

**FINANCIAL  
REPORT  
OF THE  
DIRECTOR**

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**and**

**REPORT OF  
THE EXTERNAL  
AUDITOR**

**1 January 2015 – 31 December 2015**

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## ***Director's Comments***

In accordance with Financial Regulation 14.9 of the Pan American Health Organization (PAHO), I have the honor to present the Financial Report of the Pan American Health Organization for the financial reporting period 1 January 2015 through 31 December 2015.

The Financial Statements and Notes to the Financial Statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and PAHO's Financial Regulations and Financial Rules.

Although PAHO has adopted an annual financial reporting period as stipulated in Financial Regulation 2.2, the budgetary period remains a biennium (Financial Regulation 2.1). Therefore, for the purposes of actual vs. budget comparisons in the Director's Comments, the annual budget figures represent one half of the Biennial Program and Budget as an approximation of annual budgetary figures.

### **1. Overview**

During 2015, PAHO continued its leadership, convening and catalyst role to improve the health of the peoples of the Americas in collaboration with Member States and partners. The Organization continued to provide direct technical cooperation, mobilize resources, strengthen partnerships and networks, build capacity, generate and provide evidence, and advocate for the necessary actions to achieve the results set in the Program and Budget 2014-2015 and advance the priorities of the PAHO Strategic Plan 2014-2019 while preparing for the implementation of the new Sustainable Development Goals (SDGs) Agenda 2030. A summary of the progress and key achievements noted in 2015 as a result of the collaborative efforts led and facilitated by the Organization are included below. Details can be found in the 2014-2015 End-of-Biennium Assessment/First Interim Report of the PAHO Strategic Plan 2014-2019 ([Document SPBA10/2](#)).

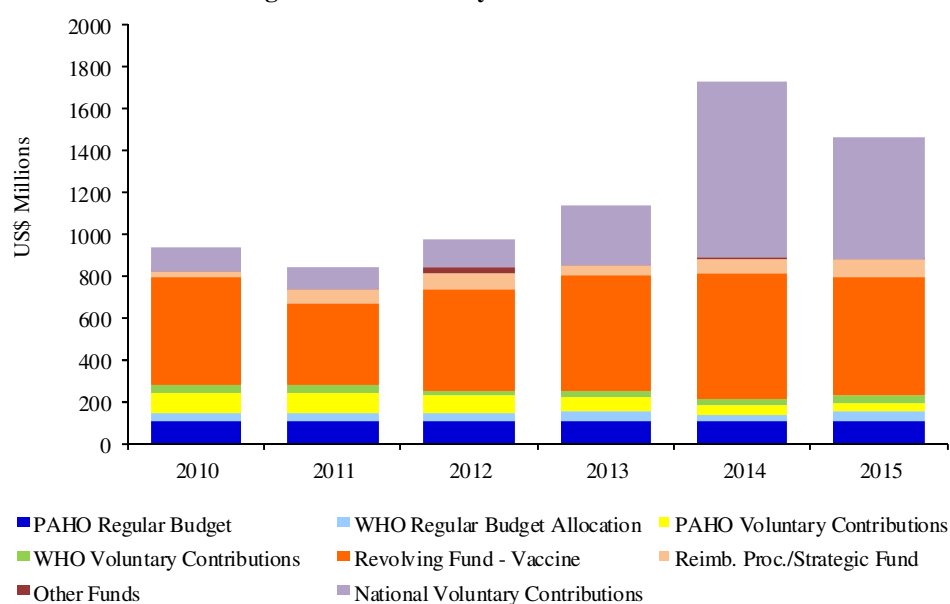
- The countries in the Region continued advancing in the elimination of diseases, with landmark achievements such as the certification of the elimination of rubella and congenital rubella syndrome in the Region of the Americas (the first and only Region globally that has achieved this goal), as well as mother-to-child transmission of HIV and congenital syphilis in Cuba, and onchocerciasis in Ecuador and Mexico.
- Countries continued to develop and implement policies and plans of action to address non-communicable diseases and risk factors while improving management and surveillance of such diseases and related factors. For instance, by the end of 2015, 16 countries in the region had national NCD plans of action, and 14 countries set national NCD targets and indicators in line with the commitments established at the 2014 UN High Level Meeting on NCDs. Important progress was also made in the development and implementation of strategies and plans to address mental health at the primary care level, road safety, violence against women and nutrition.
- The Region continued to see gains in the promotion of good health throughout the life course and addressing the determinants of health, with a continued downward trend in children under 5 mortality rate, leading to the Region's achievement of the MDG4, and adolescent fertility rate. Countries in collaboration with PAHO continued implementing plans and programs to improve reproductive, maternal, newborn, child and adolescent health, as well as promoting age-friendly cities and communities, and the protection of human rights of older persons. Institutional capacities to quantify and analyze social inequalities were also strengthened in 19 countries.
- Significant progress continued to be made in the implementation of the Strategy on Universal Health. PAHO worked hand-in-hand with national health authorities to develop national roadmaps towards Universal Health, including key components such as people-centered, integrated quality health service; financial and regulatory framework, human resources for health, and access to safe, efficacious and quality medicines and health technologies. Progress was also seen in the development of integrated health information systems with concrete actions at country level to improve their health information systems to facilitate analysis and support decision-making as the countries move towards Universal Health.
- Efforts were intensified to build resilience, readiness and response capacity to epidemics, emergencies and disasters at national and regional levels. Major efforts to enhance Member States readiness for Ebola as part of a larger preparedness strategy for outbreaks and other crisis continued. The response to the Zika Virus outbreak was also intensified. Work

also continued in building Member States' core capacities for IHR, and the established epidemiologic monitoring and response system allowed for a rapid response to public health risks in countries. The Organization also supported the Regional response to the Nepal earthquake in 2015.

- In addition to the technical achievements outlined above, PAHO made steady progress in strengthening and improving its enabling functions and corporate services to deliver its technical cooperation programs in an effective and efficient manner in accordance with the Organization's results-based management framework.

The Organization's consolidated total revenue in 2015 reached \$1 460.0 million which is a 15% decrease over 2014. This decrease in financial resources is mainly due to the decrease in National Voluntary contributions due to the fact that these contributions are stated in local currencies and most of the America's local currencies have suffered exchange rate depreciation against the US dollar during last year.

**Figure A: Revenue by Source of Funds**



The consolidated total revenue is comprised of four main components: (a) Program and Budget, which includes the Assessed Contributions, Miscellaneous Revenue and the WHO share of the Regular Budget; (b) the Procurement Funds, which includes the Revolving Fund for Vaccine Procurement, the Regional Revolving Fund for Strategic Public Health Supplies and the Reimbursable Procurement on Behalf of Member States Fund; (c) the National Voluntary Contributions, and (d) Other funds.

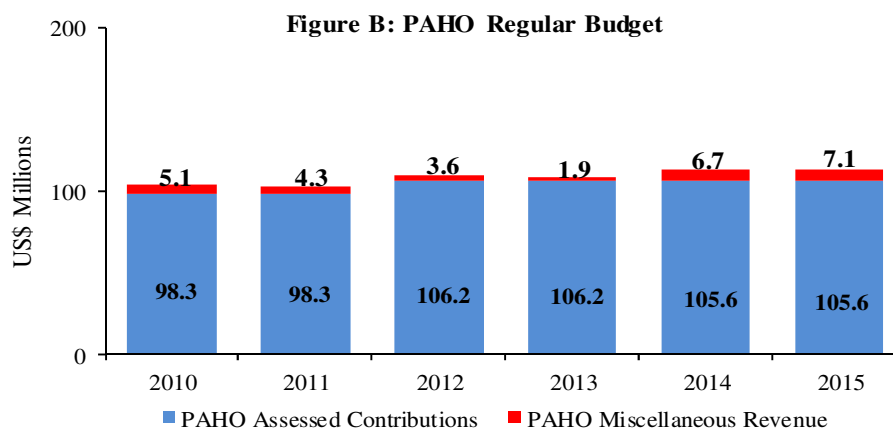
In 2015, Revenue from the Regular Budget is comprised of \$105.6 million from PAHO Assessed Contributions, \$7.1 million from Miscellaneous Revenue and \$53.0 million from WHO share of Regular Budget for a total of \$165.7 million for 2015. In 2014 the Organization reported \$142.9 million for the consolidated Regular Budget. Revenue from Voluntary Contributions from PAHO decreased to \$34.3 million in 2015 as compared to \$40.9 million in 2014. Voluntary Contributions from WHO increased to \$26.7 million in 2015 as compared to \$22.4 million in 2014.

Revenue from procurement activities on behalf of Member States decreased from \$668.8 million in 2014 to \$638.6 million in 2015 due to a slight decrease of the Revolving Fund for Vaccine Procurement. The level of resources for the Organization's three Procurement Funds represents 44% of the Organization's total consolidated revenue.

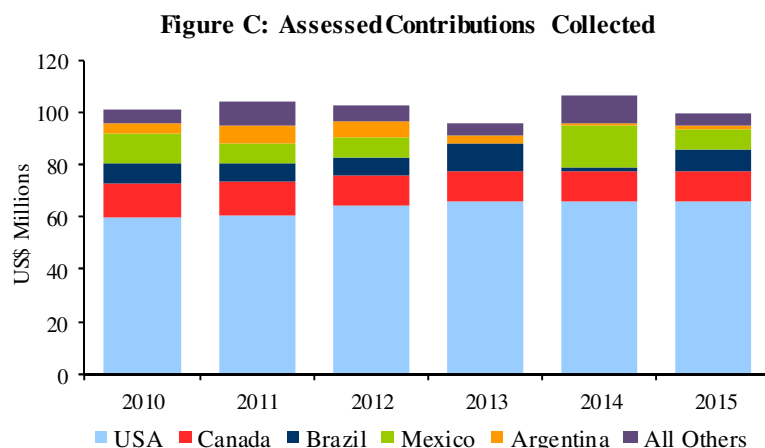
National Voluntary Contributions funds implemented by PAHO decreased to \$554.7 million as compared to \$793.3 million in 2014 due to the exchange rate impact, as the implementation level in local currency remains the same as 2014.

## 2. PAHO Regular Budget Segment: Financing

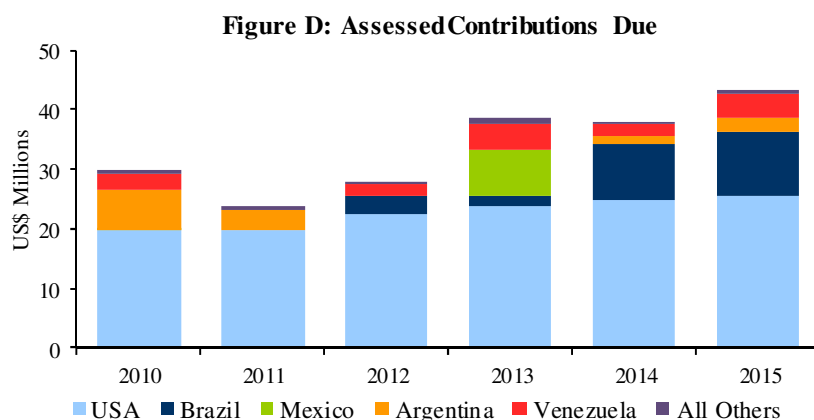
The PAHO Regular Budget Segment is comprised of the Member States' Assessed Contributions and Miscellaneous Revenue. In accordance with Resolution CD52.R4 adopted by the 52nd Directing Council of the Pan American Health Organization, revenue from Assessed Contributions totaled \$105.6 million including the Tax Equalization Fund (\$9.4 million). Revenue from Assessed Contributions was recorded in full on 1 January 2015, the date it became due and payable.



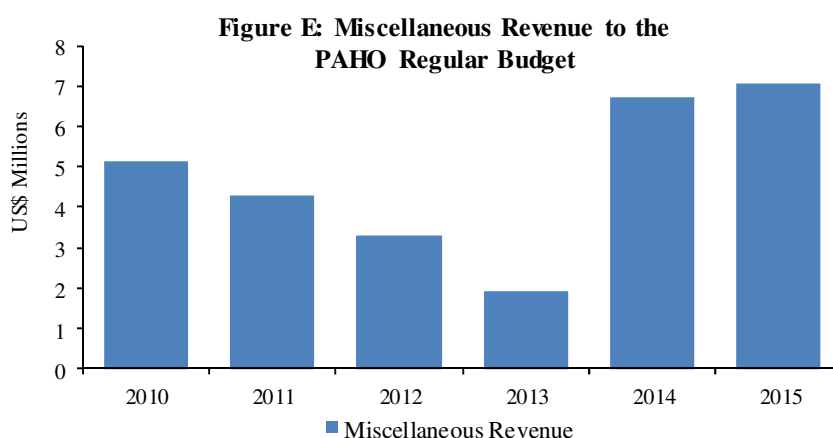
However, in order to ensure that resources are available to fund the Regular Budget, the Organization must carefully monitor and report on the cash flows from Assessed Contributions and other receivables due to the Organization. The cash receipts of current and prior years' Assessed Contributions in 2015 totaled \$64.8 million and \$34.7 million, respectively. In 2015, the rate of collection of current year Assessed Contributions was 61%, compared with 64% for 2014. During 2015, PAHO received payments towards current and prior years' Assessed Contributions from thirty-eight Member States. Thirty Member States paid their 2015 assessments in full, four Member States made partial payments toward their 2015 assessments, and 8 Member States made no payment toward their 2015 assessments.



Total Assessed Contributions outstanding, including amounts due for previous financial periods, increased from \$38.1 million on 31 December 2014 to \$44.2 million on 31 December 2015. Each year the Delegates to the Directing Council or the Pan American Sanitary Conference review at length the financial circumstances of those Member States who are in arrears in their Assessed Contributions and subject to Article 6.B of the PAHO Constitution. As of 1 January 2016, there were no Member States subject to Article 6.B.



According to Regulation 5.1, the Regular Budget appropriations shall be financed by Assessed Contributions from Member States, Participating States, and Associate Members and the budgetary estimate of Miscellaneous Revenue. Miscellaneous Revenue includes a portion of investment revenue earned on the funds administered by the Organization, other miscellaneous revenue, and the miscellaneous expenses associated with investment fees, previously funded by the Regular Budget. Total Miscellaneous Revenue to the PAHO Regular Budget for 2015 was \$7.1 million and is comprised of \$8.1 million in investment revenue, investment management fees of \$0.5 million, a net loss of \$0.6 million on currency exchange, and the receipt of \$0.1 million in other miscellaneous revenue. The difference between the budgeted Miscellaneous Revenue for 2015 of \$3.0 million and the actual amount realized is due to the local investment of temporarily idle resources pertaining to National Voluntary Contributions.



### 3. PAHO Regular Budget Segment: Implementation

Total expenses for PAHO Regular Budget activities in support of the implementation of international health programs reached \$112.6 million in 2015 compared to budgeted expense of \$99.2 million, resulting in a financial implementation rate of 113% for 2015. Implementation is usually higher in the second year of the biennium. The Organization ended 2015 with a Financial Net Shortfall from Operations of \$9.2 million in the PAHO Regular Budget Segment. However, the net “budgetary” result for the 2014-2015 biennium was \$0.5 million, which is the difference between the surplus of \$9.7 from 2014 and the shortfall of \$9.2 million from operations in 2015.



**Table 1. PAHO Regular Budget Segment: Financial Highlights (in US\$ millions)**

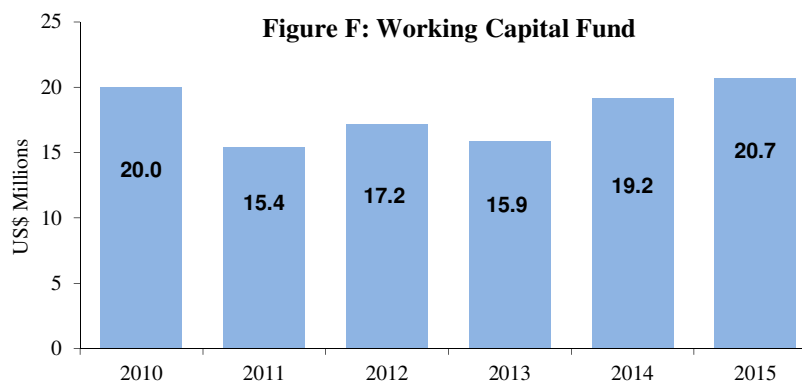
	Actual	Budgeted*
<b>Revenue:</b>		
2015 Assessed Contributions	105.6	105.6
Less: Tax Equalization	(9.4)	(9.4)
Other Revenue	0.1	-
Miscellaneous Revenue	7.1	3.0
Total Revenue	103.4	99.2
<b>Expenses:</b>		
2015 Operating Expenses	(112.6)	(99.2)
<b>Financial Net Shortfall from Operations for 2015</b>	(9.2)	-

*\*For the purposes of actual vs. budget comparisons in this narrative, the budget figures represent one half of the Biennial Program and Budget to approximate annual budgetary figures.*

The Regular Budget Appropriation Surplus for the biennium 2014-2015 is \$0.7 million. Revenue Surplus for the same period is of \$7.9 million.

#### 4. Working Capital Fund

The 53<sup>rd</sup> Directing Council approved an increase to the authorized level of the Working Capital Fund from \$20.0 million to \$25.0 million. As of 31 December 2015, the Organization's Working Capital Fund was \$20.7 million.



According to Financial Rules the \$0.7 million Budget Surplus for the Biennium will be directed to replenish the Working Capital Fund.

#### 5. WHO Allocation and Other Sources Funds

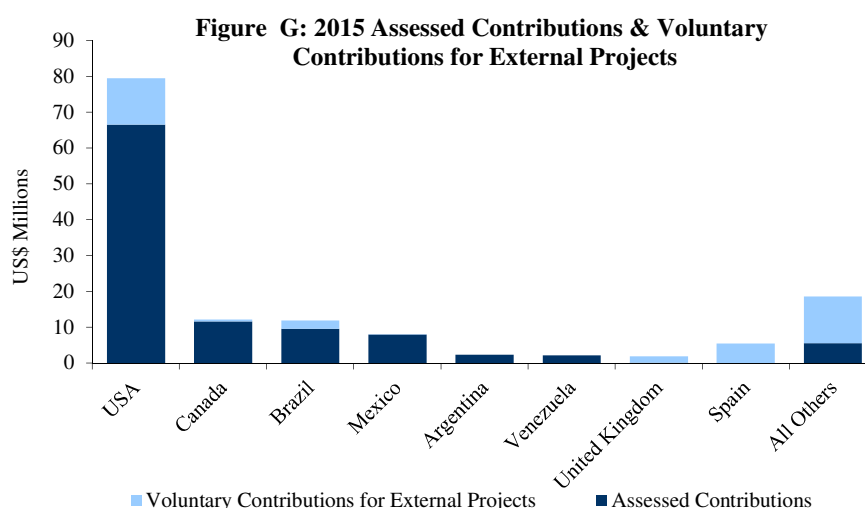
The Pan American Health Organization implemented \$53.0 million from the WHO Regular Budget Allocation in support of the international health programs established by the World Health Assembly for the Region of the Americas. In addition, the Organization implemented \$36.5 million in Other Sources Funds from WHO. Therefore, total implementation of WHO funds during 2015 reached \$89.5 million. In comparison, during 2014, the Organization implemented \$30.6 million in WHO Regular Budget funds and \$27.2 million in Other Sources Funds from WHO for a total of \$57.8 million.

## 6. PAHO Voluntary Contributions

PAHO Voluntary Contributions are comprised of (1) the Voluntary Contributions Fund, which includes financial resources from governments, international organizations, and private and public sector organizations; (2) the Voluntary Contributions-Emergency Preparedness and Disaster Relief Fund, which includes financial resources from governments, international organizations, and private and public sector organizations; and (3) other funds.

During 2015, PAHO's total revenue from Voluntary Contributions reached \$37.3 million as compared to \$44.7 million in 2014. However, deferred revenue reached \$67.2 million in 2015 as compared to \$44.5 million in 2014, which is an increase of \$22.7 million. Revenue is composed of \$24.9 million (2014: \$33.3 million) from governments for external projects, \$4.3 million (2014: \$4.7 million) from international organizations, \$6.8 million (2014: \$3.4 million) from private and public sector organizations, \$ 1.1 million (2013: \$3.2 million) for Emergency Preparedness and Disaster Relief, and \$0.2 million (2013: \$0.1 million) from Other Voluntary Contributions.

In 2015, the largest partners/stakeholders with respect to the implementation of Voluntary Contributions Fund were as follows: Brazil (\$2.3 million), Canada (\$0.5 million), South Korea (\$0.8 million), Spain (\$5.4 million), United Kingdom (\$1.8 million), the United States of America (\$13.0 million), the European Community (\$2.6 million), the United Nations Trust Fund for Human Security (\$0.7 million), the Andean Corporation of Promotion (\$1.2 million), the Global Alliance V.I. (\$2.9 million) and the World Diabetes Foundation (\$0.7 million). The largest partners/stakeholders for Emergency Preparedness and Disaster Relief were Canada (\$0.3 million), Spain (\$0.5 million) and the European Community (\$0.3 million).



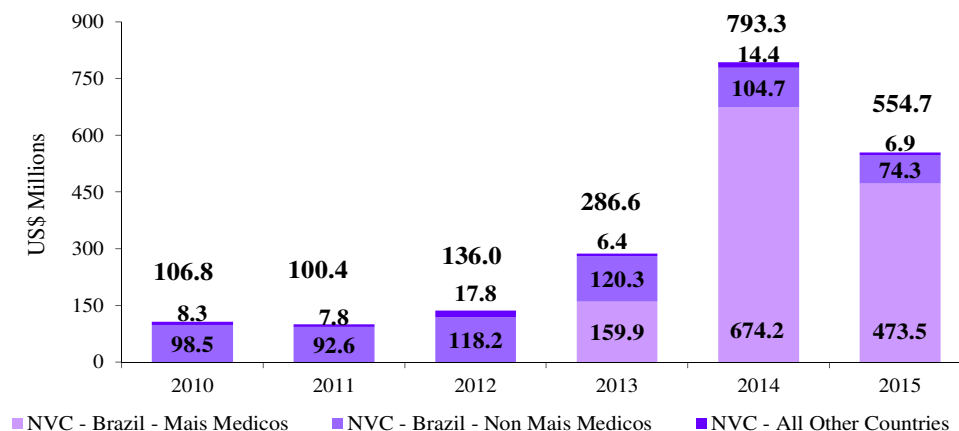
The chart above illustrates total revenue attributable to implementation in 2015 to the largest governmental contributors to PAHO, including revenue from Assessed Contributions and Voluntary Contributions from governments for external projects. This chart indicates that the Organization relies heavily on a relatively small number of countries as the major source of financing for the Organization's activities.

## 7. National Voluntary Contributions

A main component of PAHO's consolidated revenue is the National Voluntary Contributions Fund, which includes financial resources from governments exclusively for internal projects. During 2015 PAHO implemented \$554.7 million (2014: \$793.3 million) from governments for internal projects. The decrease is mainly due to the exchange rate impact, as the implementation level in local currency remains the same as 2014. Revenue pertaining to the Mais Medicos Project in 2015 reached \$473.5 (2014: \$674.2 million). Revenue for NVC in Brazil excluding the Project Mais Medicos reached \$74.3 million in

2015 (2014: \$104.7 million). Furthermore, revenue for NVC in all other countries reached \$6.9 million in 2015 (2014: \$14.4 million).

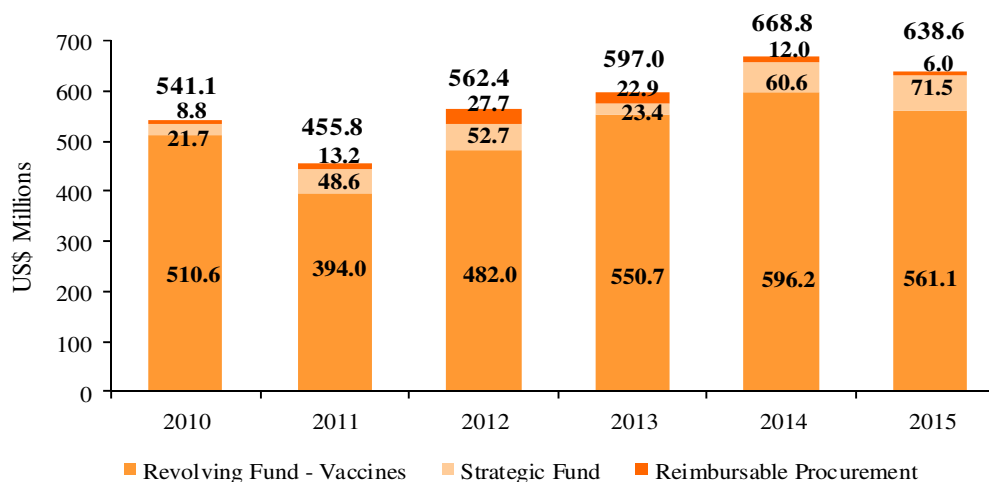
**Figure H: National Voluntary Contributions (NVC) Revenue**



## 8. Procurement on Behalf of Member States

During 2015, the total financial activity realized for procurement services on behalf of Member States decreased to \$638.6 million compared with \$668.8 million in 2014. Through extensive international bidding, PAHO is able to purchase vaccines, public health supplies and equipment, and literature on behalf of Member States and international institutions at affordable prices.

