatemala Government</u>					
Institute for the Promotion of Production Promoting increase in production of improved types of corn	1,530.66	--	1,530.66	1,685.41	(154.75)
<u>U.S. Public Health Service</u>					
Grant for the study of the Disease Onchocerciasis and its Vector the Simulium fly					
July 1950 - June 1951	677.66	(562.78)	114.88	114.88	--
July 1951 - June 1952	4,459.77	34,708.00	39,167.77	29,497.17	9,670.60
July 1952 - June 1953	--	21,350.00	21,350.00	17,069.50	4,280.50

<u>Name and Purpose of Funds</u>	<u>1 January 1952 (Brought forward from 1951)</u>	<u>Amounts Received or Transferred during 1952</u>	<u>Total</u>	<u>Payments made during 1952</u>	<u>Balance 31 December 1952</u>
	\$	\$	\$	\$	\$
Grant for Field Studies of Malaria and Antimalarial Drugs	<u>1,009.45</u>	<u>(1,009.45)</u>	<u>-.-</u>	<u>-.-</u>	<u>-.-</u>
	<u>57,592.21</u>	<u>175,514.51</u>	<u>233,106.72</u>	<u>155,247.62</u>	<u>77,859.10</u>

Note: (1) In addition to this cash expenditure are \$5,414.14 Obligations Payable.

(2) This cash balance is further reduced by \$5,414.14 leaving a balance of funds carried forward to 1953 in amount of \$28,686.17.

SPECIAL FUNDS

Name and Purpose of Funds	1 January 1952 (Brought forward from 1951)	Amounts received or transferred during 1952	Total	Payments made during 1952	Balance 31 December 1952
	\$	\$	\$	\$	\$
1. <u>Provident Fund</u>	920.66	14,912.90	15,833.56	1,169.50	14,664.06
2. <u>Reserve for Unbudgeted Expenditures</u> Appropriation by Resolution of the VI Meeting of the Directing Council as follows:-					
Building Alterations	--	135,180.00	135,180.00	2,335.00	132,845.00
Travel and Publication of Public Health Administration					
Books	--	10,900.00	10,900.00	205.00	10,695.00
Smallpox Eradication	--	75,000.00	75,000.00	--	75,000.00
Fellowships	--	84,920.00	84,920.00	--	84,920.00
	--	306,000.00	306,000.00	2,540.00	303,460.00
3. <u>Surplus - 1952</u>	--	170,728.46	170,728.46	--	170,728.46
Available Surplus in excess of required Working Capital at disposal of the Directing Council					
Total Special Funds	920.66	491,641.36	492,562.02	3,709.50	488,852.52

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

Schedule G
Page 1

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

	1 January 1952 brought forward from 1951		Amounts received or transferred during 1952	Payments for Supplies, etc. made during 1952	Balance 31 December 1952	
	Amounts due to PASB	Deposits with PASB			Amounts due to PASB	Deposits with PASB
	\$	\$	\$	\$	\$	\$
Argentina	84,042.12	86,865.41	89,168.00	90,713.08	75.69	1,353.90
Bolivia	8,663.59	—.	16,396.60	16,396.60	8,663.59	—.
Brazil	140.52	1,062.67	981,836.40	1,575.10	497.64	469,762.19
Chile	747.82	81.58	31,701.27	31,448.19	1,039.90	626.74
Colombia	8,718.02	—.	26,305.90	16,402.44	3,670.59	4,856.03
Costa Rica	1,364.52	348.62	1,436.20	691.90	551.97	280.37
Cuba	3,170.38	407.31	—.	76.20	3,246.58	407.31
Dominican Rep.	—.	49.80	—.	—.	—.	49.80
Ecuador	654.04	582.61	80,965.75	80,116.79	667.15	1,444.68
El Salvador	1,210.40	7,154.41	183,660.42	159,041.86	3,140.47	33,703.04
Guatemala	646.80	254.37	—.	—.	646.80	254.37
Haiti	—.	45.70	7,214.83	7,203.60	—.	56.93
Honduras	—.	333.48	—.	320.66	—.	12.82
Mexico	1,265.25	843.34	84,768.63	84,164.88	1,278.46	1,460.30
Nicaragua	—.	2,506.83	—.	2,330.61	—.	176.22
Panama	1,577.85	—.	95,190.21	76,858.39	1,687.68	18,441.65
Paraguay	—.	13,730.97	15,988.76	18,019.34	204.74	11,905.13
Peru	—.	2,159.55	26,825.41	15,316.38	—.	13,668.58
Uruguay	2,495.67	4,277.77	37,980.08	38,114.46	1,642.37	3,290.09
Venezuela	29,135.94	14,745.12	858,165.82	841,204.88	3,428.38	5,998.50

