



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



FIFTH SESSION OF THE SUBCOMMITTEE ON PROGRAM, BUDGET, AND ADMINISTRATION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 16-18 March 2011

Provisional Agenda Item 4.1

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OVERVIEW OF THE FINANCIAL REPORT OF THE DIRECTOR FOR 2010

Content of the Financial Report of the Director

1. As required by Financial Regulation 13.2, a final financial report of the Pan American Health Organization (PAHO) is being prepared for the 2010 financial reporting period. This Financial Report of the Director will contain PAHO's consolidated financial statements as of 31 December 2010. The document also includes the External Auditor's report and opinion on the Organization's financial statements for 2010.

Preparation of the Financial Report of the Director

2. PAHO transitioned from the United Nations System Accounting Standards (UNSAS) to the International Public Sector Accounting Standards (IPSAS) beginning on 1 January 2010. The statements for the 2010 financial reporting period will be prepared, for the first time, in accordance with IPSAS.

3. The 2010 IPSAS-compliant Financial Statements for the Pan American Health Organization include:

- the Statement of Financial Position,
- the Statement of Financial Performance,
- the Statement of Changes in Net Assets/Equity,
- the Cash Flow Statement,
- the Statement of Comparison of Budget and Actual Amounts, and
- the Accounting Policies and Notes to the Financial Statement.

4. An *unaudited* informational annex will also be attached to the Financial Report of the Director with the financial statements for the Organization's quotas, the three procurement funds, and the trust funds.

External Audit

5. PAHO's External Auditor, the National Audit Office of the United Kingdom of Great Britain and Northern Ireland (NAO), renders an opinion on whether the Organization's financial statements are an accurate representation of its actual position, and the extent to which they comply with PAHO's accounting standards.

6. The External Auditor will visit PAHO headquarters from 7 March through 1 April 2011 to complete the audit of the financial statements for the 2010 financial reporting period. In accordance with Financial Regulation 14.9, the Report of the External Auditor must be completed and provided to the Director, together with the audited financial statements, by 15 April 2011.

Steps in the Preparation of the Report

7. In March 2011, PAHO will provide a preliminary overview of the Organization's financial performance for the 2010 financial reporting period to the Fifth Session of the Subcommittee on Program, Budget, and Administration, pending completion of the external audit. This preliminary overview will include:

- a summary of the status of PAHO's revenue and expenses in 2010, including the significant increase in revenue for the procurement funds; and
- a summary of PAHO's aggregate assets and liabilities, including the significant increase in accounts receivable for trust funds and liabilities for employee benefits.

8. Once finalized and signed, the Financial Report of the Director for 2010, along with the Report of the External Auditor, will be presented to the 148th Executive Committee for its consideration. The Executive Committee shall forward the Report to the 51st Directing Council. The Financial Report of the Director for 2010 and the Report of the External Auditor will be made available on PAHO's web site.

Unaudited Preliminary Financial Status

9. The unaudited preliminary financial figures for the Pan American Health Organization reflect a significant growth in the Organization's financial resources, with total revenue approaching \$947.9 million for 2010, compared to \$718.5 million for 2008.

10. During 2010, assessed quota contributions were received from 36 Member States. 26 Member States paid their 2010 quota assessments in full, 7 Member States made partial payments toward their 2010 quota assessments, and 6 Member States made no payment toward their 2010 quota assessments.

11. The Miscellaneous Income earned during 2010 was \$5.2 million, which is less than the budgeted amount of \$10.0 million.

Action by the Subcommittee on Program, Budget, and Administration

12. The Subcommittee is invited to take note of this preliminary overview.

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