**Figure I: Procurement Funds Revenue**



The **Revolving Fund for Vaccine Procurement**, the oldest Fund established in 1977, was established as a purchasing mechanism to guarantee the quality and timely mobilization of vaccines at lower prices. The Fund decreased from \$596.2 million in 2014 to \$561.1 million in 2015. This was mainly due to the decline in procurement of high cost vaccines due to financial challenges of some countries. In addition, there was a request from one large country to postpone delivery of several orders, initially planned for 2015, to 2016, impacting the expected financial activity of 2015. In 2015, 41 Member States have used the Fund. The Member States with the largest volume of procurement purchases were Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru and Venezuela.

The **Regional Revolving Fund for Strategic Public Health Supplies** was created in 1999 in order to facilitate the procurement of strategic public health supplies at lower, more stable prices, to improve availability of strategic supplies, and to enhance planning capacity for procuring and distributing products. The Strategic Fund has historically focused on assisting Member States increase access to public health products to treat and prevent communicable diseases (HIV/AIDS, malaria, Tuberculosis, Neglected Tropical Diseases). However, at the request of PAHO's Member States, beginning in 2013 the Organization has strengthened the Strategic Fund in order to better respond to Member States' needs and improve access to quality, essential medicines for Non-communicable Diseases (NCDs), particularly for hypertension, diabetes and cancer. Financial activity realized in the Fund increased from \$60.6 million in 2014 to \$71.5 million in 2015. This was mainly due to a significant increase in the number of antiretroviral requests. Member States that traditionally used this mechanism occasionally increased their use in a more systematic way. Furthermore, the process for accessing the capitalization account was streamlined, which resulted in doubling the amount of Member States who accessed the capitalization account. In 2015, 21 Member States have used the Fund. The Member States with the largest volume of procurement purchases were Bolivia, Brazil, Ecuador, El Salvador, Honduras and Venezuela. The growth in use demonstrates that the Regional Revolving Fund for Strategic Public Health Supplies is providing significant value added to Member States and is improving access to quality and affordable essential Public Health Supplies in the Region.

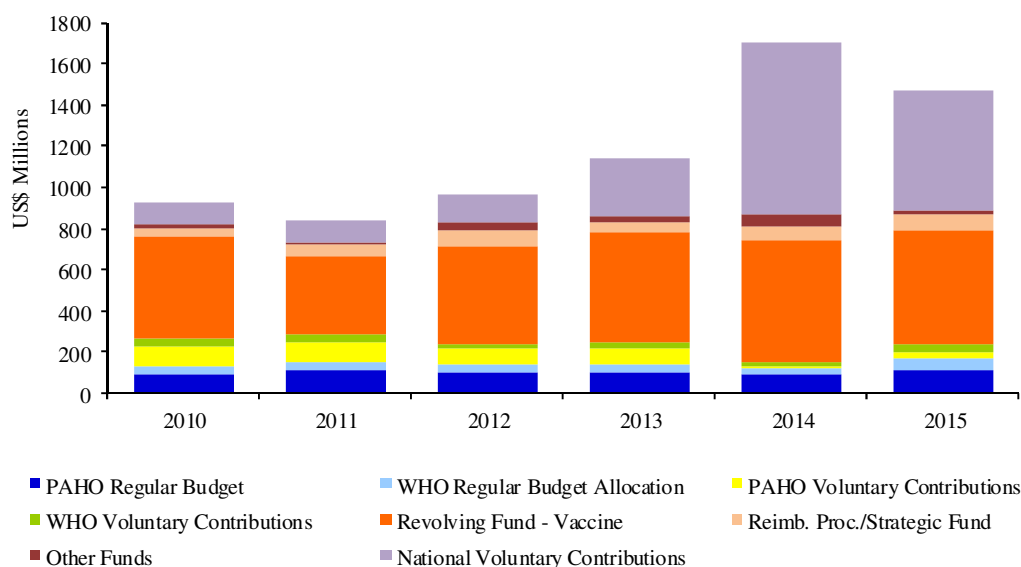
Members States' use of the credit line services of these two Funds increased in 2015 as compared to 2014 from \$47.0 million to \$48.9 million for the Revolving Fund for Vaccine Procurement and from \$1.6 million to \$4.5 million for the Regional Revolving Fund for Strategic Public Health Supplies.

During the same period, funding for the purchase of medical supplies, medical equipment, and literature processed through the **Reimbursable Procurement on Behalf of Member States Fund**, decreased from \$12.0 million in 2014 to \$6.0 million in 2015 as a larger number of products are included in the Strategic Fund. In 2015, 25 Member States have used this Fund.

## 9. Expenses by Source of Fund

PAHO's total consolidated expenses, reflecting disbursements and accrued liabilities, decreased by 14% to \$1 468.9 million in 2015 from \$1 703.5 million in 2014. This decrease is mainly attributable to the decrease in the implementation of National Voluntary Contributions projects.

**Figure J: Expenses by Source of Funds**



The primary PAHO consolidated expense categories are shown below in millions of United States dollars:

**Table 2. PAHO Consolidated Expense Categories (Net of Eliminations)**

Staff and Other Personnel Costs	\$185.5
Supplies, Commodities, Materials	644.8
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	7.1
Contractual Services	72.1
Travel	68.0
Transfers and Grants to Counterparts	480.9
General Operating and Other Direct Costs	10.5
<b>Total PAHO Expense</b>	<b>\$1 468.9</b>

The two most significant expense categories for the implementation of international health programs are Supplies, Commodities, Materials, and Transfers and Grants to Counterparts. The Supplies, Commodities, Materials category represents the procurement of vaccines, strategic public health medications, syringes, and medical supplies for Member States through the Procurement Funds. The Transfers and Grants to Counterparts category is primarily comprised of expenses linked to the Mais Medicos project.

## 10. Liquidity and Investment Management

The financial stability of the Organization depends not only upon the timely receipt of Assessed Contributions, Voluntary Contributions, and other receivables, but also on the effective management of the resources administered by the Organization. The PAHO Investment Committee has been delegated the authority to establish and implement appropriate investment policies, reflecting best practices and prudent financial management. The Investment Committee regularly reviews the investment portfolio's performance, keeping in mind the primary objective to preserve the capital value of resources and maintain adequate

liquidity, while maximizing the yield on the portfolio. During 2015, one of four managed portfolios was eliminated, based on the Committee's assessment of results. Investment revenue earned in 2015 totaled \$8.1 million.

Total cash and investments for the Organization at 31 December 2015 were \$622.1 million, an decrease of \$51.5 million over the cash and investment balance as of 31 December 2014. The terms of the various investments in the portfolio reflect the nature and liquidity needs of the Organization and, therefore, are primarily short-term in duration (less than 12 months). These short-term investments are held to finance the Biennial Program and Budget activities, the procurement on behalf of Member States, the implementation of Voluntary Contributions agreements, and other activities. Long-term investments (from one to ten years) represent special funds held in reserve and other long-term liabilities of the Organization, including future entitlements of current staff members for termination and repatriation, and after-service health insurance

## 11. Financial Statements

In accordance with IPSAS 1, a complete set of Financial Statements has been prepared as follows:

- *Consolidated Statement of Financial Position* measures the financial strength of PAHO and displays in monetary value the assets and liabilities as of the end of the financial reporting period.
- *Consolidated Statement of Financial Performance* shows how well PAHO used its assets to generate revenue. It is a general measure of PAHO's financial health over a given period of time (12 months) and can be compared with similar organizations.
- *Consolidated Statement of Changes in Net Assets* shows all the activity in net assets during a financial period, thus reflecting the increase or decrease in PAHO's net assets during the year.
- *Consolidated Cash Flow Statement* explains the changes in the cash position of PAHO by reporting the cash flows classified by operating, investing, and financing activities.
- *Comparison of Budget and Actual Amounts* reflects actual utilization of revenue in comparison with the Biennial Program and Budget Plan approved by the 52<sup>nd</sup> Directing Council in 2013.
- *Notes, comprising a summary of significant accounting policies and other relevant information.*

In order to provide the reader of PAHO's Financial Statements with more detailed information to fully understand the breadth of the activities of the Organization and the consolidated Centers, an unaudited informational annex has been provided after the Report of the External Auditor. This annex includes summaries for the individual segments, Assessed Contributions, Voluntary Contributions, Procurement Funds, funding for the Regional Office of the Americas (AMRO)/World Health Organization, and Other Centers.

## 12. Other Highlights

### *ZIKA Virus*

In February 2014, autochthonous circulation of Zika virus (ZIKV) in the Region of the Americas was first confirmed on Easter Island, Chile. In May 2015, the first autochthonous cases of Zika virus in Brazil were confirmed, and in October 2015, Brazilian public health authorities detected an unusual increase in microcephaly cases in both public and private healthcare facilities in Pernambuco state, Northeast Brazil. In December 2015 neurological syndrome, congenital malformations and Zika virus infections were detected signifying serious implications for public health in the Americas.

Epidemiological alerts and updates were published under the International Health Regulations structure to promote both Member State awareness and provide technical guidance starting on 7 May 2015 and subsequently for the periods of 16 October, 17 November and 1 December 2015.

Given the rapid dissemination of Zika virus in the Region of the Americas as well as the detection of severe outcomes potentially related to Zika virus infection, the PAHO Director activated PAHO/WHO's Incident Management System (IMS) on 8 December 2015 in order to make the best possible use of the expertise of the PAHO Secretariat to expedite support to the Member States. At this time, the Director designated \$500,000 to the PAHO Epidemic Emergency Fund to initiate operations.

The Incident Management System (IMS) reports to the Director and is supported by the Emergency Operations Center platform. It articulates the work of all technical departments involved in the response and is also linked to the WHO IMS system activated in WHO Headquarters and the five other WHO Regional Offices.

### ***Modernization of the PASB Management Information System***

Pursuant to the instructions of the 50th Directing Council of the Pan American Health Organization (PAHO) in 2010, the Pan American Sanitary Bureau (PASB) launched a project to modernize the PASB Management Information System (PMIS). The PMIS will play a critical role in providing effective support for delivering technical cooperation to Member States by leveraging available technology to maximize transparency, foster accountability through clearly defined roles and responsibilities, as well as facilitate the delegation of authority to improve the efficient execution of technical and administrative functions.

On 30 December 2015, PAHO took possession of the completed configured PMIS system. On 4 January 2016, the Phase 2 financials portion of the system joined the Phase 1 Human Resources and Payroll System as live in production. During the design, configuration, and testing cycles there were several enhancements and custom reports identified that were not Go-Live-critical, meaning that they were not needed for 1 January 2016. In addition, PMIS identified a recruitment module that, although it was not in the original scope of the project, would prove beneficial to the Organization. These enhancements, custom reports, and recruitment module will be implemented in 2016 using the remaining \$5.1 million of total project budget of \$22.5 million.

### ***Mais Medicos***

The Mais Médicos Project, as part of the larger National Program carrying the same name, continued to develop successfully throughout 2015, maintaining the provision of basic health care to 3,785 municipalities in Brazil. This Project includes the recruitment and placement of 11,429 Cuban doctors among these municipalities and 34 indigenous health districts. The Project aims at developing strategies to ensure universal access to health care provided by the Brazil Unified Health System (SUS - Brazilian acronym). The National Program has some 7,000 additional medical doctors, both Brazilian and other foreign nationals, totaling 18,240 doctors. It also aims to improve the infrastructure and expand access to medical education. These other components of the National Program are being executed directly by the Ministry of Health and the Ministry of Education. More than 60 million people in Brazil are benefiting from the Program, and around 40 million are served by Cuban medical doctors provided through PAHO technical cooperation.

PAHO's added value to the Project has included the selection of Cuban medical professionals according to criteria established by the Government of Brazil, as well as the implementation of the Induction Module (a three-week course which covers information on SUS structure and protocols as well as additional training on Portuguese language). An additional Induction Module at the municipal level is carried out immediately after the initial Induction program. PAHO also monitors the registration of the participating Cuban doctors in the specialization course for Family Health, following the requirements established by the Brazilian Ministry of Education.

Total disbursements (including PSC) in 2015 pertaining to this Project amounted to \$498.2 million. All staff requirements for Project implementation have been fulfilled. A monitoring and evaluation system has been developed in line with agreements signed with both the Governments of Brazil and Cuba, taking into account PAHO's evaluation policy. The Project performance monitoring has been carried out by the Country Office and reviewed by the PAHO Regional Office. A detailed database built around each participating doctor and recording related technical and administrative information (particularly personal movements in and out of duty station in a given municipality) has been developed. It provides for sound management of the participating doctors and provides the basis for supporting disbursements to Cuba. Specific software, called IVS (Invoice Verification System) has been developed in partnership with FRM to support financial operations. The risk register has been periodically reviewed by the Risk Committee led by the Director of Administration. A new version of contingency plan has been elaborated, considering the complex political situation that is currently occurring in Brazil.

By the end of 2015, all Brazilian municipalities that had requested to participate in the Program established by the Federal Government of Brazil were accommodated. Among the 11,429 participating doctors, 89% were located in priority areas. Furthermore, only 7.1% of participating doctors exited the Project by the end of 2015; 82% of them have been replaced within the period agreed between the two governments. 92.4% of the participating doctors are working in basic healthcare teams (traditional basic healthcare team, the family health teams, or the indigenous health districts). PAHO monitors the compliance of the municipalities with the commitment of providing lodging and food, as well as transportation to the participating doctors as a specific contribution to complement the effort of the Federal government in covering the salaries of these physicians.

### **13. Accounting Policies and Basis of Preparation**

The Financial Statements of the Pan American Health Organization (the Organization) have been prepared on the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS), using the fair value valuation convention. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard (IFRS) has been applied.

These Financial Statements were prepared under the assumption that the Organization is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1). The Governing Bodies of the Organization have not communicated through any means that there is an intention to terminate the Organization or to cease its operations. Furthermore, at the time of the preparation of these Financial Statements and in accordance with IPSAS 14, Paragraph 18, the Executive Management of the Organization was not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the ability of the Organization to continue as a going concern.

The Financial Statements of the Organization were authorized for issue by the Director of the Organization under the authority vested in her by the Pan American Sanitary Conference as stated in the Resolution CSP28.R7 in September 2012. This issuance approval is dated 15 April 2015. No other authority has the power to amend the Financial Statements after issuance. (Reference: IPSAS 14, paragraph 26).



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**Carissa F. Etienne**

**Director**

**Pan American Health Organization**



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### **Letter of Transmittal**

**In accordance with the provisions of Regulation XIII of the Financial Regulations, I have the honor to submit the Financial Report of the Pan American Health Organization for the financial period 1 January 2015 to 31 December 2015.**



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**Carissa F. Etienne**

**Director**

**Pan American Health Organization**

### **Certification of Financial Statements**

**The Financial Statements and supporting Notes are approved:**



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**Xavier Puente Chaudé**

**Director**

**Area of Financial Resource Management**



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**Carissa F. Etienne**

**Director**

**Pan American Health Organization**

**15 April 2016**

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## **Statement on Internal Control**

## **Scope of Responsibility**

As the Director of the Pan American Health Organization (PAHO), I have responsibility for maintaining a sound system of internal control that supports the achievement of PAHO's mandate and objectives, while safeguarding the funds and assets administered by PAHO, for which I am responsible, in accordance with the responsibilities entrusted to me in the PAHO Constitution, by the Governing Bodies, and in the Financial Regulations of the Organization.

Accountability is an integral component of PAHO's Results Based Management (RBM) framework and, as such, empowers managers to take the necessary steps to achieve their expected results, while requiring the exercise of due diligence in actions and decisions, and compliance with applicable regulations and rules. Delegation of Authority is a prerequisite for the successful implementation of RBM. Good governance is enabled by the appropriate delegation of authority and, as Director, I have approved a Delegation of Authority framework that delineates clear lines of authority over all available resources, both human and financial, and includes the responsibility and accountability of personnel across the Organization.

Accountability at PAHO carries with it the obligation to report on the discharge of one's delegated responsibilities through established mechanisms, including the annual certification of financial information and the assessment of the status of the implementation of the biennial work plan.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve expected results and strategic objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritize the risks to the achievement of the Organization's mandate and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively, and economically. The system of internal control has been in place at PAHO for the financial reporting period 1 January 2015 through 31 December 2015, and up to the date of the approval of the Financial Report of the Director.

The foundation for the system of internal control at PAHO lies in the Constitution of the Pan American Health Organization and the Financial Regulations. From this, the Organization has developed and employed additional tools to further inform and guide the control framework, such as the Country Cooperation Strategy (CCS), Staff Rules and Staff Regulations, the E-Manual, the Standard Operating Procedures (SOP) and the Job Aids (JA), Personnel Performance and Evaluation System (PPES), Performance Monitoring and Assessment (PMA), and the Financial Accountability Framework.

## **Capacity to Handle Risk**

As the Director of PAHO, I have taken note that a system has been created of core and cross-functional teams which have overall responsibility for identifying and assessing risks associated with the implementation of the Program of Work and the overall operations of the Organization. Core teams include the Ethics Office, the Office of Legal Counsel, the Country Focus Support Office, the Department of Planning and Budget, the Department of External Relations, Partnerships and Resource Mobilization, the Department of Human Resources Management, and the Department of Financial Resources Management. These core teams are responsible for establishing the control environment, and providing the discipline and structure for the achievement of the primary objectives of the system of internal control.

Some examples of key cross-functional teams include the Integrity and Conflict Management System (ICMS), the Asset Protection and Loss Prevention Committee (APLPC), the Property Survey Committee, the PAHO Infrastructure Investment Projects Committee (PIIC), the Investment Committee, the Disaster Task Force, and the Epidemic Alert and Response Task Force.

Furthermore, the Office of Internal Oversight and Evaluation Services serve as an advisor to the Director, as well as an advisor and observer on these cross-functional teams.

## Risk and Control Framework

The risk and control framework is developed and implemented by the Governing Bodies and the Pan American Sanitary Bureau (PASB), the Secretariat of the Organization. These organs, as stipulated in Article 3 of the Constitution of PAHO, determine the Organization's general policies, including financial policy, and review and approve the multi-year strategy and biennial program and budget of the Organization.

The Secretariat provides regular reporting to the Governing Bodies on the financial, program and budgetary status of the Organization, including an annual report by the External Auditors of PAHO. Furthermore, the Office of Internal Oversight and Evaluation Services (IES) issues an annual report of its activities, with a status of outstanding audit recommendations. The Auditor General also provides the Director with an overall opinion on PAHO's internal control environment. For the financial reporting period 1 January 2015 through 31 December 2015, the Auditor General has concluded the following (draft):

*Based on the findings of its internal audits and its other internal oversight activities in 2015 (and in previous years), and taking into account the findings of other sources of assurance, IES's overall opinion is that PASB's internal control environment continues to provide reasonable assurance for the safeguarding of assets; the accuracy and timely recording of transactions; and the mitigation of risks to the achievement of the Organization's objectives.*

*A large-scale information systems development like the PMIS modernization project entails implementation risks, but it also offers a major opportunity to enhance the efficiency and effectiveness of the PASB's internal control environment. At the time of this writing, it is too early to assess the impact of PMIS on internal controls. However, the PMIS is expected to result in a significant improvement in internal controls by embedding controls into automated processes and by improving information flows, thereby reducing risks in the execution of administrative and financial transactions.*

*Under the "three lines of defense" concept of institutional governance theory, management is responsible for the system of internal control. The first line of defense is provided by the day-to-day, risk mitigating operations and internal controls that management has set in place. The second line comprises managerial review activities, including Enterprise Risk Management and the monitoring of compliance with regulations, rules and policies. The third line of defense, which operates behind management's first and second lines, is the assurance provided by internal auditors (and others). The PMIS should provide better information and clearer audit trails, thereby ameliorating all three lines of defense.*

*Absolute assurance on the internal control environment is, of course, impossible, owing to inherent limitations for most internal controls. Some internal controls may be rendered temporarily inadequate, owing to factors like error, intentional over-riding, and evolutions in the risks that the internal controls address. A current inhibiting factor on the improvement of internal controls at the country office level is the outdated Manual for Country Office Operations, whose most recent revision took place in 2007. In the near-decade since the Manual was last reviewed, the evolution of administrative practices, the introduction of International Public Sector Accounting Standards and the PMIS project have all introduced new working practices. IES's internal audits have found inconsistencies in administrative practices at the country office level, as individual country offices have introduced local practices in the absence of clear guidance from PASB Headquarters. PASB management has indicated to IES that it is considering a replacement of the outdated Manual by new Standard Operating Procedures. This initiative will be a significant step in encouraging a greater consistency in Organization-wide administrative practices.*

*To further strengthen the PASB's internal control environment, the linking of risks to Organizational objectives and to risk-mitigating internal controls needs to be clearer. Management is currently working on a more clearly-defined Internal Control Framework and, in parallel, a more focused Enterprise Risk Management process that prioritizes key risks and their mitigating measures. In this way, the connections between the Organization's objectives, risks, and risk-mitigating internal controls are becoming gradually clearer.*

The Departments of Financial Resources Management (FRM) and Planning and Budget (PBU) submit monthly reports to Executive Management covering the Organization's current financial position, the likelihood that financial and budgetary plans will be achieved, and the risks attached. These reports are discussed in detail in order that the members of Executive Management have appropriate and comprehensive information necessary to the decision-making process. In addition, a corporate Performance

Management Assessment process (PMA) is conducted semi-annually, which involves Executive Management, Entity Managers, and technical staff to assess progress towards the program of work and the Strategic Plan.

A fully functional Enterprise Risk Management (ERM) system is critical to control the pace and manner of change in the Organization resulting from the adoption of new technology, the expansion of technical cooperation requirements of Member States, the growth in resources under administration, and adapting to UN transformation. In 2011, PAHO's Executive Management team approved the conceptual framework of the ERM.

The objectives of PAHO's risk management approach are twofold: to support informed decision-making and to embed risk management in corporate operational processes. In this regard, the ERM program has two lines of work; one related to the risk register (RR) and the other related to corporate risk. The RR was created with the purpose of integrating the identification of risks and opportunities as part of the managerial thinking for planning, implementation and the monitoring of the biennial work plans (BWP) at the entity level. By definition, the risk register has a time horizon of two years and should be considered as a tool that supports management processes and to identify systemic issues. Corporate risks are managed by the top level of PAHO's Secretariat (Executive Management) and focus on those risks that might affect the capacity of the Organization to perform and comply with its mission and mandate. The time horizon for these risks is between three and five years.

To this end, the Enterprise Risk Management (ERM) program is implementing a corporate risk management policy that establishes tools to identify, assess, respond to and monitor risks in a structured, systemic and prompt manner. In compliance with the ERM Policy, risk assessments were included as part of the 2014-2015 biennial operational planning process, and the Risk Assessment Methodology was included in the Operational Planning Manual 2014-2015. All PAHO entities were required to identify the risks and mitigation actions when were necessary for the biennial work plan 2014-2015. In December 2014, a new Risk Register tool and guidelines were released, with guidelines.. The RR is reviewed by the ERM advisor on a regular basis to help prioritize management action, monitor mitigation actions and facilitate accountability towards EXM.

At the corporate level, the ERM Standing committee was reestablished in September 2015. The Committee membership includes senior level officials selected from each Executive Management Office, as well as CSC, with IES as an observer. The Enterprise Risk Management Advisor acts as the technical secretariat of the Standing Committee. A process was defined to identify the corporate risks, and from there to assess, validate and prioritize the risks. A risk heat map was developed and agreed at the senior level.

### **Review of Effectiveness**

As the Director of the Pan American Health Organization, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Office of Internal Oversight and Evaluation Services (IES), by the senior managers within the Organization who have responsibility for the development and maintenance of the internal control framework, and by the comments made by the External Auditors in their management letters and audit reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Auditor General and the Audit Committee. A plan to address identified weaknesses and ensure continuous improvement of the system is in place.