PROCUREMENT FUND

Schedule G
Page 2

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

	<u>1 January 1952 brought forward from 1951</u>		<u>Amounts received or transferred during 1952</u>	<u>Payments for Supplies, etc. made during 1952</u>	<u>Balance 31 December 1952</u>	
	<u>Amounts due to PASB</u>	<u>Deposits with PASB</u>			<u>Amounts due to PASB</u>	<u>Deposits with PASB</u>
	\$	\$	\$	\$	\$	\$
United States	58.78				58.78	
Bermuda		26.94				26.94
Netherland West Indies	116.64	-.-	2,826.57	2,772.15	62.22	-.-
Surinam	127.13	6,923.45	-.-	6,452.49	127.13	470.96
Thailand	-.-	409.50	-.-	-.-	-.-	409.50
Antigen Sales	1,447.29	-.-	3,357.99	4,592.76	2,682.06	-.-
Employees	372.25	66.70	10,515.62	4,676.18	523.25	6,057.14
	<u>145,955.01</u>	<u>1,204,489.90</u>	<u>2,554,304.46</u>	<u>3,072,021.61</u>	<u>33,895.45</u>	<u>574,713.19</u>

T E C H N I C A L A S S I S T A N C E

Schedule H

(Organization of American States)

		1 January 1952 (Brought forward from 1951)	Amount Received or Transferred during 1952	Total	Payments made during 1952	Cash Balance 31 Dec. 1952	Unliquidated Obligations 31 Dec. 1952	Unobligated Balance 31 Dec. 1952
		\$	\$	\$	\$	\$	\$	\$
Aftosa Center	- 1951	69,789.86	(36.21)	69,753.65	40,023.98	29,729.67	-.-	29,729.67
	- 1952	-.-	217,150.00	217,150.00	160,844.48	56,305.52	23,500.36	32,805.16
Nursing Workshop	1951	5,437.62	(4,737.62)	700.00	649.37	50.63	-.-	50.63
Administration	- 1951	(3,714.57)	4,364.57	650.00	650.00	-.-	-.-	-.-
	- 1952	-.-	10,090.46	10,090.46	9,822.70	267.76	1,627.00	(1,359.24)
T O T A L		71,512.91	226,831.20	298,344.11	211,990.53	86,353.58	25,127.36	61,226.22

REPORT OF THE EXTERNAL AUDITOR
FOR 1952

Washington, D.C., 26 February 1953

Sir,

I have the honour to transmit the financial statements of the Pan American Sanitary Bureau which were submitted by the Director with respect to the financial year 1 January to 31 December 1952. These statements have been examined by me, together with the records of the Bureau, pursuant to the Financial Regulations, Article XII, containing the scope of the audit, and are hereby certified.

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

I have the honour to be, Sir

Your obedient Servant,

(signed)
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 THE FINANCIAL YEAR

1 9 5 2

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 1952, with due regard to the provisions concerning 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:
 - (a) Statement of Appropriations, Obligations Incurred, and Unobligated Balances of Appropriations for the year 1952;
 - (b) Statement of Income and Obligations and Surplus for the year 1952;
 - (c) Statement of Assets and Liabilities as at 31 December 1952.

Appropriations

3. The budgetary savings, i.e. the unobligated balance of appropriations, amounted in 1952 to \$223,942 or 11% of the total Budget. In the year 1951 the corresponding figures were \$271,418 and 14%. From these figures it will be seen that in 1952 there was an improvement in the utilization of budgeted provisions as compared with the previous year.

Cash Surplus for 1952

4. As shown in Exhibit II, the cash surplus for 1952 amounted to \$279,253 representing 14% of the total budget, as compared with a cash surplus of \$311,373 or 16% of the budget in the previous financial year. The surplus for 1952 resulted from the following:
 - (a) Miscellaneous Income, estimated at \$30,000, actually amounted to \$127,540;
 - (b) Collections of arrears of contributions amounted to \$272,721, a sum which was not taken into account when the budget was established.

For reasons given in paragraph 12 below, the cash surplus is shown in two parts: \$108,525 transferred to the Working Capital Fund, and \$170,728 treated as a Special Fund at the disposal of the Directing Council.

Contributions

5. Contributions have been collected in an amount of \$1,628,730, representing 84% of the total assessments for 1952. The corresponding figures for 1951 were \$1,748,627 or 90% of the assessments for that year.

As can be seen from Annex 1 to Schedule A, collections of arrears of contributions in the year 1952 have been made in an amount of \$272,721 against \$165,855 in 1951.