The Auditor General reports directly to me. IES undertakes independent and objective assurance and advisory activities, which are designed to improve and add value to the Organization's operations. Using a systematic, risk-based approach, IES seeks to assist the Organization to achieve its objectives by auditing the effectiveness and efficiency of organizational governance, internal controls, operations, and processes. IES undertakes internal audit assignments, for which very precise objectives are established through an assessment of the relevant risks. On the conclusion of an oversight assignment, IES prepares a detailed report addressed to me, and copied to concerned individuals in the Secretariat. The assignment reports include findings and recommendations to help management address risks, maintain or enhance internal controls, and encourage effective governance. IES systematically follows up on all the recommendations it makes. In addition, IES provides support to evaluation activities throughout the Organization, recording and monitoring all evaluation assignments undertaken across the Organization.

The PAHO Audit Committee, which was established pursuant to Resolution CD49.R2, serves in an independent expert advisory capacity to assist the Director and PAHO's Member States. It provides independent assessment and advice on the operation of the Organization's financial control and reporting structures, risk management processes, and the adequacy of the Organization's systems of internal and external controls. The Audit Committee meets twice each year, and met in April and November of 2015.



The system of internal control has been in place for the year ending 31 December 2015 and up to the date of the approval of the Financial Report of the Director. However, with the significant growth in the Organization, a number of weaknesses in the system of internal control were identified that have necessitated additional work to be undertaken in order that adequate internal control assurances could be provided.

Significant Internal Control Issues	Actions Taken to Address Issues
<p><b>1. Corporate Administrative Systems -</b> The implementation of International Public Sector Accounting Standards (IPSAS) highlighted the weaknesses of legacy systems,</p> <p>The implementation of the PMIS, an Enterprise Resource Planning (ERP) system, integrated Program Planning, Budget, Finance and Human Resource administration, providing more accurate and comprehensive real-time information. It also requires an increased level of interaction with the ERP by all staff, providing accurate data and extracting necessary information in a decentralized environment. Extensive training for all staff in PMIS business processes was launched in 2015 and will need to continue in 2016.</p>	<p>Workday was implemented as the core ERP for PAHO covering Human Resources, Payroll (January 2015), Procurement and Finance (January 2016). Tidemark provides reporting against planned amounts; In-tend covers Tendering; and, G-Treasury provides the Treasury functionality not covered by Workday.</p> <p>A training plan was implemented based on the competency needs and gaps as identified during the design and test phases of the Implementation Plan for the system. The training plan will be continuously updated and enhanced as needs are identified.</p> <p>While the PMIS implementation will continue to require close monitoring, it has addressed the legacy internal control issues.</p>
<p><b>2. Project Implementation -</b> Effective implementation of the Program and Budget is critical to the reputation and sustained growth of the Organization. The balance of Voluntary Contributions commitments that remain unimplemented, as well as the funds returned to donors, has continued to be a concern. A balance of project acceptance and design, rational business practices, policies and procedures, and absorptive capacity of beneficiaries is required to reach optimal project implementation goals.</p>	<p>Over the years, the PAHO Secretariat noted an increasing need to address a range of gaps in supporting project management, including the negotiation, development, monitoring and impact evaluation of voluntary contribution grants. In July 2013, a special retreat was chaired by the Director of PAHO where project management and voluntary contributions policies and procedures within the Pan American Sanitary Bureau were discussed in-depth.</p> <p>In March 2014, a Resource Management Framework (RMF) was approved by the Director. As part of the process of implementation of the RMF, in May 2014, a working group was established to review current business processes associated with the implementation of grants, and to identify immediate actions to improve project management in the Organization. Among the recommendations from the working group was the need to “update the policy and workflow for the corporate review of voluntary contributions in PAHO”.</p> <p>In June 2015, the DD and AD appointed the Project Cycle Working Group to work on reviewing the current process and identifying gaps and opportunities for improvement. The working group was composed by the following entities: ERP as Chair, AD’s office as co-chair, DD Office, PBU, CSC, CHA, FRM, PWR-ECU, and LEG.</p> <p>The group worked on two sets of recommendations. General recommendations aimed at addressing issues over the whole project cycle and specific ones focused on simplifying the Project Review Process.</p> <p>The Project Cycle Working Group issued a report with</p>

Significant Internal Control Issues	Actions Taken to Address Issues
	<p>recommendations, which was presented and recommendations approved by EXM in December 2015.</p> <p>Since November 2015, the function of steering the Project Review Process was transferred from PBU to ERP, according to GIB HQ-FO-15-505. Since then, ERP has been working on the implementation of the recommendations including:</p> <ul style="list-style-type: none"> <li>• Develop portfolio of projects;</li> <li>• Establish an electronic tracking system;</li> <li>• Produce regular statistics and analysis;</li> <li>• Strengthen evaluation and lessons learned aspects on project implementation;</li> <li>• Improve information sharing on project implementation and evaluation results;</li> <li>• Continue to strengthen project management in the Organization;</li> <li>• Monthly executive summary reports;</li> <li>• Work with FRM to improve analysis of information shared through Project Implementation Review (PIR) Report;</li> <li>• Engage the Program Management Network;</li> <li>• Support PBU on monitoring the implementation of projects;</li> <li>• Keep fluid and continuous contact with technical departments.</li> </ul> <p>The Project Cycle Working Group also elaborated the work flow for the different group of initiatives with the purpose of simplify and expedite the review process. EXM approved the new workflows presented by ERP for project proposals, which are currently being introduced and implemented in the review process.</p>
<p><b>3. Succession Planning -</b> The ongoing retirement of senior managers has the potential to result in a loss of institutional knowledge.</p>	<p>During the 2016-2017 BWP and HR plan review, the Director expressly addressed the need of succession planning with managers, and the following statements were indicated by the Director during the review: The Director and EXM will review all vacant posts (current and those that will become vacant in the new biennium) to ensure profiles are aligned with the PAHO Strategic Plan, PAHO's People Strategy, and corporate mandates.</p> <p>Extensions beyond retirement will not be considered. Managers need to carefully analyze opportunities for re-profiling and ensure that where retirement is approaching to move expeditiously with the recruitment process. In addition, the People Strategy also addresses this as reflected in theme 1 – Strengthening alignment and agility. It is expected that the implementation of the Strategy will begin during the 2016-2017 biennium.</p>

Significant Internal Control Issues	Actions Taken to Address Issues
<p><b>4. Emergency Response</b></p> <p>PAHO, as the preeminent health agency in the Region of the Americas, must take a leadership role in addressing emergencies. The impact and severity of recent emergencies in the Region have highlighted the need to have a strong, decentralized team of specialists to analyze and coordinate response requirements and information.</p>	<p>The implementation of PAHO's institutional response to emergencies and disasters (IRED) policy, approved in 2012, continues to strengthen and enhance the ability to respond to emergencies and disasters in the Region. In 2015, the Department of Emergency Preparedness and Disaster Relief (PED) provided technical support across the Region, including key action orientation to all new PAHO Representatives and workshops in Nicaragua on PAHO Emergency Response Procedures to Administrators of 18 Country Offices (CO) and Disaster focal points of 22 CO. Furthermore, PED was successful in mobilizing resources in response to Member States requests for support in emergency situations in 2015, including: support to internally displaced populations in Colombia, drought in Honduras, cholera in Haiti, severe floods in Chile, St. Vincent and the Grenadines, St. Lucia, Dominica, and Paraguay, and earthquake in Guatemala. As established by the IRED, PAHO activated the Incident Management System to support Member States readiness for Ebola and emergency response to Zika.</p>
<p><b>5. International Economic Environment -</b></p> <ul style="list-style-type: none"> <li>• The prolonged challenging global economic environment, the dollar evolution, and the decline of raw material prices impact all Member States and present several risks to the Organization's ability to fund the Budget: Member States have continued to espouse a policy of zero to minimal nominal growth to the Budget.</li> <li>• The low interest rate environment has reduced the investment income earned and available to supplement the Member States' Assessed Contributions.</li> <li>• Exchange rates in some primary countries have fluctuated significantly during the year, resulting in additional uncertainties regarding the value of some transactions locally.</li> </ul>	<p>The Organization has a conservative Investment Policy overseen by the Investment Committee. The Investment Committee meets in person at least twice each year to review the performance of the investment portfolio and regularly invites experts to these meetings to discuss the various risks in the portfolio, as well as their forecast of the economic environment. The Investment Committee has contracted three external investment managers to manage approximately \$300 million of the \$600 million portfolio, thus taking advantage of expertise, economies of scale and opportunities in the market in order to maximize the yield on available resources while preserving the principal.</p> <p>The Organization monitors exchange rates in the country offices, and manages the local currency bank balances accordingly. Exchange rate gains and losses are allocated based on the source of the funds. However, as the Budget is denominated in US dollars, fluctuations in local exchange rates will still impact the country office's "buying power" even if their revenue and expenses are denominated in local currency, although with smaller associated exchange risks. Country Offices work closely with the Department of Planning and Budget to address these issues.</p>
<p><b>6. Funding of Long-Term Employee Liabilities -</b></p> <p>With the implementation of IPSAS in 2010, the Organization recognized the assets and liabilities of the Organization, resulting in a more transparent picture of the true financial status of the Organization. The long-term liabilities associated with After-Service Health Insurance (ASHI) and Termination and Repatriation Entitlements Plan (TAREP) were recorded on the Statement of Financial Position in 2010, and irrevocable trusts were established for the financial resources available to fund these liabilities (plan assets). While several initiatives have been implemented to provide some funding on both an annual and ad hoc basis, the Organization does not have a</p>	<p>Currently, PAHO is assessing a 4% surcharge on staff payroll to provide funding towards the ASHI liability. Revenue from this surcharge totaled \$3.1 million in 2015. An additional \$1.0 million of investment net income earned on the irrevocable trust assets was also credited to the Trust.</p> <p>In January 2016, \$8.0 million was transferred from the SHI reserve to the ASHI Trust Fund.</p> <p>PAHO and WHO are considering combining the liabilities and assets of the PAHO/WHO ASHI to achieve efficiencies in meeting funding objectives. It is expected that the funding</p>

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1 January 2015 – 31 December 2015

Significant Internal Control Issues	Actions Taken to Address Issues
comprehensive plan to fully fund the ASHI liability over a determined period of time.	strategy and other measures under consideration will enable PAHO to achieve full funding in the next 20-30 years depending on assumptions about the future evolution of health care costs and investment yields.
<b>7. IT security of PAHO's Headquarters Network</b> The strength of the security controls in place to access the headquarters IT network presents risks to the integrity of the Organization's proprietary information.	<p>In 2015, information security controls were implemented to activate content, filtering, and monitoring capabilities. The old firewalls in HQ were also replaced with state of the art (Palo Alto) devices. These appliances block new threats and have significantly improved the security controls in place to access the headquarters IT network. This was the last recommendation pending from the assessment completed by two independent security companies.</p> <p>While the threats and information security controls will continue to require close monitoring and continuous enhancements, the issue regarding inadequate security controls has been addressed.</p>

## Conclusion

I am confident that as a result of the actions taken to address the significant issues noted above, the system of internal control will continue to be strengthened. Therefore, in my opinion, the Organization's system of internal control was effective throughout the financial reporting period 1 January 2015 through 31 December 2015, and remains so on the date I sign this statement.



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**Carissa F. Etienne**

**Director**

**Pan American Health Organization**

## **Opinion of the External Auditor**

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The Pan American Health Organization

## Opinion of the External Auditor on the 2015 Financial Statements

I have audited the consolidated financial statements of the Pan American Health Organization for the year ended 31 December 2015. These comprise the Consolidated Statement of Financial Position, Consolidated Statement of Financial Performance, Consolidated Statement of Changes in Net Assets, Consolidated Statement of Cash Flow, Statement of Comparison of Budget and Actual Amounts and the related notes. These consolidated financial statements have been prepared following the Organization's accounting policies.

## Director's Responsibility for the Consolidated Financial Statements

The Director is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Public Sector Accounting Standards and the requirements of the Financial Regulations as authorized by either the Pan American Sanitary Conference or the Directing Council. The Director is also responsible for such internal control as she determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on the consolidated financial statements based on my audit in accordance with Article XIV of the Financial Regulations. I conducted my audit in accordance with International Standards on Auditing of the International Federation of Accountants (IFAC), the Audit Standards and Guidelines formulated by the United Nations Board of Auditors and the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require me and my staff to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Pan American Health Organization's preparation and fair presentation of the consolidated financial statements in



order to design appropriate audit procedures. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director, as well as the overall presentation of the financial statements.

In addition, I am required to obtain sufficient evidence to give reasonable assurance that the revenue and expenditure reported in the consolidated financial statements have been applied to the purposes intended by either the Pan American Sanitary Conference or the Directing Council and that the financial transactions are in accordance with the Financial Regulations and legislative authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinion on financial statements

In my opinion:

- the consolidated financial statements present fairly, in all material respects, the financial position of the Pan American Health Organization as at 31 December 2015 and the results for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Public Sector Accounting Standards and the Financial Regulations which govern them and the stated accounting policies; and
- the accounting policies have been applied on a basis consistent with that of the preceding financial period.

## Opinion on Regularity

In my opinion, in all material respects, the revenue and expenditure have been applied to the purposes intended by either the Pan American Sanitary Conference or the Directing Council and the financial transactions conform to the Financial Regulations and legislative authorities that govern them.

## Matters on which I report by exception

I have nothing to report in respect of the following:

- proper accounting records have not been kept by the Pan American Health Organization;
- I have not received all of the information and explanations I require for my audit;
- the information given in the Director's Comments for the financial year for which the financial statements are prepared is inconsistent with the financial statements;
- the Statement on Internal Control does not fairly reflect the systems of internal control I reviewed for my audit.

## External Auditor's Report

In accordance with Article XIV of the Financial Regulations and the Letter of Engagement, I have also issued an External Auditor's Report on my audit of the Pan American Health Organization's consolidated financial statements.

Madrid, April 12, 2016



Ramón Álvarez de Miranda García

President of the Spanish Court of Audit

## Consolidated Statement of Financial Position

(Expressed in thousand US Dollars)

	Reference	31 December 2015	31 December 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	Note 3	142 241	137 683
Short Term Investments	Note 4.1	256 843	268 202
Accounts Receivable	Note 6.1	358 292	412 938
Inventories	Note 7	8 639	7 868
<b>Total Current Assets</b>		<b>766 015</b>	<b>826 691</b>
<b>Non-Current Assets</b>			
Long Term Investments	Note 4.2	223 054	267 753
Accounts Receivable	Note 6.2	63 613	52 985
Property, Plant and Equipment	Note 8.1	110 035	120 250
Intangible Assets	Note 9	1 024	1 728
<b>Total Non-Current Assets</b>		<b>397 726</b>	<b>442 716</b>
<b>TOTAL ASSETS</b>		<b>1 163 741</b>	<b>1 269 407</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued Liabilities	Note 10	93 682	42 681
Accounts Payable	Note 11.1	16 033	9 259
Employee Benefits	Note 12	13 053	11 616
Deferred Revenue	Note 13.1	453 345	600 662
<b>Total Current Liabilities</b>		<b>576 113</b>	<b>664 218</b>
<b>Non-Current Liabilities</b>			
Accounts Payable	Note 11.2	7 796	15 089
Employee Benefits	Note 12	210 838	199 986
Deferred Revenue	Note 13.2	139 389	174 223
<b>Total Non-Current Liabilities</b>		<b>358 023</b>	<b>389 298</b>
<b>TOTAL LIABILITIES</b>		<b>934 136</b>	<b>1 053 516</b>
<b>NET ASSETS / EQUITY</b>			
<b>Fund Balances and Reserves</b>			
Fund Balances	Note 14	89 257	84 093
Reserves	Note 14	140 348	131 798
<b>NET FUND BALANCES and RESERVES</b>		<b>229 605</b>	<b>215 891</b>

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1 January 2015 – 31 December 2015

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**Consolidated Statement of Financial Performance**

*(Expressed in thousand US Dollars)*

	<u>Reference</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions	Note 15	105 620	105 620
Voluntary Contributions	Note 15	619 977	877 773
Other Revenue	Note 15	86 349	57 353
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies	Note 15	646 219	676 374
Other Revenue	Note 15	10 646	10 760
Miscellaneous Revenue	Note 15	( 8 789)	( 697)
<b>TOTAL REVENUE</b>		<b><u>1 460 022</u></b>	<b><u>1 727 183</u></b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	Note 16	185 546	169 653
Supplies, Commodities, Materials	Note 16	644 790	672 834
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	Note 16	7 072	( 426)
Contract Services	Note 16	72 136	86 368
Travel	Note 16	67 967	116 805
Transfers and Grants to Counterparts	Note 16	480 879	647 020
General Operating and Other Direct Costs	Note 16	10 478	11 201
<b>TOTAL EXPENSES</b>		<b><u>1 468 868</u></b>	<b><u>1 703 455</u></b>
<b>NET SURPLUS / (DEFICIT)</b>		<b><u>( 8 846)</u></b>	<b><u>23 728</u></b>

## Consolidated Statement of Changes in Net Assets

*(Expressed in thousand US Dollars)*

	<u>Reference</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Net assets at the beginning of the year</b>		215 891	178 482
Settlement of Employee Benefit Liability	<b>Note 12.3.10</b>	11 502	11 329
Gain/(Loss) on Revaluation of Investments	<b>Note 4.2</b>	( 616 )	( 407 )
(Recognition) / De-recognition of Liability through Reserves	<b>Note 24</b>	1 721	2 570
WHO De-recognition of prior year expenses	<b>Note 14.1</b>		189
Fixed Assets Revaluation Adjustments	<b>Note 8.1</b>	3 401	
Adjustment for closing WHO Terminal and Non-Statutory Entitlements Funds		6 552	
<b>Total of items (revenue/expenses) recognized</b>		<u>22 560</u>	<u>13 681</u>
Surplus/(deficit) for the Financial Period		<u>(8 846 )</u>	<u>23 728</u>
<b>Total recognized revenue and expenses for the year</b>		<u>13 714</u>	<u>37 409</u>
<b>Net assets at the end of the year</b>		<u><u>229 605</u></u>	<u><u>215 891</u></u>

## Consolidated Cash Flow Statement

*(expressed in thousand US dollars)*

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Cash Flows from Operating Activities:</b>		
Surplus (Deficit) for the period	( 8 846)	23 728
Depreciation and Amortization	7 646	2 778
(Increase) / Decrease in Accounts Receivable	44 018	( 207 631)
(Increase) / Decrease in Inventories	( 771)	38
Increase / (Decrease) in Accrued Liabilities	51 001	5 438
Increase / (Decrease) in Accounts Payable	6 774	4 203
Increase / (Decrease) in Employee Benefits	23 791	19 689
Increase / (Decrease) in Other Liabilities	1 721	2 570
Increase / (Decrease) in Deferred Revenue	( 182 151)	268 167
Increase / (Decrease) Transfer of WHO Terminal and Non-Statutory Entitlements Funds	<u>6 552</u>	<u></u>
<b>Net Cash Flows from Operating Activities</b>	<u><b>( 50 265)</b></u>	<u><b>118 980</b></u>
<b>Cash Flows from Investment and Financing Activities:</b>		
(Increase) / Decrease in Short Term Investments	10 742	( 143 457)
(Increase) / Decrease in Long Term Investments	44 699	( 1 207)
(Increase) / Decrease in Property, Plant and Equipment and Intangibles Assets	<u>( 618)</u>	<u>( 2 350)</u>
<b>Net Cash Flows from Investing Activities</b>	<u><b>54 823</b></u>	<u><b>( 147 014)</b></u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>4 558</b>	<b>( 28 034)</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<u><b>137 683</b></u>	<u><b>165 717</b></u>
<b>Cash and Cash Equivalents at the end of the Year</b>	<u><u><b>142 241</b></u></u>	<u><u><b>137 683</b></u></u>

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**Comparison of Budget and Actual Amounts**

(Expressed in thousand US Dollars)

**Reconciliation of Total Amounts on a Cash Basis**

Description of Appropriation Sections	Budget			Disbursements			Total as % of Budget Amount
	Original	Transfers and Amendments	Revised	2014	2015	Total	
<b>1. Communicable Diseases</b>							
1.1 - HIV/AIDS and STIs	6 061	68	6 129	2 561	3 500	6 061	98.9%
1.2 - Tuberculosis	1 500	16	1 516	302	1 198	1 500	98.9%
1.3 - Malaria and other Vector-Borne Diseases (including Dengue and Chagas)	1 500	4	1 504	551	949	1 500	99.8%
1.4 - Neglected Tropical and zoonotic diseases	6 983	86	7 069	3 017	3 967	6 984	98.8%
1.5 - Vaccine-preventable Diseases (including maintenance of Polio Eradication)	5 100	39	5 139	2 304	2 796	5 100	99.3%
<b>2. Non Communicable Diseases</b>							
2.1 - Non Communicable Diseases and Risk Factors	12 320	120	12 440	5 444	6 877	12 321	99.0%
2.2 - Mental Health and psychoactive substance use disorders	2 344	16	2 360	871	1 473	2 344	99.3%
2.3 - Violence and Injuries	1 500	17	1 517	458	1 042	1 500	98.9%
2.4 - Disabilities and Rehabilitation	1 500	19	1 519	467	1 033	1 500	98.8%
2.5 - Nutrition	6 200	66	6 266	2 277	3 923	6 200	99.0%

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(Expressed in thousand US Dollars)

**Reconciliation of Total Amounts on a Cash Basis**

Description of Appropriation Sections	Budget			Disbursements			Total as % of Budget Amount
	Original	Transfers and Amendments	Revised	2014	2015	Total	
<b>3. Determinants of Health and Promoting Health throughout the Life Course</b>							
3.1 - Women, maternal, newborn, child, and adolescent and adult health and sexual and reproductive health	13 680	135	13 815	5 444	8 237	13 681	99.0%
3.2 - Aging and health	1 500	6	1 506	951	549	1 500	99.6%
3.3 - Gender, equity, human rights and ethnicity	4 759	53	4 812	1 256	3 503	4 759	98.9%
3.4 - Social determinants of health	9 352	112	9 464	3 817	5 536	9 353	98.8%
3.5 - Health and the environment	9 137	118	9 255	3 455	5 683	9 138	98.7%
<b>4. Health Systems</b>							
4.1 - Health governance and financing, national health policies, strategies and plans	7 700	79	7 779	3 234	4 466	7 700	99.0%
4.2 - People-centered integrated health services	5 711	33	5 744	2 453	3 258	5 711	99.4%
4.3 - Access to medical products and strengthening regulatory capacity	8 305	102	8 407	3 143	5 163	8 306	98.8%
4.4 - Health systems information and evidence	17 418	210	17 628	7 283	10 136	17 419	98.8%
4.5 - Human resources for health	9 900	134	10 034	3 081	6 888	9 969	99.4%



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(Expressed in thousand US Dollars)

**Reconciliation of Total Amounts on a Cash Basis**

Description of Appropriation Sections	Budget			Disbursements			Total as % of Budget Amount
	Original	Transfers and Amendments	Revised	2014	2015	Total	
<b>5. Preparedness, Surveillance and Response</b>							
5.1 - Alert and response capacities	5 520	66	5 586	1 376	4 076	5 452	97.6%
5.2 - Epidemic and pandemic prone diseases	3 720	35	3 755	1 325	2 395	3 720	99.1%
5.3 - Emergency risk and crisis management	6 050	76	6 126	1 080	4 970	6 050	98.8%
5.4 - Food safety	2 680	30	2 710	1 169	1 511	2 680	98.9%
<b>6. Corporate Services/Enabling Functions</b>							
6.1 - Leadership and governance	54 235	707	54 942	23 691	30 548	54 239	98.7%
6.2 - Transparency, accountability, and risk management	2 790	35	2 825	1 253	1 537	2 790	98.8%
6.3 - Strategic planning, resource coordination, and reporting	21 960	310	22 270	9 431	12 531	21 962	98.6%
6.4 - Management and administration	39 602	88	39 690	22 065	17 538	39 603	99.8%
6.5- Strategic communications	10 073	133	10 206	4 664	5 410	10 074	98.7%
<b>Sub-Total</b>	<b>279 100</b>	<b>2 915</b>	<b>282 015</b>	<b>118 423</b>	<b>160 695</b>	<b>279 118</b>	<b>99.0%</b>
<b>Other Sources</b>	<b>284 000</b>		<b>284 000</b>	<b>107 492</b>	<b>110 046</b>	<b>217 538</b>	<b>76.6%</b>
<b>TOTAL</b>	<b>563 100</b>	<b>2 915</b>	<b>566 015</b>	<b>225 915</b>	<b>270 741</b>	<b>496 656</b>	<b>87.7%</b>

The original budget amounts under categories 1-6 reflect regular budget appropriated by the Governing Bodies for the Program and Budget 2014-2015. This original amount includes both Pan American Health Organization's and The World Health Organization's regular budgets. The budget transfers represent the additional regular budget funding received from the World Health Organization. The 2014 and 2015 disbursed amounts reflect actual expenditures made to support the delivery of biennial outputs.

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## Notes to the Financial Statements at 31 December 2015

### 1. Mission of the Pan American Health Organization

The mission of the Organization is *“To lead strategic collaborative efforts among Member States and other partners to promote equity in health, to combat disease, and to improve the quality of, and lengthen, the lives of the peoples of the Americas.”*

The Pan American Health Organization (the Organization) is an international public health agency with more than 100 years of experience in working to improve health and living standards of the countries of the Americas. It serves as the specialized organization for health of the Inter-American System. It also serves as the Regional Office for the Americas of the World Health Organization and enjoys international recognition as part of the United Nations system.

The Pan American Sanitary Bureau (PASB) is the Secretariat of the Organization. The Bureau is committed to providing technical support and leadership to the Organization's Member States as they pursue their goal of Health for All and the values therein.

The headquarters of the Organization is located in Washington, D.C. In addition, there are Representation Offices throughout the Americas which are in charge of implementing the values, mission and vision of the Organization in the Western Hemisphere.

### 2. Accounting Policies

#### 2.1 Basis of Preparation

The financial statements of the Pan American Health Organization have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS), using the historical cost convention except for land and buildings which are shown at fair value. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard (IFRS) has been applied.

The Financial Statements of the Organization were certified and approved for issue by the Director of the Organization under the authority vested in her by the Pan American Sanitary Conference as stated in the Resolution CSP28.R7 in September 2012. This issuance approval is dated 15 April 2016. No other authority has the power to amend the Financial Statements after issuance. (Reference: IPSAS 14, paragraph 26).

The Organization previously prepared its financial statements on the modified cash basis under the United Nations' System Accounting Standards (UNSAS). Based on the decision to change to accrual accounting under IPSAS, amendments to the Financial Regulations and Rules were made and adopted by the Directing Council at its 49<sup>th</sup> meeting on 28 September 2009 and by the 145<sup>th</sup> Executive Committee on 2 October 2009, to become effective 1 January 2010. The first time adoption of International Public Sector Accounting Standards effective 1 January 2010 reflected the change from a modified cash basis of accounting to an accrual basis of accounting. The accounting period is 1 January through 31 December. The financial period 1 January through 31 December 2015 represents the SECOND year of the 2014 – 2015 biennium, which is the third biennium when the IPSAS standards were implemented.

The functional and reporting currency of the Organization is the United States Dollar (US\$). Disclosed amounts in the Financial Statements and Explanatory Notes are rounded in order to be expressed in thousands. The rounding practice may result in tables that may not sum precisely to the rounded totals.

These financial statements were prepared on the assumption that the Organization is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1). The Governing Bodies of the Organization have not communicated any intention to terminate the Organization or to cease its operations.

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In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

- a. Consolidated Statement of Financial Position
- b. Consolidated Statement of Financial Performance
- c. Consolidated Statement of Changes in Net Assets
- d. Consolidated Cash Flow Statement
- e. Comparison of Budget and Actual Amounts
- f. Notes, comprising a summary of significant accounting policies and other relevant information.

In compliance with IPSAS 1, paragraph 28, the Organization has fully adopted IPSAS. The chart below presents where in the financial statements, each standard was implemented. For the standards that were not, or have not yet been implemented, there is either a reason or an explanation provided.

IPSAS		Financial Statement or Note Where the Standard was Implemented	Reason for not being implemented
No.	Title		
1	Presentation of Financial Statements	<ul style="list-style-type: none"> <li>All financial statements and Notes to the Financial Statements</li> </ul>	
2	Cash Flow Statements	<ul style="list-style-type: none"> <li>Cash Flow Statement</li> </ul>	
3	Accounting Policies, Changes in Accounting Estimates and Errors	<ul style="list-style-type: none"> <li>Accounting Policies – Note 2</li> </ul>	
4	The Effects of Changes in Foreign Exchange Rates	<ul style="list-style-type: none"> <li>Accounting Policy – Note 2.18</li> <li>Cash and Cash Equivalents – Note 3 and Note 5.4</li> </ul>	
5	Borrowing Costs		Not applicable – The Organization does not borrow funds.
6	Consolidated and Separate Financial Statements	<ul style="list-style-type: none"> <li>Accounting Policy - Note 2.22</li> </ul>	Not applicable – The Organization does not have regional centers to consolidate. Effective January 1, 2013.
7	Investments in Associates		Not applicable – The Organization does not have any Associates
8	Interests in Joint Ventures		Not applicable – The Organization does not have Joint Ventures
9	Revenue from Exchange Transactions	<ul style="list-style-type: none"> <li>Statement of Financial Performance</li> <li>Accounting Policy – Note 2.17</li> </ul>	
10	Financial Reporting in Hyperinflationary Economies		Not applicable according to the current economic circumstances of the Organization
11	Construction Contracts		Not applicable – The Organization does not implement construction contracts
12	Inventories	<ul style="list-style-type: none"> <li>Statement of Financial Position</li> <li>Accounting Policy - Note 2.7</li> <li>Inventories – Note 7</li> </ul>	

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IPSAS		Financial Statement or Note Where the Standard was Implemented	Reason for not being implemented
No.	Title		
13	Leases	<ul style="list-style-type: none"> <li>• Statement of Financial Position</li> <li>• Accounting Policies – 2.9</li> <li>• Expenses – Note 16</li> </ul>	
14	Events After the Reporting Date	<ul style="list-style-type: none"> <li>• Events After the Reporting Date – Note 22</li> </ul>	
15	Financial Instruments: Disclosure and Presentation	<ul style="list-style-type: none"> <li>• Accounting Policy - Note 2.3</li> <li>• Financial Instruments – Note 5 (interpreted in conjunction with IAS 39)</li> </ul>	
16	Investment Property		Not applicable – The Organization does not have investment property to report
17	Property, Plant and Equipment	<ul style="list-style-type: none"> <li>• Accounting Policy – Note 2.8</li> <li>• Property Plant and Equipment – Note 8</li> </ul>	
18	Segment Reporting	<ul style="list-style-type: none"> <li>• Accounting Policy – Note 2.19</li> <li>• Segment Reporting – Note 18</li> </ul>	
19	Provisions, Contingent Liabilities and Contingent Assets	<ul style="list-style-type: none"> <li>• Accounting Policy - Note 2.15 and Note 2.16</li> </ul>	
20	Related Party Disclosures	<ul style="list-style-type: none"> <li>• Related Parties - Note 21</li> </ul>	
21	Impairment of Non-Cash Generating Assets	<ul style="list-style-type: none"> <li>• Accounts Receivable – Note 6</li> <li>• Inventories – Note 7</li> <li>• Property, Plant and Equipment – Note 8</li> </ul>	
22	Disclosure Information about the General Government Sector		Not applicable – The Organization is an international organization
23	Revenue from Non-Exchange Transactions	<ul style="list-style-type: none"> <li>• Statement of Financial Performance</li> <li>• Accounting Policy – Note 2.17</li> <li>• Revenue – Note 15</li> <li>• Segment Reporting – Note 18</li> </ul>	
24	Presentation of Budget Information in Financial Statements	<ul style="list-style-type: none"> <li>• Comparison of Budget and Actual Amounts</li> <li>• Accounting Policy – Note 2.20</li> </ul>	
25	Employee Benefits	<ul style="list-style-type: none"> <li>• Accounting Policy – Note 2.14</li> <li>• Employee Benefits – Note 12</li> </ul>	
26	Impairment of Cash-Generating Assets		Not applicable – The Organization does not have any cash generating assets
27	Agriculture		Not applicable - The Organization is not currently involved in agricultural activities

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IPSAS		Financial Statement or Note Where the Standard was Implemented	Reason for not being implemented
No.	Title		
28	Financial Instruments: Presentation	<ul style="list-style-type: none"> <li>Accounting Policy – Notes 2.3, 2.4 and 2.5</li> <li>Cash and Cash Equivalent – Note 3</li> <li>Investments – Note 4</li> <li>Financial Instruments – Note 5</li> </ul>	
29	Financial Instruments: Recognition and Measurement	<ul style="list-style-type: none"> <li>Accounting Policy – Notes 2.3, 2.4 and 2.5</li> <li>Cash and Cash Equivalent – Note 3</li> <li>Investments – Note 4</li> <li>Financial Instruments – Note 5</li> </ul>	
30	Financial Instruments: Disclosures	<ul style="list-style-type: none"> <li>Accounting Policy – Notes 2.3, 2.4 and 2.5</li> <li>Cash and Cash Equivalent – Note 3</li> <li>Investments – Note 4</li> <li>Financial Instruments – Note 5</li> </ul>	
31	Intangible Assets	<ul style="list-style-type: none"> <li>Statement of Financial Position</li> <li>Accounting Policy – Note 2.10</li> <li>Note 9</li> </ul>	
32	Service Concession Arrangements: Guarantor		Not applicable - Effective date for this IPSAS is January 1, 2014.
33	First Time – Adoption of Accrual Basis International Public Accounting Standards (IPSASs)		The Organization adopted IPSAS as of 1 January 2010. This pronouncement is effective 1 January 2017.
34	Separate Financial Statements		Not applicable - Effective date for this IPSAS is January 1, 2017.
35	Consolidated Financial Statements		Not applicable - Effective date for this IPSAS is January 1, 2017.
36	Investments in Associates and Joint Ventures		Not applicable - Effective date for this IPSAS is January 1, 2017.
37	Joint Arrangements		Not applicable - Effective date for this IPSAS is January 1, 2017.
38	Disclosure of Interest in Other Entities		Not applicable - Effective date for this IPSAS is January 1, 2017.

**TRANSITIONAL PROVISIONS**

Number	IPSAS	Adoption
1	Presentation of Financial Statements	The Organization's financial statements and its respective Notes disclose comparative information to the previous financial period (2014).
2	Cash Flow Statements	Not Applicable
3	Accounting Policies, Changes in Accounting Estimates and Errors	Not Applicable
4	The Effects of Changes in Foreign Exchange Rates	Following IPSAS 4, paragraph 67, Transitional Provisions, the financial statements of the Organization do not disclose the cumulative currency exchange translation differences that existed at the date of first adoption of IPSAS. In regards to paragraphs 68 and 69, of the same Transitional Provisions, possible currency exchange translation differences are not considered material due to the fact that the funds of the Organization are mainly retained in US Dollars.
5	Borrowing Costs	Not applicable – The Organization does not borrow funds.
6	Consolidated and Separate Financial Statements	Not applicable – Effective 1 January 2013, the Organization does not have regional centers to consolidate.
7	Investments in Associates	Not applicable – The Organization does not have Associates
8	Interest in Joint Ventures	Not applicable – The Organization does not have Joint Ventures
9	Revenue from Exchange Transactions	Not applicable
10	Financial Reporting in Hyperinflationary Economies	Not applicable
11	Construction Contracts	Not applicable
12	Inventories	Not applicable
13	Leases	Not applicable
14	Events After the Reporting Date	Not Applicable
15	Financial Instruments: Disclosure and Presentation	Not Applicable
16	Investment Property	Not applicable – The Organization does not have any investment property to report.
17	Property, Plant, and Equipment	<p>Transitional provisions have been applied in the initial recognition of property, plant, and equipment (PP&amp;E) which were purchased or donated before 1 January 2010. Except for land and buildings, assets (PP&amp;E) acquired prior to 1 January 2010 were expensed at the date of purchase and have not been recognized as assets in 2010 or 2011. The Organization will revalue its land and buildings in a periodic basis, including leased property. External experts will be utilized to determine updated market value.</p> <p>The Organization recognized the effect of the initial recognition of PP&amp;E as an adjustment to the opening balance of accumulated surpluses or deficits in 2010. In regards to IPSAS 17, paragraph 99, Transitional Provision, the Organization did not recognize the accumulated depreciation of buildings in 2010.</p>

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Number	IPSAS	Adoption
18	Segment Reporting	Not Applicable
19	Provisions, Contingent Liabilities and Contingent Assets	In accordance to transitional provisions from IPSAS 19, the Organization recognized the provisions and contingent liabilities as adjustments to opening balances of accumulated surpluses or deficits in 2010.
20	Related Party Disclosure	Not Applicable
21	Impairment of Non-Cash-Generating Assets	Transitional provisions for Impairment of Non-Cash Generating Assets (IPSAS 21) were considered in the preparation of the 2010 financial statements with no disclosure required.
22	Disclosure of Information about the General Government Sector	Not applicable
23	Revenue from Non-Exchange Transactions (Taxes and Transfers)	Transitional provisions from IPSAS 23 (Revenue from Non-Exchange Transactions) do not apply to the Organization's financial statements since those provisions basically deal with a five year grace period allowed prior to the adoption of this standard; the Organization adopted this standard the first day of adopting IPSAS in 2010.
24	Presentation of Budget Information in Financial Statements	Not applicable
25	Employee Benefits	In accordance with provisions for first time adoption of IPSAS 25, the Organization has disclosed the Defined Benefit Obligation (DBO) for current and former staff (active and inactive), less plan assets already recorded in the books of the Organization. In addition, any gain or loss due to the implementation of IPSAS 25 was recognized as opening accumulated surplus or deficit, accordingly, in 2010.
26	Impairment of Cash-Generating Assets	Transitional provisions were not applied in regards to this standard; since, the Organization does not disclose any cash generating assets.
27	Agriculture	Not applicable
28	Financial Instruments: Presentation	Effective 1 January 2013 the Organization implemented this standard.
29	Financial Instruments: Recognition and Measurements	Effective 1 January 2013 the Organization implemented this standard.
30	Financial Instruments: Disclosures	Effective 1 January 2013 the Organization implemented this standard.
31	Intangible Assets	<p>Per IPSAS 31, Paragraph 28, and beginning in 2011, the Organization capitalized Intangible Assets primarily considering the expected future economic benefit and that the cost or fair value of the asset could be measured reliably.</p> <p>Attending Paragraphs 70 and 129 of IPSAS 31, the Organization will not disclose Intangible Assets which cost was expensed before the adoption of IPSAS.</p> <p>The Organization did not apply transitional provisions (IPSAS 31 Paragraphs 128 to 131) to retrospectively recognize its Intangible Assets.</p>



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Number	IPSAS	Adoption
32	Service Concession Arrangements: Guarantor	Not applicable – The Organization is not Guarantor in any Concession Arrangement.
33	First Time – Adoption of Accrual Basis International Public Accounting Standards (IPSASs)	The Organization adopted IPSAS as of 1 January 2010. This pronouncement is effective 1 January 2017.
34	Separate Financial Statements	Not applicable - Effective date for this IPSAS is January 1, 2017.
35	Consolidated Financial Statements	Not applicable - Effective date for this IPSAS is January 1, 2017.
36	Investments in Associates and Joint Ventures	Not applicable - Effective date for this IPSAS is January 1, 2017.
37	Joint Arrangements	Not applicable - Effective date for this IPSAS is January 1, 2017.
38	Disclosure of Interest in Other Entities	Not applicable - Effective date for this IPSAS is January 1, 2017.

The financial statements and supporting Notes are expressed in thousand U.S. dollars.

## 2.2 Cash and Cash Equivalents

Cash and cash equivalents, which are financial assets, comprise cash on hand, cash at banks, money markets and short-term deposits with original maturities of 90 days or less. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Short-term deposits are stated at amortized cost using the effective interest method, with interest income recognized on an effective yield basis.

Cash and Cash Equivalents are held for purposes of meeting short-term cash commitments rather than for investment purposes.

## 2.3 Investments

Investments are financial assets and are recognized when the Organization becomes a party to the contractual provisions of the investment. Investments are classified as either available for sale or held to maturity. Available for sale investments are accounted for on a purchase date basis. Held to maturity investments are recognized on settlement date.

Investments are classified as being available for sale where the Organization has not committed to hold such items to maturity. Available for sale items are stated at fair value (including transaction costs that are directly attributable to the acquisition of the financial asset) with value changes recognized in the Statement of Changes in Net Assets. Available for sale assets are actively traded on the market and the valuation of these assets is determined by price quotes on the open market for identical financial instruments. Impairment losses are recognized when the book value of an asset exceeds the fair market value on an other than temporary basis. PAHO monitors the fair market value of its investments monthly and investigates the underlying cause of a decline in value. The investment policy specifies credit rating limitations. If the impairment is a result of a credit downgrade below investment policy guidelines, the investment must be liquidated.

Impairment charges and interest calculated using the effective interest method are recognized in the surplus or deficit. When an available for sale asset is disposed of, the cumulative gain or loss previously recognized in the Statement of Changes in Net Assets is included in the surplus or deficit for the period.

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Organization has the intention and ability to hold to maturity. Held to maturity investments are comprised of U.S. agency paper such as Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). Held to maturity investments are stated at amortized cost using the effective interest method, with interest income recognized on an effective yield

basis in the Statement of Financial Performance.

The effective interest method is applied by determining the interest rate that is required to exactly discount all of the future cash flows associated with the bond to arrive at the initial carrying value of the bond (inclusive of any costs necessarily incurred in its acquisition.) Therefore, where a bond is acquired at a discount to its nominal value, that discount will increase the effective interest rate and be recognized over the life of the bond.

## **2.4 Loans and Receivables**

Loans and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. Loans and other receivables are stated at amortized cost calculated using the effective interest method, less any impairment.

Interest income is recognized on the effective interest basis, other than for short-term receivables where the recognition of interest would be immaterial.

## **2.5 Risk Management Policies**

The Organization holds funds not required for immediate operating needs as investments in order to earn revenue on surplus liquidity which, in accordance with Financial Regulations X and XI, and Financial Rules X and XI of the Pan American Health Organization, funds a portion of the Regular Program Budget. Investments are made subject to the Organization's Investment Policy, which prescribes guidelines intended to protect invested principal, maintain adequate liquidity and realize a return commensurate with investment risk constraints. Policy guidelines define duration, diversity and credit quality, which are consistent with limiting credit, market and interest rate risk exposures. The Organization's credit risk is mitigated by Investment Policies which stipulate limits on the amount of credit exposure to any one counterparty, limiting investments on a single non-government issuer to no more than 25%.

In accordance with the Investment Policy requirements, internally managed investments are restricted to A1/P1 and AAA/Aaa rated financial instruments. Fixed Income Notes consist primarily of U.S. Agency Paper which carries the implicit guarantee of the U.S. Government.

Funds placed with external investment managers are restricted to instruments rated A1/P1 or A- or A3 credit quality or higher in accordance with their mandates. Mechanisms are in place to divest the portfolio of an investment that falls below the minimum requirements. In the event a security's rating falls below the minimum requirements for credit quality, the external manager immediately notifies PAHO and initiates actions to liquidate the security.

Maximum maturity for the short-term investment of operating cash is not to exceed one year. Long-term investment of strategic funds is limited to an effective maturity of no more than five years.

Depository accounts are held at financial institutions with investment grade ratings by primary rating agencies, where such ratings exist. In those instances where no rating is available, the overall financial strength of the institution is evaluated prior to depositing funds within the institution. Non-US dollar accounts are monitored daily to ensure that balances are kept at minimum operating requirements levels.

The PAHO Investment Committee approves financial instruments, as well as partner financial institutions, in accordance with the Investment Policy guidelines noted above in order to mitigate credit risk.

## 2.6 Accounts Receivable

Accounts receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Current receivables are for amounts due within twelve months of the reporting date, while non-current receivables are those that are due more than twelve months from the reporting date of the financial statements. Receivables are stated at amortized cost calculated using the effective interest method, less any impairment losses (which are recognized in the Statement of Financial Performance). However, for current receivables there is no material difference between the amortized costs and so these receivables have been recognized at cost (less any impairment losses).

**Receivables from exchange transactions** are recognized when the Organization is owed assets or services (usually in the form of cash) arising from a transaction that directly gives approximately equal value to another entity in exchange (IPSAS 9).

**Receivables from non-exchange transactions** are established when the Organization is owed assets or services (usually in the form of cash) that arise from a transaction that does not directly give approximately equal value in exchange; or the Organization has given value to another entity without directly receiving approximately equal value in exchange (IPSAS 23).

The main types of receivables are:

- **Assessed Contributions (non-exchange transactions)**

These contributions are formal commitments from Member and Participating States and Associate Members for the biennial budget period. Assessed contributions are recognized as receivables when they become due and payable on 1 January of each year. There is no provision in the Financial Regulations to write-off an assessed contribution; therefore no impairment loss has been recognized.

- **Tax Equalization Fund (non-exchange transactions)**

Receivables under the Tax Equalization Fund are due from Member States that levy income tax on emoluments received from the Organization by their nationals or others liable to such taxes. The credit from the staff assessment plan is charged with the estimated amount to be levied by those Member States.

Under the Tax Equalization Fund, the assessed contributions of all Members are reduced by the income generated by the staff assessment plan. In determining the reduction of assessed contributions to be applied to the Member States concerned, the Tax Equalization Fund is credited with the revenue from the staff assessment plan, the credits being recorded in the name of individual Members States, in proportion to their assessments for the biennium.

Those amounts which have been charged are, in turn, used by the Organization to reimburse income tax paid by the staff concerned.

- **Voluntary Contributions (non-exchange transactions)**

The Organization enters into Voluntary Contribution agreements which are comprised of (1) the Voluntary Contributions Fund, which includes financial resources from governments, international organizations, and private and public sector organizations; (2) the National Voluntary Contributions Fund, which was established on 1 January 2010 and includes financial resources from governments exclusively for internal projects; and (3) the Voluntary Contributions-Emergency Preparedness and Disaster Relief Fund, which includes financial resources from governments, international organizations, and private and public sector organizations. Upon signature by both parties and approval by the Organization's Office of Legal Counsel of the agreements, the full value of the agreement is recognized as a receivable and as deferred revenue (Note 2.13)

To determine the current portion of the accounts receivable from Voluntary Contributions as of 31 December 2015, the Organization applied the average percentage of cash received in 2014, 2013 and 2015 compared to the 1 January 2014, 2013 and 2015 accounts receivable for the Voluntary Contributions agreements. The non-current portion of accounts receivable will be the balance of the total accounts receivable amount for Voluntary Contribution agreements, less the current portion.

- **Procurement of Public Health Supplies (exchange transactions)**

The Procurement of Public Health Supplies is critical to the Organization in order to achieve its mission of supporting Member States through technical cooperation for public health programs, including the procurement of vaccines and syringes, medical supplies, diagnostic kits, medications and equipment.

The accounts receivable from the Member States in the Procurement of Public Health Supplies is comprised by two funds: Revolving Fund for Vaccine Procurement and Regional Revolving Fund for Strategic Public Health Supplies. Receivables are established for each participating Member State upon notification that goods were delivered by the supplier and payment to the supplier has been approved. This triggers an invoice being raised addressed to the relevant Member State.

- **Inter-Organization Funding Activities**

The Inter-organization accounts receivable represents the amount due to the Organization from the World Health Organization as the net result of inter-agency transactions.

- **Regular Advances to Staff**

Advances are made to individuals in accordance with the Financial Regulations and Rules of the Organization for entitlements (i.e., education grants, travel, settlements of income tax, insurance claims, etc.) and are recognized as receivables, until they are charged to expense upon receipt of the required claim or supporting documentation.

The Organization will establish allowances for doubtful accounts based on the evidence that certain receivables are uncollectable. A formal procedure has to be followed, based on the delegation of authority regarding the amounts to be written-off, prior to offsetting the uncollectable receivable against the established allowance.

## **2.7 Inventories**

Medications and medical supplies owned and controlled by the Organization are recorded as inventories with the intention that they are held for distribution in the ordinary course of operations. They are valued at the lower of cost or net realizable value at the end of the financial period. The Organization-owned medications and medical supplies quantities, derived from the Organization's tracking systems, are validated by physical stock counts. These medications and medical supplies are expensed when distributed directly by the Organization or once they are handed over to government institutions or non-government institutions. Inventories held for distribution without charge are valued at the lower of cost or replacement cost. Inventories are held at the PROMESS warehouse in Haiti, a strategic storage facility. If the Organization receives inventories acquired through non-exchange transactions, they will be valued at fair value of acquisition. The cost formula, due to the specific circumstances in Haiti, is "First to expire First out" for the inventories of pharmaceutical drugs and medications.

The Expanded Textbook and Instructional Materials Program (PALTEX) was established by the Pan American Health Organization (PAHO) in the mid 1960's as a technical cooperation program aimed at improving the quality of health science educational processes in Latin America. PALTEX is a publishing program that acquires, produces, and distributes quality textbooks and instructional materials in Spanish and Portuguese at affordable prices.