6. Upon request of the Government of Argentina, a payment of \$6,400 made by that Government in 1952, has been credited to arrears of contributions relating to 1949. In accordance with Article V, paragraph 5.6 of the Financial Regulations, payments made by a Member State should be credited to the earliest outstanding assessments in its account which in this case referred to the year 1948. However, it may be mentioned that in February 1953 Argentina paid all remaining arrears relating to the years 1948-1950.

As from 1 January to 25 February 1953 outstanding arrears have been collected in an amount of \$247,671.

7. As will be seen from Exhibit II contributions amounting to \$8,559 have been received in respect of non-self-governing territories as follows:

France	\$3,276	for the year 1951
France	\$3,462	for the year 1952
Netherlands	\$1,821	for the year 1952

If these contributions had related to new Member States they should have been set aside in accordance with the Financial Regulations, to be taken into account in the assessment of Member States for the year 1954.

However, the amount mentioned has been included in Miscellaneous Income in the year 1952 and thus became part of the cash surplus created as a special fund at the disposal of the Directing Council.

Contributions from non-self-governing territories should be treated in the same manner as those from Member States.

Financial Situation

8. I wish to state that the financial position is good but I would draw attention to the following matters relating to financing arrangements:

- (a) The bank account managed on behalf of the Bureau by the Treasurer of the Pan American Union has been overdrawn in the books of the Bureau over the last quarter of the year, the overdraft at 31 December 1952 amounting to \$152,564 (See Exhibit III).
- (b) Funds belonging to the Pan American Sanitary Bureau have been used to meet the cash requirements of the World Health Organization to the extent of \$99,533 (See Exhibit III), of which \$75,000 represents a direct loan.
- (c) It has happened that Pan American Sanitary Bureau funds have been used for financing expenditures relating to World Health Organization and Bureau joint projects.

The first and second matters mentioned are of a serious character which I discuss in the following paragraph. The third case, however, does not involve any particular gravity from a practical point of view if the Bureau always is assured that the Regional Office of the World Health Organization has sufficient funds at its disposal covering such expenditure and that authorized advances in the field are afterwards settled by transfers at the Headquarters in Washington. I would like to point out that there are also cases where the World Health Organization finances joint projects. However, in all such cases there should be some specific authorization.

9. There is no valid excuse for the existence of an overdraft on the bank account, the direct causes of which may be attributed in part to the loan of \$75,000 to World Health Organization, and in part to checks dated 31 December 1952 which continued to be drawn by the Bureau until late in January 1953.

On the first point the World Health Organization has not power to borrow money, and the reason why it became necessary for that Organization to obtain funds from the Bureau was the volume of year-end disbursements by the Regional Office of World Health Organization not having been covered in time by requesting the transfer of funds from W.H.O. Headquarters in Geneva.

With regard to the drawing of checks, these related to expenditures for regular budget of the Bureau, the Regional Office of World Health Organization, and Technical Assistance projects, and I have been assured that suitable action will be taken to prevent a recurrence of any similar situation arising in the future.

Other factors also explain to some extent the circumstances in which the overdraft occurred, viz.

- (a) Staff changes;
- (b) Relationship between the Bureau and the Pan American Union;
- (c) Overinvestment of funds;

and I would offer the following comments on these matters:

- (a) During the year 1952 of a total of 22 employees in the Finance and Accounts Section at the beginning of the year, there have been 11 resignations, 3 transfers from the section and 14 new appointments, i.e. a movement of 63% in the year. Taking into account the complicated work which has to be carried out by this section, it is understandable that with such instability in the personnel, resulting in an excessive proportion of untrained staff, the work cannot be done in the most efficient way. It is hoped that such a big number of staff changes will not take place in the future.
- (b) The present arrangements between the Pan American Union and the Pan American Sanitary Bureau provide:
 - (i) that contributions from Member-States will be collected by the Union and deposited to the credit of the bank account managed by the Treasurer of the Union;
 - (ii) that all receipts will be handed over to the Director of the Union and be deposited to the bank account mentioned above;
 - (iii) that lists of vouchers supporting disbursements will be submitted to the Treasurer of the Union for the replenishment of funds;
 - (iv) that investments will be made by the Treasurer of the Union.

This procedure makes it impossible for the Treasurer of the Union to follow up financial movements in the Bureau, and at the same time excludes the Bureau from the management of the bank account and operations relating to investments. Thus there exists a divided responsibility between the Treasurer of the Union and the Finance Officer of the Bureau, which situation should be terminated.