Inventories, procured with Voluntary Contributions on behalf of a project, do not form part of the Organization's inventory. The Organization is simply the implementing agent and is only responsible for the disposition of the items within the terms of the agreement. If the items are not consumed within the project period, the final disposition would be determined by the donor. At no time does the Organization retain control of these items; therefore, the correct accounting treatment is to expense these items at the time of purchase.

## 2.8 Property, Plant and Equipment

Property, plant, and equipment assets with a value greater than the \$20 000 threshold are recognized as non-current assets in the Statement of Financial Position. They are initially recognized at cost, unless acquired through a non-exchange transaction, in which case they are recognized at fair value as at the date of acquisition. The Organization applies the cost model to its plant and equipment, i.e. the items are carried at cost, less accumulated depreciation and any accumulated impairment losses. The Organization applies the revaluation model to land and permanent buildings only.

The Organization considers all its Property, Plant and Equipment to be non-cash generating assets.

Depreciation is charged on property, plant, and equipment (except for land) to write-down the cost/fair value of the asset, to its residual value, over the estimated useful life using the straight line method with a full year's depreciation charged in the year of acquisition. In 2014, during the design of the new Enterprise Resource Planning system, it was determined that, for the depreciation calculation of the acquisition year, the new system will support only half year depreciation instead of the usual full year that had been applied previously. In order to fully leverage the automation capabilities of the new ERP, the decision was made to change the depreciation policy to half year. The estimated useful lives for fixed assets classes are as follows:

<u>Assets Class and Description</u>	<u>Estimated Useful Life (years)</u>
Permanent Buildings	40 years
Computer Equipment	3 years
Office Equipment	3 years
Motor Vehicle	5 years
Audio Visual Equipment	3 years
Lease-hold Improvements	3 years
Office Fixture and Fittings	3 years

Property, plant, or equipment, procured with Voluntary Contributions on behalf of a project, are not the Organization's assets and are meant solely for the use of the project beneficiary. The Organization is the implementing agent and is simply responsible for the disposition of the items within the terms of the agreement. The Organization does not retain ownership of these items; therefore these items are expensed at the time of purchase. If the items are not consumed within the project period, the final disposition would be determined by the donor.

Transitional provisions were applied in the initial recognition of Property, Plant, and Equipment (PP&E) which were purchased or donated before 1 January 2010. Except for land and buildings, assets acquired prior to 1 January 2010 were expensed at the date of purchase and were not recognized as assets. The Organization will revalue its land and buildings on a periodic basis, including leased property. External experts will be utilized to determine updated market value. All improvements, renovations, etc. made to the buildings since the prior appraisal will be expensed in the year they occur and will be included in the future revaluation. Movements on revaluation are reflected in revaluation surplus/deficit shown in Note 14.9 and are included within the PAHO Regular Budget Fund balance.

The Organization recognized the effect of the initial recognition of Property, Plant, and Equipment (PP&E) as an adjustment to the opening balance of accumulated surpluses or deficits. In regards to IPSAS 17, paragraph 99, Transitional Provision, the Organization did not recognize the accumulated depreciation of buildings that were recognized as it was not practical to do so.

Leasehold improvements are recognized as assets and valued at cost, and depreciated over the lesser of the remaining useful life of the improvements or the lease term.

Donated land and buildings are valued at fair market value and recognized as non-current assets.

Impairment reviews are undertaken for all assets at least annually.

## 2.9 Leases

The Organization is the owner and lessor of the land parcel for the building at 2121 Virginia Avenue, N.W., Washington, D.C.

The Organization is the lessee for the first two floors of the same building mentioned above under an operating lease. The Organization also leases various office premises for the Representation Offices throughout the Americas. These are all cancelable agreements. Total annual lease payments have been disclosed in Note 16 on Expenses as a footnote.

Assets held under finance leases are included within Property, Plant and Equipment and are depreciated on a straight line basis over their estimated useful lives. Assets are recognized at fair value or, if lower, the present value of the minimum lease payments. Where assets are provided to PAHO with no or nominal lease payments the fair value of the asset has been recognized.

A liability is also recognized for the same amount. Rental payments are apportioned between the finance element, which is charged in the statement of financial performance, and the capital element, which reduces the lease liability.

## 2.10 Intangible Assets

Intangible assets, which are above the pre-established thresholds of \$30 000 for intangible assets purchased externally and \$100 000 for intangible assets developed in-house, are stated at historical cost less accumulated amortization and any impairment losses. Amortization is determined for intangible assets over their estimated useful life using the straight line method. Amortization is charged on Intangible Assets to write down the cost/fair value of the asset, to its residual value, over the estimated useful life using the straight line method with a full year's amortization charged in the year of acquisition. The estimated useful lives for intangible assets classes are as follows:

<u>Class</u>	<u>Estimated useful life (years)</u>
Software acquired externally	7
Internally developed software	5
Licenses and rights, copyrights and other intangible assets	3

## 2.11 Accounts Payable

Accounts Payables are financial liabilities in respect of goods or services that have been received by the Organization and are recognized at amortized cost, which for payables is equal to cost. Accounts payable include the following:

- Amounts due to donors, partners, and stakeholders representing the unspent Voluntary Contributions for expired agreements.
- The inter-organization accounts payable represent the amount due from the Organization to the World Health Organization as the net result of inter-agency transactions.
- Invoices received and approved for payment but not yet paid.

## 2.12 Accrued Liabilities

Accrued liabilities are financial liabilities in respect of goods or services that have been received or provided to the Organization during the reporting period and which have not yet been invoiced or invoices have been received but not approved for payment. They are recognized at amortized cost, which for accruals is equal to cost.

## **2.13 Deferred Revenue**

Deferred revenue derives from legally binding agreements between the Organization and partners, such as governments, international organizations and private and public institutions, where the partners provide funding to the Organization to support technical cooperation initiatives (voluntary contributions).

Deferred revenue is recognized when (1) a contractual agreement is confirmed in writing by both parties-i.e., the Organization and the donors, partners, or stakeholders, and (2) the funds are conditional. Conditionality of voluntary contribution agreements is determined by factors like:

- The agreement has a stated purpose.
- Funds provided under the agreement must be used for activities as required/described in the agreement.
- The agreement has a budget.
- The agreement has an effective date and an end date.
- The agreement requires technical and financial reporting.
- Any unused funds, upon completion, will be returned to the donor, partner or stakeholder.

Revenue is recognized in the Statement of Financial Performance based on the level of funds implemented during the financial period.

Funds received from governments and institutions participating in the Procurement of Public Health Supplies, in advance of the procurement of the goods, are treated as deferred revenue. Once confirmation is received that goods were delivered by the supplier and payment to the supplier has been approved, the revenue is recognized in the Statement of Financial Performance.

To determine the current portion of the Deferred Revenue of Voluntary Contribution, the Organization used a three year average of the percentage of expense for Voluntary Contributions against the opening balance of Deferred Revenue for the Voluntary Contributions. For future financial periods, the Organization will use an average percent based on the three prior years of data to determine the current portion of Deferred Revenue. The non-current portion of the Deferred Revenue will be the balance of the total Deferred Revenue amount less the current portion.

## **2.14 Employee Benefits**

The Organization recognizes expenses and liabilities in respect of the following employee benefits:

- 1) Employee benefits earned in the current financial period are current liabilities recognized at an undiscounted cost.
- 2) Post-employment benefits e.g. ASHI, are recognized at present value of the liability.
- 3) Other separation-related employee benefits are recognized at present value of the liability.

The Organization periodically contracts the actuarial services of external experts to provide confident figures on the liabilities regarding employee benefits. This information is used to calculate different contribution percentages to be applied for staff costs. The Organization also uses this information for investment purposes to ensure the Plan's investments meet the liquidity requirements of the respective liabilities.

## **2.15 Provisions and Contingent Liabilities**

Provisions are made for future liabilities and expenses where the Organization has a present legal or constructive obligation as a result of past events, and it is probable that the Organization will be required to settle the obligation, and the value can be reliably measured.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the Notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Organization or the value cannot be reliably estimated.

## 2.16 Contingent Assets

In accordance with IPSAS 19, Contingent Assets will be disclosed when there is enough information that the inflow of economic benefits or service potential is probable.

## 2.17 Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Organization during the year, which represents an increase in net assets (IPSAS 23). The Organization recognizes revenue following the established criteria by IPSAS 9, “Revenue from Exchange Transactions,” and IPSAS 23, “Revenue from Non-Exchange Transactions.”

Exchange transactions are transactions in which the Organization receives assets or services, or has liabilities extinguished, and directly gives approximately equal value primarily in the form of cash, goods, services, or use of assets to another entity in exchange (IPSAS 9).

In a non-exchange transaction, the Organization either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange (IPSAS 9).

The main sources of revenue for the Organization include but are not limited to: Assessed Contributions, Voluntary Contributions, Procurement of Public Health Supplies, Other Revenue, and Miscellaneous Revenue.

- **Revenue from Assessed Contributions (non-exchange transactions)**  
Revenue from assessed contributions is recognized as of 1 January of each year when the Member States’ assessed contribution commitment to the Organization is incurred.
- **Revenue from Voluntary Contributions (non-exchange transactions)**  
Voluntary Contributions, confirmed in writing by both parties, are recognized as receivables and deferred revenue (liabilities) because these funding agreements are conditional. As the Voluntary Contribution projects are implemented, the deferred revenue is then recognized as revenue. Voluntary Contributions categories are explained in Note 2.6.
- **Revenue from the Procurement of Public Health Supplies (exchange transactions)**  
Revenue is recognized in respect of the procurement of public health supplies because the Organization bears the risks and rewards of the purchased goods. Revenue on these transactions is recognized upon the notification that goods were delivered by the supplier and payment to the supplier has been approved. The Procurement of Public Health Supplies is comprised by three funds: Revolving Fund for Vaccine Procurement; Reimbursable Procurement; and the Regional Revolving Fund for Strategic Public Health Supplies. (See Note 2.6 Accounts Receivables, in respect of the Revolving Funds, and Note 2.13 Deferred Revenue, in respect of Reimbursable Procurement).
- **Other Revenue (non-exchange transactions)**  
As the Regional Office of the Americas (AMRO) of the World Health Organization, the Organization receives funding allocations from WHO for the implementation of technical cooperation activities.  
  
Funds received by the Organization from WHO include the following allocations:
  - Allocations of WHO regular budget
  - Allocations of WHO voluntary contributions
  - Allocations of other WHO internal funds



- **Other Revenue (exchange transactions)**

The Organization, under its different specific mandates, carries out other technical cooperation activities for which revenue is separately disclosed. These activities include the following: Sales of services and program support costs.

When necessary, as per IPSAS 18, internal transfers will be eliminated to avoid duplication of revenue.

- **Miscellaneous Revenue (exchange transactions)**

Miscellaneous revenue includes foreign currency revaluations, exchange rate gains and losses, interest earned, realized gains and losses, and gains and losses from the sale of property, plant, and equipment

- **Special Activities Segment**

Special Activities are activities approved by the Organization's Governing Bodies for specific objectives and entitlements. (i.e. staff entitlements, terminal entitlements, after-service health insurance.) Therefore, all employee benefits liabilities have been included in this segment.

## **2.18 Foreign Currency Transactions and Balances**

The functional and reporting currency of the Organization is the United States dollar (US\$). Transactions in currencies other than US\$ are translated into US\$ at the prevailing market rate at the time of the transaction. The Organization has determined that the United Nations Operational Rates of Exchange (UNORE) are aligned closely with the prevailing market rates due to the frequent analysis and adjustments and thus function as an approximation of the market rate at the time of the transaction. At the end of each reporting period, the Organization analyzes the performance of the UNORE in comparison with the prevailing market rate in order to determine the alignment and make any required adjustments. Assets and liabilities in currencies other than US\$ are translated into US\$ at the prevailing market rate at the end of the reporting period. Resulting gains or losses are accounted for in the Statement of Financial Performance within Miscellaneous Revenue.

## **2.19 Segment Reporting**

A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources. The Organization classifies all projects, operations and fund activities into five segments: 1) Core Activities Segment; 2) Partnership Activities Segment; 3) Enterprise Activities Segment; 4) Special Activities Segment; and 5) Consolidated Sub-regional Centers Activities Segments, and the Inter-Party Transactions. The Organization reports on the transactions and balances of each segment during the financial period.

Every financial period the Organization processes internal transactions, not involving the use of cash (transfers), within any given segment and between different segments. (i.e. Program Support Cost, Provision for Termination and Repatriation Entitlements, After Service Health Insurance, Master Capital Investment Fund, etc.). The effect of these transfers is an over-statement (duplication) of both revenue and expense by the same amount, which are valued at the cost incurred at the time of the original transaction. The Inter-Party Transactions column in the Statement of Financial Performance allows for the elimination of such duplication.

The following segments were identified in order to provide a better understanding of the different activities of the Organization:

**Core Activities Segment**—Activities critical to the Organization's Strategic Plan which are mandated and appropriated by the Organization's Governing Bodies. (i.e. Activities funded with assessed contributions and other revenue for Regular Budget activities.)

**Partnership Activities Segment**—Activities aligned with the Organization's Strategic Plan and supported by partners, donors, and stakeholders. (i.e. Activities developed in partnership with external donors who provide the voluntary contributions and to whom the technical and financial reports are provided.)

**Enterprise Activities Segment**—Activities performed by the Organization to strengthen technical cooperation with the ministries of health and facilitate their access to essential public health supplies. (i.e. Procurement activities funded by the Member States for the access to essential public health supplies.)

**Special Activities Segment**—Activities approved by the Organization’s Governing Bodies for specific objectives and entitlements. (i.e. staff entitlements, terminal entitlements, after-service health insurance.)

**Consolidated Sub-Regional Centers Activities Segment** – The Organization does not have regional centers to consolidate Effective January 1, 2013.

**Intra-Party Transactions** – internal transfers. According to IPSAS 18, the Organization eliminates these activities.

## **2.20 Budget Comparison**

The Organization’s budget and financial statements are prepared using different accounting bases. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, and Cash Flow Statement are prepared on a full accrual basis, whereas the Comparison of Budget and Actual Amounts are prepared on a cash basis.

As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

The Organization’s Governing Bodies approve the Biennial Program and Budget Plan which includes assessed contributions, projected voluntary funds, and estimated miscellaneous income. The Biennial Program and Budget Plan may subsequently be amended by the Governing Bodies.

The Comparison of Budget and Actual Amounts compares the final budget to actual amounts disbursed, calculated on the same Strategic Objective categories as the corresponding budgetary amounts. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are timing differences for the Organization for purposes of comparison of budget and actual amounts because the budget is prepared on a biennial basis and the financial statements are prepared on an annual basis. Furthermore, other differences result from depreciation and amortization.

Entity differences occur when the budget omits programs or entities that are part of the entity for which the financial statements are prepared. Presentation differences are due to differences in the format and classification schemes adopted for the presentation of the Statement of Financial Performance and the Comparison of Budget and Actual Amounts.

## **2.21 In-Kind Contributions**

In-kind contributions of services that support approved operations and activities, including use of premises, utilities, personnel, transportation services, etc., are identified by categories of services under the respective Member State providing the in-kind contribution during the reporting accounting period. These are not recognized in the financial statements because the fair value of the services or assets cannot be reliably measured.

Donated land and permanent buildings are recognized on the Statement of Financial Position at fair market value.

Donated inventories are capitalized subject to the materiality and conditions of the goods. The Organization will only accept donated goods in alignment with its core activities.

### 3. Cash and Cash Equivalents

	<u>31 December 2015</u>	<u>31 December 2014</u>
Cash on Hand, US\$	69 620	56 703
Cash on Hand, Other Currencies	15 172	19 223
Money Market Funds	58 163	65 583
Less: Plan Assets	<u>( 714)</u>	<u>( 3 826)</u>
<b>Total</b>	<b><u>142 241</u></b>	<b><u>137 683</u></b>

### 4. Investments

#### 4.1 Short-Term Investments

Short-term investments are those with final maturities at purchase between 91-365 days.

	<u>31 December 2015</u>	<u>31 December 2014</u>
Certificates of Deposit	<b><u>256 843</u></b>	<b><u>268 202</u></b>

Accrued interest of \$ 400 813 (2014: \$ 568 347) is included in the balance of short-term investments in the Consolidated Statement of Financial Position

#### 4.2 Long-Term Investments

Long-term fixed income notes within the Organization's general portfolio are held to maturity and stated at amortized cost using the effective interest method. Long-term fixed income notes within the ASHI/TAREP portfolio, comprising the plan assets held in an irrevocable trust, are stated at fair value with value changes recognized in the fund balance.

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Net Increase in Long-term Investments</b>		
Increase (decrease) in Long-term Investments	( 44 698)	1 207
Unrealized Net (Gains)/Losses	<u>616</u>	<u>407</u>
<b>Net Increase in Long-term Investments</b>	<b><u>( 44 082)</u></b>	<b><u>1 614</u></b>
<b>Cash Flows from Long-term Investments</b>		
Interest Revenue	2 711	2 026
Realized Net Gains/(Losses)	<u>( 364)</u>	<u>143</u>
<b>Total</b>	<b><u>2 347</u></b>	<b><u>2 169</u></b>

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Valuation of Long-term Investments	31 December 2015		31 December 2014	
	Cost	Market	Cost	Market
Fixed Income Notes	59 526	59 161	51 395	50 549
Managed Portfolios	223 727	223 054	267 345	267 288
<b>Total</b>	<b>283 253</b>	<b>282 215</b>	<b>318 740</b>	<b>317 837</b>

Reconciliation of Long-term Investments	31 December 2015		31 December 2014	
Fixed Income Notes (Market)		59 161		50 862
Less: Plan Assets (see note 12.3.5)		( 59 161)		( 50 862)
Managed Portfolio (Market)		223 054		267 753
<b>Total for Long-term Investments</b>		<b>223 054</b>		<b>267 753</b>

Long-term fixed income instruments held in the two portfolios are issued by U.S. Government agencies and backed by the full faith and credit of the U.S. Government. Although the credit rating of the U.S. Government was downgraded from its historical AAA rating by one credit rating agency in 2012, there is no evidence to suggest that the borrower will default on these obligations. Accrued interest of \$334 296 has been included in the balance of long-term investments and recognized on the Statement of Financial Performance as Miscellaneous Revenue

Managed Portfolios are classified as available for sale and stated at fair value with value changes recognized in the fund balance. The market value above includes accrued interest of \$488 872 (2014: \$464 856) and recognized on the Statement of Financial Performance as Miscellaneous Revenue.

Total gains (losses) on managed portfolios are comprised of the cumulative gain or loss previously recognized in the Statement of Changes in Net Assets and the incremental change in value at the point of sale or maturity. Total gains (losses) are recognized in the surplus or deficit for the period. In accordance with IPSAS accounting principles, a cumulative loss of \$196 720 recognized in the Statement of Changes in Net Assets was recognized during 2015.

## 5. Financial Instruments

### 5.1 Nature of Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and de-recognition, the basis of measurement, and the basis on which gains and losses are recognized in respect of each class of financial asset and financial liability, are set out in Note 2.3.

#### Financial Instruments and Method of Valuation

	2015 Amortized Cost	2015 Fair Market Value	2014 Amortized Cost	2014 Fair Market Value
<b>Cash and Cash Equivalents</b>	142 955		141 509	
<b>Short-term Investments</b>				
Certificates of Deposit (held to maturity)	256 843		268 202	
<b>Long-term Investments</b>				
Fixed Income Notes (held to maturity)				
Fixed Income Notes (Plan Assets)		59 161		50 862
Managed Portfolios (available for sale)		223 054		267 753
<b>Total</b>	<b>399 798</b>	<b>282 215</b>	<b>409 711</b>	<b>318 615</b>

### 5.2 Interest Rate Risk

The Organization is exposed to interest rate risk through both short-term and long-term investments. Principal amounts are stated at amortized cost for investments held to maturity and at fair value for investments available for sale.

	Effective Maturity	Effective Interest Rate	Fixed Interest	Floating Interest	Non-Interest Bearing
<b>Total Cash and Cash Equivalents</b>	<90 days	0.13%		58 663	84 292
<b>Short-term Investment</b>					
Certificates of Deposit	67 days	2.24%	256 843		
<b>Long-term Investments</b>					
Plan Assets	7.82 years	2.58%	59 161		
Managed Portfolios	1.49 years	0.97%	223 054		
<b>Total</b>			<b>539 058</b>	<b>58 663</b>	<b>84 292</b>

The Organization holds certain fixed income notes that the issuer has a right to redeem prior to its maturity date.

### Callable Instruments

Issuer	Principal	Rate	Maturity	Call Dates
Federal Home Loan Bank	12 000 000	2.90%	7-Oct-24	Next call date 7 Oct 2016
Federal Home Loan Mortgage Corporation	5 000 000	2.10%	23-Aug-22	Next call date 23 Feb 2016
Federal Home Loan Bank	4 200 000	2.14%	5-Dec-22	Next call date 15 Jan 2016
Federal Farm Credit Bank	10 800 000	2.39%	6-Mar-23	Next call date 15 Jan 2016
Federal National Mortgage Associaton	10 000 000	2.50%	27-Mar-23	Next call date 27 Mar 2016
Federal Home Loan Mortgage Corporation	3 500 000	2.87%	18-Nov-24	Next call date 18 Nov 2016
Federal Farm Credit Bank	5 200 000	2.33%	1-May-23	Next call date 5 Jan 2016
Federal Home Loan Corporation	8 500 000	3.00%	19-Nov-24	Next call date 19 Feb 2016
Total	<u>59 200 000</u>			

Changes in market interest rate impact the fair value and future cash flows of investment instruments. This impact is irrelevant for held to maturity investments, but would affect the Statement of Financial Position for available for sale fixed rate investments and the Statement of Financial Performance for floating rate available for sale investments. The portion of PAHO's available for sale portfolio comprised of floating rate instruments is insignificant and rate fluctuations would not have a material effect. However, a market rate shift for fixed rate available for sale investments could materially impact the Statement of Financial Position.

A fluctuation of market interest rates of 100 basis points would have the following impact on the fair market value of fixed rate available for sale investments:

Fair Market Value of fixed rate investments at 12-31-15	Increase of 100 basis points	Change in Fair Market Value	Decrease of 100 basis points	Change in Fair Market Value
223 262	219 515	(3 747)	226 108	2 846

### 5.3 Credit Risk

The maximum credit risk represents the carrying amount of loans and receivables. PAHO's investment guidelines stipulate limits on the amount of credit exposure to any one counterparty. However, there may be some counterparty risk associated with the concentration of financial instruments and cash deposits in the banking sector. These significant concentrations in the banking sector equal 59% of the total cash, short-term and long-term investments.

The minimum credit quality requirements for all investments, as defined by the Investment Policy, falls within the investment grade range. Although the credit rating of the U.S. Government was downgraded from its historical AAA rating by one credit rating agency in 2012, there is no evidence to suggest that the borrower will default on these obligations.

PAHO's long-term investments and managed portfolios are held as follows:

Investment Type	2015	2014
Money Market Funds	4 287	8 878
Government & US Agency Issues	230 384	240 623
Mortgage- and Asset-backed Securities	2 468	18 961
Corporate Notes	42 890	51 451
Municipal Government Bonds	2 097	1 795
<b>Total Long Term Investments</b>	<b>282 126</b>	<b>321 709</b>

## 5.4 Exchange Rate Risk

The Statement of Financial Position does not reflect significant exposure to exchange rate risk as foreign currency deposits at any given time are either immaterial or are designated for foreign currency expenditures. During the course of the year, a considerable portion of expenditures (41%) is disbursed in currencies other than the United States dollar. These disbursements are not hedged, but are met by local currency receipts and the purchase of local currency as needed in the market at the time of disbursement.

Contributions may be received in foreign currency, provided the amount can be absorbed by country offices within a thirty day window. The majority of funds held in Brazilian accounts are committed to specific programs that stipulate disbursements in local currency within six months. An exception to the Cash Management Guidelines, which limit the balance of local currency maintained locally, has been approved by the Investment Committee for the Brazilian program to eliminate the need to enter the market to buy or sell local currency. It is, therefore, not anticipated that Brazilian deposits would be subject to exchange rate risk.

The Organization holds certain fixed income notes that the issuer has a right to redeem prior to its maturity date.

## 6. Accounts Receivable

### 6.1 Accounts Receivable - Current

	<u>31 December 2015</u>	<u>31 December 2014</u>
Assessed Contributions	44 254	38 106
Voluntary Contributions	181 419	295 367
Procurement Funds	96 144	62 076
Balance due from the World Health Organization due to inter-office transactions	15 284	1 362
Balance due from the PAHO Foundation	561	561
Expanded Textbook and Instructional Materials	34	50
Regular Advances to Staff	5 369	5 760
Prepaid Expenses	11 024	6 989
Miscellaneous Receivables	4 203	2 667
<b>Total</b>	<b><u>358 292</u></b>	<b><u>412 938</u></b>

### 6.1.1 Accounts Receivable from Assessed Contributions

#### Statement of Assessed Contributions as of 31 December 2015

(Expressed in thousand US Dollars)

	Arrears	2015	Total 2015	Total 2014
<b>PAHO</b>				
Argentina		2 316	2 316	1 282
Aruba		16	16	
Brazil	1 109	9 563	10 672	9 563
Colombia		1 009	1 009	1
Costa Rica				9
El Salvador	110	110	219	219
France				19
Grenada		21	21	
Guatemala				1
Peru				36
Puerto Rico	81	81	162	81
Sint Maarten		16	16	
United Kingdom				6
United States		25 556	25 556	24 756
Venezuela	2 133	2 133	4 266	2 133
<b>TOTAL</b>	<b>3 433</b>	<b>40 821</b>	<b>44 254</b>	<b>38 106</b>

### 6.1.2 Accounts Receivable from Voluntary Contributions

	31 December 2015	31 December 2014
<b>Voluntary Contributions</b>		
Voluntary Contributions - Emergency		
Preparedness and Disaster Relief	630	481
Voluntary Contributions	24 145	18 247
Voluntary Contributions - National Voluntary Contributions	156 644	276 639
<b>Total</b>	<b>181 419</b>	<b>295 367</b>

### 6.1.3 Accounts Receivable from the Procurement of Public Health Supplies

The Accounts Receivable from Member States in the Procurement of Public Health Supplies is comprised by two funds: Revolving Fund for Vaccine Procurement and Regional Revolving Fund for Strategic Public Health Supplies.

Receivables under the category of Procurement of Public Health Supplies are considered to be current assets as follows:

#### a. Revolving Fund for Vaccine Procurement

The establishment of the Revolving Fund for Vaccine Procurement was authorized by Resolution CD25 R27 of the 25<sup>th</sup> Directing Council (1977). The Revolving Fund finances the procurement of vaccines for participating Member States/Institutions unable to deposit funds with the Organization in U.S. currency in advance of procurement.



**b. Regional Revolving Fund for Strategic Public Health Supplies**

The Regional Revolving Fund for Strategic Public Health Supplies was established in 1999 by the Director under the authority vested in him by Financial Regulation 9.3 (originally 6.7), following the request of the Organization's Member States. The objectives of the Fund include reducing the cost of strategic public health supplies, making these supplies continuously available to the participating Member States, assisting the Member States in improving their planning capabilities to use these supplies, and broadening the scope of the Member States' public health programs. Specific details on the governments and institutions are not disclosed in these financial statements although such information can be found in the additional annexes.

Receivables from the Procurement of Public Health Supplies are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Procurement of Public Health Supplies</b>		
Revolving Fund for Vaccine Procurement	91 269	60 303
Regional Revolving Fund for Strategic Public Health Supplies	<u>4 875</u>	<u>1 773</u>
<b>Total</b>	<u><b>96 144</b></u>	<u><b>62 076</b></u>

**6.2 Accounts Receivable Non-Current**

	<u>31 December 2015</u>	<u>31 December 2014</u>
Voluntary Contributions	58 600	45 635
Termination and Repatriation Entitlements (see Note 12.3.2)	<u>5 013</u>	<u>7 350</u>
<b>Total</b>	<u><b>63 613</b></u>	<u><b>52 985</b></u>

**6.2.1 Accounts Receivable from Voluntary Contributions Non-Current**

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Voluntary Contributions</b>		
Voluntary Contributions	20 568	7 095
National Voluntary Contributions	<u>38 032</u>	<u>38 540</u>
<b>Total</b>	<u><b>58 600</b></u>	<u><b>45 635</b></u>

**7. Inventories**

	<u>31 December 2015</u>	<u>31 December 2014</u>
PROMESS	909	788
Expanded Textbook and Instructional Materials Program	<u>7 730</u>	<u>7 080</u>
<b>Ending Balance of inventory</b>	<u><b>8 639</b></u>	<u><b>7 868</b></u>

## 7.1 Inventories PROMESS

The following table shows the movement of the PAHO inventory for medications and medical supplies at the PROMESS warehouse in Port-au-Prince, Haiti, during the financial period. The table shows the reconciliation of the inventory which reflects the pending balance and additions during the period reduced by the value of the goods distributed during the year.

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>PROMESS</b>		
Beginning inventory	788	1 116
Additions	827	968
Distributions	<u>( 706 )</u>	<u>(1 296 )</u>
<b>Ending Balance of inventory</b>	<u><b>909</b></u>	<u><b>788</b></u>

In addition to the PAHO inventory, the PROMESS warehouse provides warehousing services for essential public health medications and medical supplies to international agencies and non-government organization (NGOs) who are providing assistance to the Haitian government. Furthermore, PROMESS also warehouses the medications and medical supplies provided by donors, partners and stakeholders through the Organization to the Haitian government.

## 7.2 Inventories Expanded Textbook and Instructional Materials Program

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>PALTEX</b>		
Beginning inventory	7 080	6 791
Additions	3 718	2 842
Distributions	( 2 939 )	( 3 235 )
Write-Offs	( 95 )	( 144 )
Allowance for Obsolete/Damage Inventory	<u>( 34 )</u>	<u>826</u>
<b>Ending Balance of inventory</b>	<u><b>7 730</b></u>	<u><b>7 080</b></u>

## 8. Property, Plant and Equipment

### 8.1 General Information

The category of property, plant and equipment consists of permanent and temporary buildings, computer, office and audio visual equipment, motor vehicles, leasehold improvements, and mobile buildings as well as land. Net acquisitions (after disposals) for the year totaled \$574 856 (2014: \$2 332 237).

Additions or reductions in fixed assets are reported in the Statement of Financial Position, while the depreciation expenses for the period are reported in the Statement of Financial Performance

Buildings, computer, office and audio visual equipment, motor vehicles, leasehold improvements, and mobile buildings are capitalized if their cost is greater or equal to the threshold limit set at \$20 000. They are depreciated over the asset's estimated useful life using the straight line method. The threshold level is reviewed periodically. Assets are reviewed annually to determine if there is any impairment in their value.

In accordance with IPSAS 17, paragraph 44, land and buildings were revalued at the end of 2015 according to expert appraiser reports. For the case of one country no revaluation was recorded due to the hyperinflationary economy and existence of different exchange rates. This decision was taken in compliance with IPSAS 1, paragraphs 31 and 32 which recommend avoiding certain practices when they could be misleading.

PAN AMERICAN HEALTH ORGANIZATION  
FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR  
1 January 2015 – 31 December 2015

	Land	Perma- nent Build- ings	Computer Equip- ment	Office Equip- ment	Motor Vehicles	Audio Visual Equip- ment	Lease- hold Improve- ments	Mobile Build- ings	Total
Cost as of 1 January	62 563	64 405	657	32	1 328	317	266	27	129 595
Additions				57	571				628
Disposals					( 53)				( 53)
Impairments									
Adjustments									
Net Revaluations	1 463	( 19 538)							( 18 075)
<b>Cost as of 31 December</b>	<b>64 026</b>	<b>44 867</b>	<b>657</b>	<b>89</b>	<b>1 846</b>	<b>317</b>	<b>266</b>	<b>27</b>	<b>112 095</b>
Depreciation as of 1 January		7 761	343	32	737	204	266	2	9 345
Charged in current period		1 613	147	9	289	68		6	2 132
Disposals					( 43)				( 43)
Adjustments									
Net Revaluations		( 9 374)							( 9 374)
Depreciation as of 31 December			490	41	983	272	266	8	2 060
<b>Net book value as of 31 December 2015</b>	<b>64 026</b>	<b>44 867</b>	<b>167</b>	<b>48</b>	<b>863</b>	<b>45</b>		<b>19</b>	<b>110 035</b>
Net book value as of 31 December 2014	62 563	56 644	314		591	113		25	120 250

## 8.2 Transferred Assets with Conditions

In accordance with the donation document filed in Public Record, the Government of Brazil, Development Company for the New Capital of Brazil, Successors and Assigns granted PAHO the ownership of the land upon which the PAHO/WHO Representative Office buildings in Brazil are located. The document further stipulates that PAHO may not transfer, rent or lend the donated land under penalty of revocation of the donation. In the event that the land is sold for the same purpose (i.e., establishment of a headquarters facility), PAHO must obtain the written consent of the Government and pay the Government the present value of the land. This does not include the buildings and other immovable property thereon. Because of the restriction on the sale of the land and the requirement to pay the Government of Brazil the present value of the land, the Organization recognized such property in the Statement of Financial Position, as both an asset and as a liability. (Note 11.2).

## 8.3 Revaluation of Land and Buildings:

Following the Organization's Accounting Policies (Note 2.8), a revaluation exercise is performed on periodic basis. The last full revaluation occurred at the end of 2015, and following that IPSAS 17, paragraph 92 prescribes, the following disclosures present the main aspects of the process.

- Effective date of the revaluation is 31 December 2015.
- The Organization's land and buildings including leased property were revalued according to professional and independent appraisers at each country or location where land or buildings are owned. A total of eleven (11) professional appraisals were received. For the case of one property, no revaluation was recorded due to the hyperinflationary economy, and the existence of different exchange rates at the country where the property is located.

- c) Appraisals were issued using the market value approach.
- d) Appraisals were issued considering observable prices in active market.
- e) At the end of 2015, the Organization had a Revaluation Surplus with no restrictions of US\$ 0 for buildings and US\$ 26 906 for land, including the respective revaluation for the Non-Current Liability discussed in Note 8.2. The amount of US\$ 26 906 is comprised by US\$ 8 756 of the 2015 revaluation and the difference of US\$ 18 150 of the previous performed revaluations in 2012.
- f) As stated in paragraph e) above, the sum of all revaluation surpluses as of 31 December 2015 was US\$ 26 906 for land and US\$ 0 for buildings.

The new appraisal amounts for each property of the Organization are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Buildings</b>		
Argentina	1 600	1 700
Barbados	2 332	2 332
Brazil	4 418	21 488
Jamaica	1 464	1 788
Guatemala	2 437	2 392
Guyana	614	627
Haiti	1 061	1 571
Washington DC	28 110	30 000
Paraguay	464	517
Peru	1 441	1 064
Venezuela	926	926
	<u>44 867</u>	<u>64 405</u>
Sub-total Buildings		
	<u>44 867</u>	<u>64 405</u>
<b>Land</b>		
Brazil	7 796	15 089
Haiti	1 229	884
Washington DC	44 440	39 000
Peru	8 914	5 943
Venezuela	1 647	1 647
	<u>64 026</u>	<u>62 563</u>
Sub-total Land		
	<u>64 026</u>	<u>62 563</u>
<b>Total</b>	<u><u>108 893</u></u>	<u><u>126 968</u></u>

As of 31 December 2015 the Organization adjusted the figures related to the Revaluation Surplus in order to be compliant with the Revaluation Model for its Property, Plant and Equipment as prescribed by IPSAS 17 paragraphs from 44 to 58. The overall result of the adjustment of the revaluation of buildings ended in the recognition of a loss of US\$ 4 808 reflected in the Consolidated Statement of Financial Performance.

## 9. Intangible Assets

The Organization separately discloses Intangible Assets that are: (a) Available for use and subject to amortization; and, (b) Under development and that have not been completed.

	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Intangible Assets Available for use</b>		
Cost as of 1 January	3 689	3 689
Additions		
Adjustments		
Deletions		
Cost as of 31 December	<u>3 689</u>	<u>3 689</u>
Amortization as of 1 January	1 960	1 256
Charged in current period	705	705
Adjustments		
Amortization as of 31 December	<u>2 665</u>	<u>1 961</u>
<b>Net book value as of 31 December for Intangible Assets Available for use</b>	<b>1 024</b>	<b>1 728</b>
<b>Intangible Assets under Development *</b>		
<b>Total Intangible Assets</b>	<b><u>1 024</u></b>	<b><u>1 728</u></b>

## 10. Accrued Liabilities

	<u>31 December 2015</u>	<u>31 December 2014</u>
Accrued Liabilities-Regular Budget Fund	4 262	4 086
Accrued Liabilities-Other Sources - PAHO	87 577	35 000
Accrued Liabilities-Other Sources - WHO	<u>1 843</u>	<u>3 595</u>
<b>Total</b>	<b><u>93 682</u></b>	<b><u>42 681</u></b>

## 11. Accounts Payable

### 11.1 Accounts Payable Current

	<u>31 December 2015</u>	<u>31 December 2014</u>
Assessed Contributions Received in Advance	7	196
Voluntary Contributions Expired Agreements	2 794	1 676
Voluntary Contributions Pending Signature of Agreement	626	1 077
Procurement of Public Health Supplies	3 682	
Miscellaneous	<u>8 924</u>	<u>6 310</u>
<b>Total</b>	<b><u>16 033</u></b>	<b><u>9 259</u></b>

## 11.2 Accounts Payable-Non Current

	<u>31 December 2015</u>	<u>31 December 2014</u>
Liability Restricted Assets-Land in Brasilia, Brazil (Note 8.2)	7 796	15 089
<b>Total</b>	<b><u>7 796</u></b>	<b><u>15 089</u></b>

## 12. Employee Benefits

Under the Staff Rules of the Pan American Health Organization, the Organization provides employee benefits which can be categorized as short-term liabilities and others which can be categorized as long-term liabilities. The employee benefits which are categorized as short-term liabilities are education grant, education grant travel, and assignment grant. The employee benefits which can be categorized as long-term liabilities include certain terminal payments, such as payment for annual leave, repatriation grant, repatriation travel, or other separation indemnities, as appropriate.

In order to accrue the funds required for these short-term liabilities and long-term liabilities, the Organization has established three funds. The Staff Entitlements Fund, established in January 2008, funds the short-term liabilities of education grant, education grant travel, and assignment grants. The After-Service Health Insurance Fund, established in 2010, reflects the financing and liability of the Organization for the current and prior staff members' health insurance for future years. The Termination and Repatriation Entitlements Fund, established in April 1972, reflects the financing and liability of the Organization for terminal entitlements, including annual leave, repatriation grant, repatriation travel, and household removal.

As of 31 December 2015, the status of the current and non-current employee benefits liabilities is as follows:

	<b>After-Service Health Insurance Fund</b>	<b>Termination and Repatriation Entitlements Fund</b>	<b>Total 2015</b>	<b>Total 2014</b>
Current liability	9 740	3 312	13 052	11 616
Non-current Liability	210 838 *		210 838	199 986
Non-current (Asset) (Note 6.2)		( 5 013)	( 5 013)	( 7 350)
<b>Total</b>	<b><u>220 578</u></b>	<b><u>( 1 701)</u></b>	<b><u>218 877</u></b>	<b><u>204 252</u></b>

\* As of 31 December 2015 the Director of the Organization approved a transfer of US\$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows a net Non-current Liability of US \$202 837 971.

- The gains and losses (unexpected changes in surplus or deficit) are recognized over time via the Corridor Method.
- The expected rate of return on assets was set based on the e-tool of Aon Hewitt Corporation previously known as Aon Hewitt Associates LLC, (30-year time horizon for ASHI only) and the current portfolio.
- There is no reimbursement right.
- The expected Organization's contributions during 2016 are estimated at \$11 917 483 for After-Service Health Insurance and \$3 312 474 for Termination and Repatriation Entitlements.

## **12.1 Actuarial Valuations of Post-Employment and Other Separation-Related Benefits**

Post-employment benefits and Other Separation-Related Benefits are defined benefit plans of After-Service Health Insurance and Termination and Repatriation Entitlements. During 2015, the rates of contribution of these two long-term liability funds were 5% in January and 10.8% from February through December of net salaries plus post adjustment being credited to the Termination and Repatriation Fund. And 4% in January and 8% from February through December of the net salaries credited to the After-Service Health Insurance.

The WHO/PAHO Staff Health Insurance Plan (SHI) allows eligible retirees, beneficiaries, and their eligible family members to participate in the Plan. The Termination and Repatriation Entitlements Fund finances the end-of-service payments for the Organization's staff members upon separation. These benefits which include accrued annual leave, household removal, repatriation grant, repatriation travel, and termination indemnities are payable when staff members leave the Organization's employment.

The assets shown for the After-Service Health Insurance Plan do not include any part of the assets held in the aggregate World Health Organization (WHO) Staff Health Insurance Fund (SHI) managed by the WHO. The staff members of the WHO and its administered entities, including the Organization, contribute to this SHI Fund. However, the Fund's assets have not been irrevocably allocated between WHO, the Organization (i.e. PAHO) and the rest of the WHO and its administered entities. Therefore, under IPSAS 25, no portion of the Fund qualifies as a plan asset for the Organization's After-Service Health Insurance Fund.

The Defined Benefit Obligation as of 31 December 2015, as calculated by Aon Hewitt Corporation, increased to \$17 016 768 for terminal entitlements and decreased to \$300 203 434 for after-service health insurance. The Termination and Repatriation Fund had assets of \$11 058 692; therefore the net liability was \$5 957 806 as of 31 December 2015. As the Organization's After-Service Health Insurance Fund had assets of \$56 816 121, the net liability for the After-Service Health Insurance decreased to \$243 387 313 as of 31 December 2015.

One of the significant contributory factors in the increases in the obligation for Termination and Repatriation Entitlements, was the transfer of AMRO's liability to PAHO by \$4 961 000, because PAHO agreed to assume this liability. Excluding that change, the obligation has decreased mainly due to benefit payments in excess of the benefit accrual and interest on the liability during 2015. The major factor in the decrease of the obligation for After-Service Health Insurance was the increase in the discount rate from 4.2% for the 31 December 2014 actuarial valuation, to 4.5% for the 31 December 2015 actuarial valuation, due to the increase in the yield of high-grade U.S. corporate bonds. The liabilities include the costs for 2015, less benefit payments made during the year.

## **12.2 Other Long-Term Employee Benefits**

Other long-term employee benefits consist of home leave travel which is accrued on a monthly basis. Employees entitled to this benefit are meant to earn it and take it every two years.

## **12.3 Actuarial Assumptions and Methods**

Each year the Organization identifies and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the Organization's after-service benefit plans (post-employment benefits and other terminal entitlement benefits). Actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 25. In addition, each actuarial assumption is required to be disclosed in absolute terms.

### 12.3.1 Actuarial Assumptions

The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee liabilities for the Organization at 31 December 2015.

Assumption	After Service Health Insurance Fund	Termination and Repatriation Entitlements Fund
Accounting Standard	International Public Sector Accounting Standard 25; first adopted by the Organization at 1 January 2010	
Measurement Date	31 December 2015	
Discount Rate	4.5 %	3.5 %
Expected Rate of Return on Assets	3.2 %	3.2 %
General Inflation	2.5 %	2.5 %
Medical Costs Increases	5.0% in 2016 for U.S and 7.0% for Non-U.S. Americas, for the U.S. decreasing in 0.1% increments every other year starting in 2022 to 4.0 % in 2040 and subsequent years and for the Non-U.S. Americas decreasing in alternating 0.1% and 0.2% increments every year starting in 2021 to 4.0% in 2040.	Not Applicable
Future Contribution Rate Changes	Rates are assumed to increase by 4% per year in 2015 through 2041, and by 1% per year thereafter, compounded geometrically.	Not Applicable
Average Retirement Age	Average remaining years of service: 9.77	Average remaining years of service: 8.55
Life Expectancy	Based on the mortality tables of the UN Joint Staff Pension Fund.	Not Applicable
Average Medical Costs	\$8 032 per person per year in 2015	Not Applicable



The following tables provide additional information and analysis on employee benefits liabilities calculated by actuaries.

### 12.3.2 Reconciliation of Funded Status

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Defined Benefit Obligation (DBO)				
Inactive	192 611		192 611	199 050
Active	107 592	17 017	124 609	133 081
Defined Benefit Obligation including actuarial loss	<b>300 203</b>	<b>17 017</b>	<b>317 220</b>	<b>332 131</b>
Less: Plan Assets *	( 48 816)	( 11 059)	( 59 875)	( 54 688)
Net Defined Benefit Obligation including actuarial loss	<b>251 387</b>	<b>5 958</b>	<b>257 345</b>	<b>277 443</b>
Less: Unrecognized Actuarial Gain/(Loss)	( 34 401)	( 7 659)	( 42 060)	( 77 572)
Unrecognized Prior Service Credit/(Cost)	3 592		3 592	4 381
<b>Net Liability/(Asset) Recognized in the Statement of Financial Position</b>	<b>220 578</b>	<b>( 1 701)</b>	<b>210 877</b>	<b>204 252</b>
<b>Split between:</b>				
Current Liability	9 740	3 312	13 053	11 616
Non-Current Liability / (Asset)	210 838	( 5 013)	205 825	192 636
<b>Net Liability/(Asset) Recognized in the Statement of Financial Position</b>	<b>220 578</b>	<b>( 1 701)</b>	<b>218 878</b>	<b>204 252</b>

\* As of 31 December 2015 the Director of the Organization approved a transfer of US\$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows Plan Assets for US \$56 816 121.

### 12.3.3 Annual Expense for Calendar Year 2015

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Current Service Cost	7 482	1 131	8 613	8 096
Interest Cost	13 191	394	13 585	14 176
Expected Return on Assets	( 1 483)	( 352)	( 1 835)	( 2 061)
Amortization of (Gain)/Loss	3 934	791	4 725	2 145
Recognition of Prior Service Cost	( 789)		( 789)	( 790)
Changes in Accounting Methods		4 961	4 961	
<b>Total Expense Recognized in the Statement of Financial Performance</b>	<b>22 335</b>	<b>6 925</b>	<b>29 260</b>	<b>21 566</b>

#### 12.3.4 Reconciliation of Defined Benefit Obligation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
<b>Defined Benefit Obligation as of 1 January</b>	318 823	13 308	<b>332 131</b>	<b>286 495</b>
Service Cost	7 482	1 131	8 613	8 096
Interest cost	13 191	394	13 585	14 176
Less: Benefits Paid	( 9 764)	( 3 281)	( 13 045)	( 12 970)
Add: Contributions by Plan Participants	( 225)		( 225)	( 224)
Less: Plan Amendments	1 767		1 767	1 864
Add: Actuarial (Gain) / Loss	( 31 071)	504	( 30 567)	34 694
Add: Changes in Accounting Methods		4 961	4 961	
<b>Defined Benefit Obligation including Actuarial Loss as of 31 December</b>	<b>300 203</b>	<b>17 017</b>	<b>317 220</b>	<b>332 131</b>
Less: Plan Assets*	( 48 816)	( 11 059)	( 59 875)	( 54 688)
<b>Net Defined Benefit Obligation including Actuarial Loss as of 31 December</b>	<b>251 387</b>	<b>5 958</b>	<b>257 345</b>	<b>277 443</b>
<b>Less: Unrecognized Gain/(Loss)</b>				
Unrecognized Net (Loss) at End of Prior Year	( 69 569)	( 8 003)	( 77 572)	( 47 713)
(Loss) Arising during Current Year				
Actuarial (Loss) on Defined Benefit Obligation	31 071	( 504)	30 567	( 34 694)
Actuarial (Loss) on Plan Assets	163	57	220	2 690
Gain Recognized during Current Year	3 934	791	4 725	2 145
<b>Unrecognized Actuarial (Loss) at End of Year</b>	<b>( 34 401)</b>	<b>( 7 659)</b>	<b>( 42 060)</b>	<b>( 77 572)</b>
<b>Unrecognized Prior Service Credit</b>	<b>3 592</b>		<b>3 592</b>	<b>4 381</b>
<b>Net Liability Recognized in the Statement of Financial Position as of 31 December</b>	<b>220 578</b>	<b>( 1 701)</b>	<b>218 877</b>	<b>204 252</b>

\* As of 31 December 2015 the Director of the Organization approved a transfer of US\$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows Plan Assets for US \$56 816 121.