There seems to be no objection to the system insofar as the Union collects contributions for the Bureau, but in other respects I deem it possible and desirable for the Treasurer of the Union to be relieved of participation in the financial affairs of the Bureau. The Bureau has undergone such development in the last years that these functions of managements should be handed over to the Bureau itself, viz. to the Chief of Administration.

If action on these lines is taken the work of the Finance and Accounts Section will be simplified and a post on the Bureau payroll, now necessary for the business of the Bureau at the Union, can be suppressed.

- (c) It is apparent that over investment of funds has also contributed to the situation which developed.

The financial implications are that the Bureau has gained interest on investments and not paid interest on overdraft, but the situation created by placing too much money in investments can only be considered as the result of unsound financial management, due in part to the relationship between the Bureau and the Union mentioned above.

10. Properties

Up to the end of the year 1952 there have been invested \$393,726 in the properties, made up as follows:

	<u>Blodget House</u>	<u>Hitt House</u>
	\$	\$
Original cost of the property	125,734	176,263
Improvement and restoration costs, financed from:		
1951 Budget	15,896	27,847
1952 Budget	8,057	37,594
Special Fund for construction and alterations, created by the Directing Council in 1952 (See paragraph 11)	<u>-.-</u>	<u>2,335</u>
	<u>149,687</u>	<u>244,039</u>
Total	<u>\$ 393,726</u>	

The purchase of the properties was financed by loans from the Rockefeller Foundation and the Kellogg Foundation in a total amount of \$300,000. During 1951 and 1952 \$100,000 have been repaid to these Foundations, leaving a balance of \$200,000 outstanding at 31 December 1952.

Working Capital Fund

11. At its Sixth Meeting the Directing Council approved the following expenditure:

(a) Construction and alteration work on the buildings of the Interim Headquarters	\$ 135,180
(b) Translation and publication of a book on Public Health Administration	10,900
(c) Program for the eradication of smallpox	75,000
(d) Additional fellowships to be awarded in 1953	<u>84,920</u>
	\$306,000

As the expenditure thus approved could not be regarded as supplementary credits to the 1952 Budget the amounts mentioned above have been set up as Special Funds by transfer from the Working Capital Fund.

12. The decision by the Directing Council mentioned in the foregoing paragraph is founded on a calculation made by the Director that a Working Capital Fund of \$1,200,000 would be needed to meet estimated requirements of operations.

In accordance with the Financial Regulations, Article VI, paragraph 6.2, and Resolution III of the XIII Pan American Sanitary Conference, the Director has out of the budgetary surplus for 1952 used \$108,525 to replenish the Fund to \$1,200,000. The remaining amount of the budgetary surplus, \$170,728, has been set aside at the disposal of the Directing Council.

The method now introduced to stabilize the Working Capital Fund at a fixed level, and to place at the immediate disposal of the Directing Council any budgetary surplus in excess of the amount needed to replenish the Fund, is to be recommended.

Inventory

13. A statement of the inventory on hand at Headquarters as at 31 December 1952 has been rendered to me and is summarized as follows:

Inventory Equipment

Typewriters	\$ 24,162.31
Adding Machines	2,812.96
Calculators	1,247.50
Other Office Machines	6,186.91
Dictaphone Equipment	7,063.00
Cars	2,000.00
Furniture	24,248.77
Cabinets and Shelving	17,050.83
Medical Equipment	3,128.41
Reproduction Equipment	13,258.04
Cartographic and Drafting Equipment	5,272.71
Various Other	<u>6,951.27</u>
	\$ 129,382.71

Stationery and Office Supplies

2,357.33\$ 131,740.04

Checks made indicate that the statement is correct.

In the year 1952 a new system of inventory record was introduced, and a better valuation of earlier estimated cost concerning older equipment has been carried out. A closer relationship between the supply section, general services section and the finance and accounts section is now being prepared, with a view to strengthening the control of equipment purchased.

All capital assets and stocks of stationery are covered by insurance against fire.

14. Records of capital assets at Zone Offices are kept locally and Zone Offices are required to submit inventories to Headquarters after the year-end.

In checking these statements I have observed that capital assets handed over to projects are not always included in these statements although the Zone Offices have been notified of purchases made by the Headquarters. It is imperative that good inventory records concerning capital assets used by teams carrying out medical projects, financed either by Regular Budget or by Technical Assistance Funds, be maintained. For the time being, there is a lack of control in that respect to which I would draw attention.

15. Conclusion

In conclusion I should like to state that the accounting records have been examined to the extent I have considered necessary to satisfy myself. I have reviewed the accounting system of the Bureau and the arrangements of internal control. They are still under development.

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.

(signed)

Uno Brunskog

External Auditor

Washington, 26 February 1953