### 12.3.5 Reconciliation of Plan Assets

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Plan Assets as of 1 January	44 038	10 650	54 688	48 176
Benefits Paid	( 9 988)	( 3 281)	( 13 269)	( 13 194)
Contributions by Plan Participants	1 767		1 767	1 864
Contributions by the Employer	6 890	3 281	10 171	7 923
PAHO/WHO SHI Fund Contribution	4 463		4 463	5 168
Expected Return on Assets	1 483	351	1 834	2 061
Actuarial Gain / (Loss) - on Plan assets	163	58	221	2 690
<b>Plan Assets as of 31 December</b>	<b>48 816</b>	<b>11 059</b>	<b>59 875</b>	<b>54 688</b>
Made up of:				
Long Term Investments - Fixed Income Notes (Note 4.2)	48 238	10 923	59 161	50 862
Cash and Cash Equivalents (Note 3)	578	136	714	3 826
<b>Plan Assets as of 31 December *</b>	<b>48 816</b>	<b>11 059</b>	<b>59 875</b>	<b>54 688</b>

\* As of 31 December 2015 the Director of the Organization approved a transfer of US\$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows Plan Assets for US \$56 816 121.

### 12.3.6 Sources of Change in Past Service Liability since Prior Valuation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Value as of 31 December Previous Year	318 823	13 309	332 132	286 494
Value as of 31 December Current Year	300 203	17 017	317 220	332 132
Change	( 18 620)	3 708	( 14 912)	45 638
<b>Sources of Change:</b>				
Expected Change	12 450	( 1 757)	10 693	10 944
Benefit Payments Different Than Expected during Current Year	( 1 419)	394	( 1 025)	
Miscellaneous Demographic Experience				473
Miscellaneous Demographic Experience (Incl. Fx Changes)	706	( 152)	554	
Rehires/Transfers in during Year	275	486	761	445
Claims and Administrative Expense Experience				( 13 130)
*Changes in Discount Rates				
(Prior year over current year)	( 14 595)	( 224)	( 14 819)	41 974
Change in TAREP Assumptions				1 903
Change in UNJSPF Assumptions				3 029
Updated Claims and Trend Assumptions	( 16 037)		( 16 037)	
Transfer of AMRO's TAREP Liability to PAHO		4 961	4 961	
<b>Total Change in Valuation</b>	<b>( 18 620)</b>	<b>3 708</b>	<b>( 14 912)</b>	<b>45 638</b>

\*Increase in discount rate from 4.2% to 4.5% for After Service Health Insurance and 3.2% to 3.5% for Termination and Repatriation Entitlements

### 12.3.7 After-Service Medical Plan - Sensitivity Analysis

Three of the principal assumptions in the valuation of the After-Service Medical Plan are: 1) the rate at which medical costs are expected to decrease in the future; 2) the return on the assets; and 3) the discount rate used to determine the present value of benefits that will be paid from the plan in the future. Because the medical inflation rate and the discount rate have a very significant impact on the determination of the Organization's long-term valuation, it is helpful to conduct sensitivity analysis on them. The sensitivity analysis identifies the impact which the medical inflation rate and the discount rate variables will have on the total valuation. The Aon Hewitt Corporation determined the impact of increasing or decreasing assumptions on the valuation.

### 12.3.8 Medical Sensitivity Analysis - After - Service Health Insurance \*

	<b>Current Medical Inflation Assumption Minus 1 %</b>	<b>Current Medical Inflation Assumption</b>	<b>Current Medical Inflation Assumption Plus 1 %</b>
2015 Service Cost plus Interest Cost	17 053	20 673	25 400
Defined Benefit Obligation as of 31 December 2015	259 679	300 203	350 530

### 12.3.9 Discount Rate Sensitivity Analysis – After - Service Health Insurance \*

	<b>Current Discount Rate Assumption Minus 1 % : 3.5 %</b>	<b>Current Discount Rate Assumption: 4.5 %</b>	<b>Current Discount Rate Assumption Plus 1 % : 5.5 %</b>
Defined Benefit Obligation as of 31 December 2015	353 351	300 203	258 398

\*The Sensitivity Analyses above do not address the Termination and Repatriation Entitlements Fund because the benefits from this Fund are distributed upon retirement or shortly thereafter.

### 12.3.10 Settlement of Employee Benefit Liability

<b>Termination and Repatriation Entitlements Plan</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Settlement of Benefits	3 281	2 210
<b>After- Service Health Insurance</b>		
Administrative Expenses paid by the Organization	224	223
SHI Fund Contribution	4 463	5 168
Contribution to PAHO's ASHI Fund paid by the Organization	3 534 8 221	3 728 9 119
<b>Total</b>	<b>11 502</b>	<b>11 329</b>

## 12.4 United Nations Joint Staff Pension Fund

The Pension Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

The Organization's financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72% (compared to a deficit of 1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration, compared to the actual contribution rate of 23.7%. The next actuarial valuation will be conducted as of 31 December 2015.

At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5% (130.0% in the 2011 valuation). The funded ratio was 91.2% (86.2% in the 2011 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2013, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

During 2015, contributions paid to the UNJSPF amounted to \$16 107 684 (2014: \$16 332 644) by the Organization and \$8 053 842 (2014: \$8 169 166) by the participants. There were no pension restoration payments processed during 2015 (2014: \$2 843).

### 13. Deferred Revenue

#### 13.1 Deferred Revenue – Current

	<u>31 December 2015</u>	<u>31 December 2014</u>
Voluntary Contributions		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	1 645	611
Voluntary Contributions	29 517	19 302
National Voluntary Contributions	210 030	369 666
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	159 271	158 411
Regional Revolving Fund for Strategic Public Health Supplies	47 581	44 374
Reimbursable Procurement	5 301	8 298
<b>Total</b>	<b><u>453 345</u></b>	<b><u>600 662</u></b>

## 13.2 Deferred Revenue – Non-Current

	<u>31 December 2015</u>	<u>31 December 2014</u>
Voluntary Contributions		
Voluntary Contributions	36 076	24 566
National Voluntary Contributions	<u>103 313</u>	<u>149 657</u>
<b>Total</b>	<b><u>139 389</u></b>	<b><u>174 223</u></b>

## 14. Fund Balances and Reserves

Fund balances represent the unexpended portion of contributions that are intended to be utilized in future operational requirements of the programs or projects.

Reserves are established by the Governing Bodies as facilities for funding and/or financing the Organization's programs and projects. They currently are:

- Working Capital Fund
- Holding Account
- Tax Equalization Fund
- Master Capital Investment Fund
- Special Fund for Program Support Costs
- Voluntary Contributions – Emergency Preparedness and Disaster Relief
- Governing Bodies Authorized Fund
- Special Fund for Health Promotion
- Budgetary Surplus Fund
- Epidemic Emergency Fund
- Food Safety Five – Years Plan Fund
- PMIS Funding PAHO IPSAS Surplus Fund
- Revenue Surplus Fund
- IPSAS Surplus Fund

## Summary of Fund Balances and Reserves

	Balance as of 31 December 2015	Balance as of 31 December 2014	
<b>Fund Balances:</b>			
Strategic Public Health Supplies-Capitalization	10 518	7 581	
PAHO After-Service Health Insurance	(220 578 )	(209 597 )	
Voluntary Contributions	46	49	
Income from Services	4 650	4 290	
Provision for Staff Entitlements	1 612	532	
Revolving Fund for Vaccine Procurement	147 404	131 963	
PAHO Regular Budget	112 088	125 341	
Provision for Termination and Repatriation Entitlements	5 703	1 963	
PAHO Post Occupancy Charge	12 437	6 533	
Expanded Textbook and Instructional Materials Program	15 377	15 438	<b>84 093</b>
	<b>89 257</b>		
<b>Reserves:</b>			
Working Capital Fund	20 745	19 174	
Holding Account		132	
Tax Equalization Fund	3 921	1 554	
Master Capital Investment Fund	16 912	8 551	
Special Fund for Program Support	78 859	70 862	
Voluntary Contributions - Emergency Preparedness and Disaster Relief	2 629	2 709	
Governing Bodies Authorized Fund	( 524 )	9 152	
Special Fund for Health Promotion	1 000	1 189	
Budgetary Surplus Fund	132	773	
Epidemic Emergency Fund	1 875	465	
Food Safety Five-Years Plan Fund	206	326	
PMIS Funding PAHO IPSAS Surplus Fund	6 729	9 539	
Revenue Surplus Fund	7 864	5 090	
IPSAS Surplus Fund	140 348	2 282	<b>131 798</b>
	<b>229 605</b>		
<b>Total</b>	<b>229 605</b>	<b>215 891</b>	



## 14.1 Working Capital Fund

The Working Capital Fund was established for the primary purpose of providing funds as required to finance the Regular Budget pending receipt of contributions from Member and Participating States and Associate Members.

The 37th Directing Council (1993), noting that since 1978-1979 the budget of the Organization had grown from \$64 849 990 to \$159 457 717 in 1994-1995, authorized the Director to increase gradually the level of the Working Capital Fund from \$11 000 000 to an authorized level not to exceed \$15 000 000. The 44th Directing Council (2003) increased the authorized level of the Working Capital Fund from \$15 000 000 to \$20 000 000. The 53<sup>rd</sup> Directing Council, per Resolution CD53.R10 dated 2 October 2014, approved an increase in the authorized level from \$20 000 000 to \$25 000 000.

In accordance with Financial Regulation 4.5, any deficit of revenue over expenses of the Regular Budget appropriation at the end of the current budgetary period shall be funded first by the Working Capital Fund to the extent possible, and then by borrowing or by other authorized means. Non-budgetary items such as depreciation, amortization and contributions in-kind do not constitute part of the Regular Budget and, therefore, are excluded from revenue and expense for the purposes of calculating the Regular Budget Appropriation surplus or deficit.

	Total as of 31 December 2015	Total as of 31 December 2014	Total as of 31 December Biennium 2014-2015	Total as of 31 December Biennium 2012-2013
Balance as of 1 January - Biennium		15 864	15 864	15 360
2014 Surplus / (Deficit)	9 743		9 743	
2015 Surplus / (Deficit)	(9 238 )		(9 238 )	
<b>2014-2015 Surplus / (Deficit)</b>	<b>505</b>		<b>505</b>	<b>(2 090 )</b>
2014 Non Budgetary Items *	1 300		1 300	
2015 Non Budgetary Items *	6 714		6 714	
<b>2014-2015 Non budgetary items *</b>	<b>8 014</b>		<b>8 014</b>	<b>2 931</b>
2014 Transfer to Revenue Surplus Fund	(3 722 )		(3 722 )	
2015 Transfer to Revenue Surplus Fund	(4 052 )		(4 052 )	
<b>2014-2015 Transfer to Revenue Surplus Fund</b>	<b>(7 774 )</b>		<b>(7 774 )</b>	
<b>Regular Budget Appropriation</b>				
<b>Surplus/(Deficit)</b>	<b>745</b>		<b>745</b>	<b>841</b>
Prior year Adjustments				( 364 )
WHO De-recognition of prior year Expenses				( 275 )
Transfers of Fund Balances from CEC and CFNI				300
Transfers of Fund Balances from Income from Services Subfunds				2
2015 Repayment of 2014 Loan to the Master Capital Investment Fund	826	( 826 )		
Repayment of the Loan from the Revolving Fund for Vaccine Procurement		4 136	4 136	
<b>Balance as of 31 December</b>	<b>1 571</b>	<b>19 174</b>	<b>20 745</b>	<b>15 864</b>

\* Non-Budgetary Items are comprised, of but not limited to, depreciation, amortization and contributions in-kind.

## 14.2 Holding Account

The balance of this account was recorded in accordance with Financial Regulations in effect until the adoption of IPSAS in 2010, when the Regulations were revised. This balance will be utilized in future financial periods subject to decision by the Governing Bodies.

### 14.3 Tax Equalization Fund

The Tax Equalization Fund, as established by Resolution CD18.R7 of the 18th Directing Council (1968), is credited with the revenue derived from the staff assessment plan. The credits to the Fund are recorded in the name of each Member State in proportion to its assessment for the financial period concerned, and reduced by the amount needed to reimburse income taxes levied by the Member State on the Organization staff. Adjustments are made in the next financial period to take account of the actual charges in respect of amounts reimbursed to staff members who are subject to national taxes.

As stated in the accounting policy provided previously, Member States participating in the Tax Equalization Fund had the following balances at the end of the reporting period.

Member States	Balance 1 January 2015	Credits from the Tax Equalization Fund	Apportionment to Member States	Available to Cover Tax Reimbursements to Staff	Taxes Reimbursed to Staff	Balance 31 December 2015
Canada	47	1 092	1 002	90	28	109
Colombia	16	96	96			16
United States	1 507	5 421	( 3 879)	9 300	6 988	3 819
Venezuela	( 16)	199	169	30	37	( 23)
Other		2 312	2 312			
<b>Total</b>	<b>1 554</b>	<b>9 120</b>	<b>( 300)</b>	<b>9 420</b>	<b>7 053</b>	<b>3 921</b>

There is no outstanding accounts receivable for the Tax Equalization Fund because the liabilities for the reimbursement of income taxes are included in the accounts receivable for assessed contributions due from the relevant Member States.

### 14.4 Master Capital Investment Fund

The Organization's Master Capital Investment Fund (MCIF) was established by Resolution CSP27. R19 of the 27<sup>th</sup> Pan American Sanitary Conference, 59<sup>th</sup> Session of the Regional Committee, in October 2007. This fund initially was created with two sub-funds, Real Estate and Equipment, and Information Technology, in lieu of the Organization's Building Fund and the Capital Equipment Fund, effective 1 January 2008. The purpose of the Fund is financing the repairs of the Organization's office buildings and the systematic replacement of computer and telecommunications equipment software and systems to support the information technology infrastructure of the Organization.

In 2012, according to Resolution CSP28.R17 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee of WHO for the Americas, three additional sub-funds were authorized to be established: Real State Maintenance and Improvement, Revolving Strategic Real State, and Vehicle Replacement.

### 14.5 Special Fund for Program Support Costs

The Special Fund for Program Support Costs was established in 1976 by the Director under the authority of Financial Regulation 9.3 (originally 6.7) and subsequently reaffirmed by Resolution CSP20.R32 of the 20th Pan American Sanitary Conference (1978).

Trust Fund projects are charged a program support cost on a percentage of the direct project cost incurred, and this income is credited to the Fund. Other activities include sales of publications, support to fellowships and others. The Fund is used to provide support for indirect costs associated with non-regular budget activities or projects. Reimbursable Procurement is charged a service charge based on the value of procurement, and this income is also credited to this Fund.

#### **14.6 Special Fund for Natural Disaster Relief**

In accordance with Resolution CD24.R10 of the 24<sup>th</sup> Directing Council (1976), the Special Fund for Natural Disaster Relief was created to provide funds which can be used promptly by the Organization's Emergency Preparedness and Disaster Relief team.

#### **14.7 Governing Bodies Authorized Fund**

The 48<sup>th</sup> Directing Council, noting the revised document on proposed uses of program budget income exceeding the authorized effective working Regular Budget for the financial period 2006-2007 (Document CD48/22), resolved to establish the Governing Bodies Authorized Fund to fund proposed initiatives that will strengthen the Organization, that minimize added re-current costs, and are sustainable within normal operations and for which other funding resources are scarce or unavailable.

#### **14.8 Special Fund for Health Promotion**

The Directing Council at its 13<sup>th</sup> Meeting in 1961 established the Special Fund for Health Promotion with the objective of strengthening the health program of the Americas.

#### **14.9 Epidemic Emergency Fund**

The Epidemic Emergency Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. This fund is used as a revolving fund to advance monies to affected countries in the advent of an epidemic outbreak or public health emergency. Advanced funds would be recovered from appeals and other forms of voluntary contributions received in response to the emergency.

#### **14.10 Food Safety Five-Year Plan Fund**

The Food Safety Five-Year Plan Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. This fund supports food safety initiatives.

#### **14.11 Pan American Sanitary Bureau Management Information System (PMIS) Fund**

The Pan American Sanitary Bureau Management Information System (PMIS) Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. The PMIS fund was established for the implementation of an enterprise resource planning (ERP) software for the Organization.

#### **14.12 IPSAS Surplus Fund**

The IPSAS Surplus Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. This fund will be used to meet future unforeseen strategic and/or administrative initiatives. Future proposals for the use of this reserve may also include increases of any other existing funds.

#### **14.13 Budgetary Surplus**

Financial Regulations approved by Resolution CD49.R1 of the 49th Directing Council, 61st Session of the Regional Committee, stipulates that "Any balance of the Regular Budget appropriation not committed by the end of the current budgetary period, shall be used to replenish the Working Capital Fund to its authorized level, after which any balance will be available for subsequent use in accordance with the resolutions adopted by the Conference or Directing Council."

#### **14.14 Revenue Surplus**

Financial Regulations approved by Resolution CD49.R1 of the 49th Directing Council, 61st Session of the Regional Committee, stipulates that "Any excess of revenue over the Regular Budget appropriation at the end of a budgetary period shall be considered a revenue surplus and shall be available for use in subsequent periods to cover the unfunded portion of the Strategic Plan, as determined by the Director and with the concurrence of the Subcommittee on Program, Budget, and Administration.

PAN AMERICAN HEALTH ORGANIZATION  
FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR  
1 January 2015 – 31 December 2015

## 15. Revenue

	2015		2014	
	Gross Revenue	Net Revenue	Gross Revenue	Net Revenue
<b>Revenue from Non-Exchange Transactions</b>				
<b>Assessed Contributions</b>				
PAHO Regular Budget	96 200	96 200	96 200	96 200
Tax Equalization Fund	9 420	9 420	9 420	9 420
<b>Subtotal</b>	<b>105 620</b>	<b>105 620</b>	<b>105 620</b>	<b>105 620</b>
<b>Voluntary Contributions</b>				
Voluntary Contributions	36 152	33 158	41 510	37 860
Voluntary Contributions - National Voluntary Contributions	582 682	554 737	833 086	793 311
Voluntary Contributions - Emergency Preparedness and Disaster Relief	1 143	1 060	3 177	2 972
Special Fund for Program Support	31 022	31 022	43 630	43 630
<b>Subtotal</b>	<b>650 999</b>	<b>619 977</b>	<b>921 403</b>	<b>877 773</b>
<b>Other Revenue</b>				
AMRO Regular Budget	52 986	52 986	30 629	30 629
AMRO Voluntary Funds for Health Promotion	27 083	26 689	22 416	22 416
Epidemic Emergency Fund	580	580		
AMRO Special Account for Servicing Costs	5 756	5 756	3 722	3 722
AMRO Contribution for Renovation of Assets	203		500	500
Staff Development and Learning Fund	338	338	86	86
AMRO Post Occupancy Charges	3 180		413	
<b>Subtotal</b>	<b>90 126</b>	<b>86 349</b>	<b>57 766</b>	<b>57 353</b>
<b>Revenue from Exchange Transactions</b>				
<b>Procurement of Public Health Supplies</b>				
Revolving Fund for Vaccine Procurement	567 744	561 155	602 844	596 214
Reimbursable Procurement on Behalf of Member States	6 208	5 971	12 391	11 968
Regional Revolving Fund for Strategic Public Health Supplies	72 267	71 461	61 139	60 618
Special Fund for Program Support	7 632	7 632	7 574	7 574
<b>Subtotal</b>	<b>653 851</b>	<b>646 219</b>	<b>683 948</b>	<b>676 374</b>
<b>Other Revenue</b>				
PAHO Regular Budget	164	164	668	( 332)
Voluntary Contributions			1	1
Income for Services	3 705	3 262	4 549	4 264
Special Fund for Program Support	59	59	45	45
Expanded Textbook and Instructional Materials Program	5 862	5 862	5 729	5 729
Health Promotion	13	13	15	15
Provision for Termination and Repatriation Entitlements	5 439		2 686	
Provisions for Staff Entitlements	4 032		4 240	
PAHO Post Occupancy Charge	7 357		4 086	
After Service Health Insurance	3 132		1 762	
Master Capital Investment Fund	1 357	1 286	1 066	1 038
AMRO Terminal Payments Account	314		421	
AMRO Non-Payroll Statutory Entitlements	1 055		1 050	
<b>Subtotal</b>	<b>32 489</b>	<b>10 646</b>	<b>26 318</b>	<b>10 760</b>
<b>Miscellaneous Revenue</b>				
PAHO Regular Budget				
Interest Earned	8 125	8 125	7 536	7 536
Saving on or cancellation of prior periods' obligations			281	281
Valuation Gains and Losses	( 636)	( 636)	( 751)	( 751)
Investment Management Fees	( 519)	( 519)	( 521)	( 521)
Other Miscellaneous	82	82	177	177
Special Fund for Program Support	( 15 838)	( 15 838)	( 7 489)	( 7 489)
Expanded Textbook and Instructional Materials Program	76	76	70	70
Voluntary Contributions	1	1		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	( 80)	( 80)		
<b>Subtotal</b>	<b>( 8 789)</b>	<b>( 8 789)</b>	<b>( 697)</b>	<b>( 697)</b>
<b>TOTAL REVENUE</b>	<b>1 524 296</b>	<b>1 460 022</b>	<b>1 794 358</b>	<b>1 727 183</b>

## 16. Expenses

	2015		2014	
	Gross Expenses	Net Expenses	Gross Expenses	Net Expenses
<b>Staff and Other Personnel Costs</b>				
International and National Staff	183 219	161 486	163 614	149 369
Consultants	19 290	19 290	16 117	16 117
Temporary Staff	4 770	4 770	4 167	4 167
<b>Subtotal</b>	<b>207 279</b>	<b>185 546</b>	<b>183 898</b>	<b>169 653</b>
<b>Supplies, Commodities, Materials</b>				
Vaccines / Syringes / Cold Chain	607 208	600 619	635 834	629 204
Medications and Medical Supplies	23 725	23 488	24 654	24 231
Other Goods and Supplies	22 108	20 683	19 920	19 399
<b>Subtotal</b>	<b>653 041</b>	<b>644 790</b>	<b>680 408</b>	<b>672 834</b>
<b>Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization</b>				
Equipment, Vehicles, Furniture <sup>/2</sup>	( 503)	( 574)	( 2 176)	( 3 204)
Intangible Assets <sup>/2</sup>				
Depreciation / Amortization	7 646	7 646	2 778	2 778
<b>Subtotal</b>	<b>7 143</b>	<b>7 072</b>	<b>602</b>	<b>( 426)</b>
<b>Contract Services</b>				
Contracts	74 892	72 136	86 879	86 368
<b>Subtotal</b>	<b>74 892</b>	<b>72 136</b>	<b>86 879</b>	<b>86 368</b>
<b>Travel</b>				
Duty Travel	9 197	8 804	7 064	6 877
Courses and Seminars	59 163	59 163	109 928	109 928
<b>Subtotal</b>	<b>68 360</b>	<b>67 967</b>	<b>116 992</b>	<b>116 805</b>
<b>Transfers and Grants to Counterparts</b>				
Letters of Agreements	480 879	480 879	647 020	647 020
<b>Subtotal</b>	<b>480 879</b>	<b>480 879</b>	<b>647 020</b>	<b>647 020</b>
<b>General Operating and Other Direct Costs/<sup>1</sup></b>				
Maintenance, Security and Insurance	10 526	10 478	11 201	11 201
<b>Subtotal</b>	<b>10 526</b>	<b>10 478</b>	<b>11 201</b>	<b>11 201</b>
<b>Indirect Support Costs</b>				
Program Support Costs	31 022		43 630	
<b>Subtotal</b>	<b>31 022</b>		<b>43 630</b>	
<b>Total Expenses</b>	<b>1 533 142</b>	<b>1 468 868</b>	<b>1 770 630</b>	<b>1 703 455</b>

Note/<sup>1</sup> General Operating Expense and Other Direct Costs Include Lease Payments for \$2 215 405. (2014: \$2 208 645).

Note/<sup>2</sup> The balance includes the capitalization of assets in the Statement of Financial Position.

## 17. Comparison of Budget and Actual Amounts

Reconciliation between the actual amounts on a comparable basis in the Comparison of Budget and Actual Amounts and the actual amounts in the Cash Flow Statement for the year ended 31 December 2015 is presented below:

*(Expressed in thousand US Dollars)*

	31 December 2015			31 December 2014		
	Investing and			Investing and		
	Operating	Financing	Total	Operating	Financing	Total
<b>Actual amount on comparable basis from Statement of Budget and Actual Amounts</b>	( 270 741)		( 270 741)	( 225 914)		( 225 914)
Basis Differences						
Timing Differences						
Presentation Differences	1 444 003	54 823	1 498 826	1 901 777	( 147 014)	1 754 763
Entity Differences	(1 223 527)		(1 223 527)	(1 556 883)		(1 556 883)
<b>Actual amount in the Statement of Cash Flow</b>	<b>( 50 265)</b>	<b>54 823</b>	<b>4 558</b>	<b>118 980</b>	<b>( 147 014)</b>	<b>( 28 034)</b>

The budget and financial statements are prepared using a different accounting basis. The financial statements are prepared on an accrual basis and the Comparison of Budget and Actual Amounts is prepared on a cash basis. The chart above illustrates the actual amount of cash disbursements based on the budget, reconciled to the actual cash change in the Statement of Cash Flow.

Basis differences occur when comparing two different bases. There are no basis differences for the reconciliation of a cash budget position to a cash flow position. The Comparison of Budget and Actual Amounts reflects disbursements in comparison with the budget and does not include cash receipts; therefore, the cash receipts are reflected as a presentation difference. Entity differences are activities included in the financial statements and omitted from the budget.

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## 18. Segment Reporting

### 18.1 Statement of Financial Position by Segments

	Total Core Activities Segment	Total Partnership Activities Segment	Total Enterprise Activities Segment	Total Special Activities Segment
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	142 241			
Short Term Investments	256 843			
Owed From Other Segments *		155 608	443 807	106 211
Accounts Receivable	135 134	177 429	102 909	( 57 180)
Inventories	909		7 730	
<b>Total Current Assets</b>	<b>535 127</b>	<b>333 037</b>	<b>554 446</b>	<b>49 031</b>
<b>Non-Current Assets</b>				
Long Term Investments	223 054			
Accounts Receivable		58 600		5 013
Net Fixed Assets	107 971			2 064
Intangible Assets	877		86	61
<b>Total Non-Current Assets</b>	<b>331 902</b>	<b>58 600</b>	<b>86</b>	<b>7 138</b>
<b>TOTAL ASSETS</b>	<b>867 029</b>	<b>391 637</b>	<b>554 532</b>	<b>56 169</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accrued Liabilities	4 370	3 710	81 411	4 191
Owed To Other Segments *	705 626			
Accounts Payable	8 932	2 796	4 160	145
Employee Benefits				13 053
Deferred Revenue		241 192	212 153	
<b>Total Current Liabilities</b>	<b>718 928</b>	<b>247 698</b>	<b>297 724</b>	<b>17 389</b>
<b>Non-Current Liabilities</b>				
Accounts Payable	7 796			
Employee Benefits				210 838
Deferred Revenue		139 389		
<b>Total Non-Current Liabilities</b>	<b>7 796</b>	<b>139 389</b>		<b>210 838</b>
<b>TOTAL LIABILITIES</b>	<b>726 724</b>	<b>387 087</b>	<b>297 724</b>	<b>228 227</b>
<b>NET ASSETS / EQUITY</b>				
<b>Fund Balances and Reserves</b>				
Fund Balances	112 088	46	177 949	( 200 826)
Reserves	28 217	4 504	78 859	28 768
<b>NET FUND BALANCES and RESERVES</b>	<b>140 305</b>	<b>4 550</b>	<b>256 808</b>	<b>( 172 058)</b>

\* Owed to/from Other Segments is due to PAHO holding pooled cash on behalf of other segments. This cannot be allocated directly to a cash segment. These are eliminated on consolidation.



## Statement of Financial Position by Segments

Intra-Party Segment	Total 2015	Total 2014
	142 241	137 683
	256 843	268 202
( 705 626)	358 292	412 938
	8 639	7 868
( 705 626)	766 015	826 691
	223 054	267 753
	63 613	52 985
	110 035	120 250
	1 024	1 728
	397 726	442 716
( 705 626)	1 163 741	1 269 407
	93 682	42 681
( 705 626)	16 033	9 259
	13 053	11 616
	453 345	600 662
( 705 626)	576 113	664 218
	7 796	15 089
	210 838	199 986
	139 389	174 223
	358 023	389 298
( 705 626)	934 136	1 053 516
	89 257	84 093
	140 348	131 798
	229 605	215 891

## 18.2 Statement of Financial Performance by Segments

	Total Core Activities Segment	Total Partnership Activities Segment	Total Enterprise Activities Segment
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions	96 200		
Voluntary Contributions		619 977	31 022
Other Revenue	52 986	27 663 *	5 756
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies			653 851
Other Revenue	164		9 626
Miscellaneous Revenue	7 052	( 79)	( 15 762)
<b>TOTAL REVENUE</b>	<b>156 402</b>	<b>647 561</b>	<b>684 493</b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	117 268	29 644	14 737
Supplies, Commodities, Materials	7 887	10 487	633 986
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	7 042		86
Contract Services	19 165	42 566	6 465
Travel	11 869	54 073	1 461
Transfers and Grants to Counterparts	3 031	477 626	222
General Operating and Other			
Direct Costs	5 884	1 815	1 863
Indirect Support Costs		31 022	
<b>TOTAL EXPENSES</b>	<b>172 146</b>	<b>647 233</b>	<b>658 820</b>
<b>NET SURPLUS/ (DEFICIT)</b>	<b>( 15 744)</b>	<b>328</b>	<b>25 673</b>

\*This amount represents the Voluntary Contributions received from WHO for implementation in the AMRO region

## Statement of Financial Performance by Segments

<b>Total Special Activities Segment</b>	<b>Intra-Party Segment</b>	<b>Total 2015</b>	<b>Total 2014</b>
9 420		105 620	105 620
	( 31 022)	619 977	877 773
3 721	( 3 777)	86 349	57 353
	( 7 632)	646 219	676 374
22 699	( 21 843)	10 646	10 760
		( 8 789)	( 697)
<b>35 840</b>	<b>( 64 274)</b>	<b>1 460 022</b>	<b>1 727 183</b>
45 630	( 21 733)	185 546	169 653
681	( 8 251)	644 790	672 834
15	( 71)	7 072	( 426)
6 696	( 2 756)	72 136	86 368
957	( 393)	67 967	116 805
		480 879	647 020
964	( 48)	10 478	11 201
	( 31 022)		
<b>54 943</b>	<b>( 64 274)</b>	<b>1 468 868</b>	<b>1 703 455</b>
<b>( 19 103)</b>		<b>( 8 846)</b>	<b>23 728</b>

## **19. Losses, Ex-Gratia Payments and Write-Offs**

In 2015, a total of \$13 413 was recorded as Losses/Damage of the PALTEX program as a result of physical inventory counts during annual visit to the points of distributions. (2014: \$2 600)

In 2015, a total of \$3 974 was recorded as administrative waivers for courses and seminars implemented by the governments for which supporting documentation was not provided. (2014: \$59 554)

In 2015, a total of \$987 906 was recorded as administrative waivers for letters of agreement implemented by the governments for which supporting documentation was not provided. (2014: none)

In 2015, a total of \$94 872 was written off as uncollectable debts from staff, former staff and retirees of the Organization. (2014: none)

In 2015, a total of \$22,342 was recorded as Ex-Gratia Payments. (2014 – None)

## **20. Cases of Fraud and Presumptive Fraud**

In 2015, a total of 24 cases of fraud, theft and loss of property were reported. The PALTEX program had two cases involving the loss or theft of textbooks totaling \$56 598. This amount was recovered in full from the point of sales locations in question. There were 20 cases involving the loss or theft of PAHO property from PAHO personnel in the country offices and Headquarters. The total net loss to the Organization of this lost or stolen property was \$14 739.

Finally, there were two cases involving the misuse of PAHO purchasing or travel credit cards committed by people outside the Organization. In these two cases, the fraudulent charges, amounting to \$5 700, were reimbursed by the financial institutions concerned.

## **21. Related Party and Other Senior Management Disclosure**

Key management personnel are the Director, Deputy Director, Assistant Director, and Director of Administration as they have the authority and responsibility for planning, directing and controlling the activities of the Organization.

The aggregate remuneration paid to key management personnel, as established by the United Nations International Civil Service Commission (ICSC), includes: gross salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effects shipment costs, income tax reimbursement, and employer pension and current health insurance contributions. These remunerations are provided in conformity with the standards established by the ICSC and are applicable to all United Nations personnel.

Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund (UNJSPF).

## 21.1 Key Management Personnel

<b>Key Management Personnel</b>	<b>2015</b>	<b>2014</b>
Number of Positions	4	4
Compensation and Post Adjustment	772	756
Entitlements	283	444
Pension and Health Plans	242	271
<b>Total Remuneration</b>	<b>1 297</b>	<b>1 471</b>
<b>Outstanding Advances against Entitlements</b>	<b>-</b>	<b>-</b>

## 22. Events after Reporting Date

The Organization's reporting date is 31 December of each year. On the date of signing of these accounts by the External Auditor, there have been no material events, favorable or unfavorable, incurred between the date of the Statement of Financial Position and the date when the financial statements have been authorized for issue that would have impacted these statements.

## 23. Provisions

As at 31 December 2015, the Organization had not recognized any provisions.

## 24. (Recognition)/De-recognition of Liability through Reserves

The de-recognition of the Staff Health Insurance (SHI) liability to Reserves was the result of a 4% increase in first-tier rates of contribution to the SHI Fund during 2015, resulting in a reduction in the regional deficit for active staff. The regional deficit is covered by second-tier contributions (30% of the first tier rate) from active staff, in accordance with paragraph 395 of the WHO Staff Health Insurance Rules. The excess of second-tier contributions over the amount required to fund the regional deficit is reflected in the increase of the SHI reserve balance. The total de-recognition for 2015 was \$1 721 393 reflected in the Consolidated Statement of Changes in Net Assets.

## 25. In-Kind Contributions

Host governments and cooperating partners at the country level provide different in-kind contributions which are utilized by the Organization's Country Offices for their general and daily operations. These contributions are not recognized in the Organization's financial statements due to the complexity of standardizing a fair value throughout all the Organization's Country Offices. In-kind contributions received by the Organization include personnel, office premises, office services, use of office equipment and vehicles.

Country Office or Center	Services Received In-Kind				
	Personnel	Office Premises	Office Services	Office Equipment	Vehicles
Argentina	X				
Bahamas	X	X	X		
Barbados	X	X	X		
Belize	X		X		
Bolivia	X				
Brazil					
Chile	X	X			
Colombia					
Costa Rica	X	X	X		
Cuba	X				
Dominican Republic	X	X			
Ecuador	X				
El Salvador	X				
Guatemala	X				
Guyana	X	X	X		
Haiti	X				
Honduras	X				
Jamaica	X				
Mexico	X				
Nicaragua	X	X	X		
Panama	X	X	X		
Paraguay	X				
Peru					
Suriname	X	X	X		
Trinidad and Tobago	X	X	X		
Uruguay	X		X		
Venezuela	X				
PANAFTOSA	X	X	X	X	X
BIREME	X	X	X		
CLAP	X	X	X		

## **Report of the External Auditor**

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TRIBUNAL DE CUENTAS  
DE ESPAÑA

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The Pan American Health Organization

Long Form Report on the 2015 Financial  
Statements audit

The aim of the audit is to collaborate with the audited organization in order to reach its objectives, while supporting compliance with principles of transparency, legality and sound financial management.

The Spanish Court of Audit (SCA), headed by its President, provides external audit services to international organizations, working independently of its role as the Supreme Audit Institution of Spain. The President and the SCA are independent of the Spanish Government and ensure the proper and efficient spending of public funds and accountability to the Spanish Parliament. The SCA audits the accounts of all public sector bodies as well as political parties, collaborates in works related to its role as an active member of INTOSAI and EUROSAI and takes part in audit works within European Union projects and beyond.

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# 1. Executive Summary

## 1.1. Introduction

- 1 We have provided an unmodified audit opinion on the 2015 consolidated financial statements of the Pan American Health Organization (hereinafter PAHO) which present fairly, in all material respects, the financial position and the results of operations and cash flows for the financial period ended December 31, 2015; and we confirm that this audit revealed no weaknesses or errors which we considered to be material to the accuracy, completeness and validity of the consolidated financial statements.

## 1.2. Overall Results of the Audit

- 2 We have audited the consolidated financial statements of PAHO in accordance with the International Standards on Auditing of the International Federation of Accountants (IFAC), the Audit Standards and Guidelines formulated by the United Nations Board of Auditors and the International Standards of Supreme Audit Institutions (ISSAIs).
- 3 The audit opinion confirms that these financial statements: present fairly, in all material respects, the financial position as at December 31, 2015 and the results for the year then ended; have been properly prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the stated accounting policies; and, in all material respects, the transactions underlying the financial statements have been made in accordance with the Financial Regulations and applied to the purposes intended either by the Pan American Sanitary Conference or the Directing Council.
- 4 Our audit procedures were designed primarily for the purpose of forming an audit opinion. They included a review of the internal controls and accounting systems and procedures, only to the extent considered necessary for the effective performance of the audit. The audit work did not involve a detailed review of all aspects of PAHO's budgetary and financial information systems. Our findings

therefore should not be regarded as representing a comprehensive statement of all the weaknesses which exist, or all improvements which could be made to the systems and procedures operated.

- 5 The main observations and recommendations from our audit are set out below. Our recommendations are summarized in Annex A. Follow up of actions taken by management in response to the recommendations included in the 2014 Long Form Report are set out in Annex B.
- 6 The 2015 financial statements correspond to the fourth year of the Spanish Court of Audit's appointment as the external auditor of PAHO.
- 7 We would like to thank PAHO for their professional and constructive approach to the external audit relationship. We trust that PAHO's management keep consistently engaged with the audit process and seek to improve processes and procedures in response to our audit recommendations.

### 1.3. Summary of Main Findings

- 8 In this report we have commented upon the Organization's financial position and presented our findings with respect to Country Offices and governance matters.

In the Brazilian Country Office we have specifically analyzed the management of the *Mais Medicos* project during 2015, in particular regarding to its internal control framework. We conclude that this framework remains strong, all the posts created to support of the Project were in place, new tools have been implemented, and most of our recommendations were in progress of implementation or had already been addressed. However, some aspects of the management of this Project should be improved, for instance, the delays in some payments to the Cuban Embassy, the capacity of the Cuban doctors' database, as well as the classification of the expenses.

- 9 In regard to lawsuits against the *Mais Medicos* project, the main lawsuit still remains unresolved. However, other lawsuits at the Brazilian Labor Court ended without any impact to the project. Apparently, the level of risk has decreased.

However, PAHO will have to continue following these contingencies and keeping the contingency plan updated.

- 10 We noted improvements in the management of Letter of Agreements within the Organization. However, we could still identify a number of findings regarding the service contracts, specifically with individuals, as regards to the competitiveness of selection procedure. PAHO continues the process of developing e-tendering systems to address these types of issues.
- 11 The PMIS was launched on time (January 2016). We consider necessary to highlight the effort made by the Organization. Nevertheless, there are potential risks which PAHO should take into account in order to achieve the complete PMIS implementation. Those risks are related, among others, to the transfer of data between new and old systems, to the establishment of standardized procedures of checking the integrity of data within the system, to the deployment of the large number of amendments and improvements and to the definition of roles and security rules of the users. Lastly, the approval of a Business Continuity Plan is needed.
- 12 Since PMIS is a critical project for the Organization, we strongly encourage PAHO to maintain institutional effort to fully complete the implementation of the PMIS project.
- 13 Under the PASB Staff Rules and Regulations, the Organization funds employee benefits and entitlements for current employees and for retirees. At the end of 2015, the net value of current and non-current liability reached 220.58 USD million for the Staff Health Insurance. This obligation resulted from an actuarial calculation of the current value of the present and future obligations related to the Staff Health Insurance of the staff members and retirees. PAHO, in coordination with the WHO, has assessed some alternative methods to gradually decrease the value of the unfunded liability, which require further analysis of the external auditor.
- 14 As regards the staff management, we noticed that a relevant portion of key staff members is expected to reach its retirement age in short term. Focusing on the higher categories staff, which usually supports the leadership and core activities of the Organization, we found that at the end of 2015, 77 of 301, 26% of PAHO staff whose grade is P4 and above, will reach a retirement age in the next three years (2016, 2017 and 2018).

- 15 We observed that the organization still have difficulties with the knowledge transfer from the senior staff close to its retirement. We also noted that the recruitment process of key staff usually takes a long period of time. As a consequence, key staff posts remain vacant or with temporary ad interim appointments for a long time.
- 16 Finally, we detected a significant increase in the level of disbursements in the last months of 2015, which was the end of the budgetary biennium. We consider that the implementation of a relevant portion of the activities at the very end of the period involves a risk of non-compliance with sound financial management principles. Similar observation was reported in our 2013 Long Form Report.

## 2. Financial review

17 The Director's Comments on the Financial Statements provide a comprehensive analysis of the financial performance of the Organization for 2015. We have reviewed the financial information provided and checked its consistency with the information contained in the Consolidated Financial Statements, and hereby we present some further analysis to enhance its understanding.

18 Based on our audit of the Consolidated Financial Statements we have identified several matters that we consider worth highlighting in this report:

- In the financial year 2015, the last year of the budgetary biennium, PAHO had a deficit of 8.8 USD million. That represented a major change with the previous year that presented a net surplus of 23.7 USD million. The main causes of this change are detailed below.
- Total revenue decreased from 1,727.2 USD million in 2014 to 1,460 USD million in 2015, which was a 15.5% decrease.
- During 2015, the total revenue from the Procurement of Public Health Supplies decreased by 4.5%, to 646.2 USD million compared to 676.4 USD million in 2014. Through extensive international bidding, PAHO is able to purchase, at affordable prices, vaccines, public health supplies and equipment on behalf of Member States and international institutions. These revenues are the first source of income, which represents 44.3% of the overall balance of revenues.
- Revenue generated by Voluntary Contributions decreased by 29.7% compared to the prior year, down to 620 USD million in 2015. The primary reason of this decrease was the *Mais Medicos* project's revenue, which declined from 676.5 USD million in 2014 to 473.5 USD million in 2015, eliminating indirect costs. It needs to be noted that the operations of the *Mais Medicos* project expressed in Brazilian currency did not decrease compared to the previous year. However, due to the exchange rate difference, their value reported in USD in the financial statements significantly decreased during 2015.

This type of revenue was the second source of revenue in the year 2014, which represented over 42.3% of total 2015 revenue.



- Miscellaneous Revenues decreased in 2015 from negative 0.7 USD million at the end of 2014 to negative 8.8 USD million at 31 December 2015. Miscellaneous revenues mainly include foreign currency revaluations, interest earned, exchange rate gains and losses. The principal explanation of this fall of revenues was the result of a decrease in the value of non-USD investments and available liquid funds of 15.8 USD million.
- PAHO's expenses decreased by 13.8% from 1,703.5 USD million in 2014 to 1,468.9 million as at 31 December 2015.
- Procurement expenses (supplies, materials and commodities) have decreased by 4.2% from 672.9 USD million 2014 to 644.8 USD in 2015. These expenses were the first source of expenditure, which represented 43.9% of the overall balance of expenses.
- The disbursements in grants and transfers to counterparts have decreased by 13.8%, from 647 USD million in 2014 to 480.9 USD million in 2015. The 95.2% of this amount corresponds to *Mais Medicos* project (455.9 USD million expenditures in 2015 in these types of payments). The level of operations did not decrease, but as they were reported in USD and disbursed in Brazilian currency due to the exchange rate difference its reporting value in USD was lower.
- Staff and other personnel costs have increased by 9.4%, from 169.6 USD million in 2014 to 185.5 USD million in 2015.
- The cost deriving from depreciation and amortization has reached the amount of 7.1 USD million in 2015. This amount represented the amortization of the period as well as the result of a negative revaluation of land and buildings carried out at the end of the current accounting period, which had to be recognized as a deficit according to IPSAS 17.
- Courses, seminars and travel costs have decreased by 41.9%, from 116.8 USD million in 2014 to 68 USD million in 2015. Contract services have decreased from 86.4 USD million in 2014 to 72.1 USD million in 2015 (by 16.5%).
- PAHO's total current assets have decreased by 60.6 USD million, from 826.6 USD million to 766 USD million.

- Short term investments decreased from 268.2 USD million in 2014 to 256.8 in 2015. Current Account Receivables have decreased from 412.9 USD million in 2014 to 358.2 in 2015.
- The current account of receivables from voluntary contributions fell by 38.6% from 295.3 million USD in 2014 to 181.4 in 2015. In particular, account receivables from *Mais Medicos* project descended from 177.5 USD million in 2014 to 111.9 in 2015, for the same reason as described above
- The Long Term Investments balance stands at 223.1 USD million, which is expected to be adequate to meet PAHO needs disclosed as the long term liabilities.
- Mainly due to 2015 assets revaluation, the value of Property, Plant and Equipment has decreased from 120.2 USD million in 2014 to the current 110.3 USD million.
- PAHO's current liabilities have decreased from 664.2 USD million in 2014 to 576.1 in 2015. However, the accrued liabilities have increased by 119.4% from 42.6 USD million in 2014 to 93.7 in 2015.
- Employee benefits, current and non-current liabilities have increased by 5.8%. Thus, the amount of 211.6 USD million shown in 2014 has grown to a 223.9 USD million of liability at the end of 2015.
- In a short-term perspective PAHO has enough resources to fund the employee benefits of the staff. However, future funding of this liability may be a financial challenge for PAHO.
- PAHO has sufficient financial resources to meet its obligations (229.6 USD million in Fund Balances and Reserves, 6.3% more than in 2014).

## 3. Country Offices

### 3.1. Introduction

- 19 PAHO operates in more than 30 countries throughout the Region of the Americas. Its operations and projects implementation at a country level are managed by its network of Country Offices (CO) and Centers. PAHO funds its activity using regular budget allocations as well as specific project funds. The cumulative disbursements of these offices in 2015 (including the *Mais Medicos* project) were around 613 USD million (2014: 847 USD million), which constituted a significant part of PAHO's reported activity. Therefore, we carried out on-the-spot visits to obtain an assurance that locally managed operations, incurred expenditure and established control mechanisms were performed correctly.
- 20 Our selection of Country Offices was determined by a risk assessment which took into consideration the level of expenditure and the date of our previous audit visit (if any), among other considerations (e.g. interviews with Headquarters' staff and managers). We also took into consideration the recommendations of the Audit Committee and the results of control visits performed by the Office of Internal Oversight and Evaluation Services.
- 21 During 2015 we visited Country Offices in Brazil, Haiti and Dominican Republic. At the end of each visit we produced a report stating our findings and recommendations. The reports were presented to the respective PAHO-WHO representative in those Country Offices. Subsequently, Country Office Management has been requested to respond and prepare an action plan to be implemented, addressing detected weaknesses. It was the sixth consecutive year that external auditors have visited the Country Office in Brazil. This Office was accountable for the largest part of PAHO's expenditure.
- 22 In addition, in the course of the audit procedures carried out in Headquarters (HQ) we have reviewed relevant documentation regarding the activity of the Country Offices.

### 3.2. *Mais Medicos* Project

- 23 The participation of PAHO in the *Mais Medicos* project was established by the *Termo de Cooperacao* 80, which was signed in April 2013 between PAHO and the Brazilian Department of Health. The aim of this Project is to expand access to the primary health care for the Brazilian population. In order to implement that agreement PAHO and the Cuban Government agreed on the participation of Cuban doctors in the Project. Currently the Project is expected to continue, at least, until 2018. The total implementation of the Project, since its beginning, in terms of financial resources, amounted to 1,363 USD million (3,621 BRL million) as of December 2015, out of which at least 497.1 USD million were disbursed in 2015 (1,552 BRL million). The size of the Project remained stable in 2015 compared to 2014. However, in the financial statements the figures are lower due to the fact that all the expenditures and incomes are in Brazilian currency, while the reporting in the Financial Statements was in USD, which value compared to BRL has increased in 2015.
- 24 We analyzed the PAHO management process of the *Mais Medicos* project in 2015, both in Headquarters and in the Country Office in Brazil. We acknowledge improvements made in the area of human resources as well as the functionality of IT tools. However, we still found some areas of improvement.
- 25 One of the key elements of the current internal control framework of the Project is a database used by the Country Office in Brazil to track and monitor the operational activity of Cuban doctors participating in the program. PAHO has improved the functionality of this tool, addressing most of the recommendations made by the external and the internal auditors. However, the database can still be improved. We detected that there was a lack of a business continuity plan or a disaster recovery plan, as well as a pre-production environment to test and practice the recovery procedures. In addition, we noticed that some improvements were still necessary to fully exploit the capabilities of the incident module. Despite the improvements made, we still detected a number of errors in the supporting documentation attached.
- 26 We detected that some *Mais Medicos* project operations amounting to 1.21 USD million, were funded through sources different to those indicated in *Termo de Cooperacao* 80.

- 27 In regard to a constitutionality lawsuit against the Project, we consider that the level of risk of an unfavorable decision being announced has decreased. Notwithstanding the foregoing, there are still open lawsuits and, in addition, due to the specific country's juncture, PAHO has to keep the contingency plan to face the adverse situations which may arise updated.
- 28 Lastly, in the second part of the year we noted certain funding and cash flow perturbations in the Project treasury management. They resulted in partial payments and delays in the settlements of outstanding commitments. According to the PAHO statement, in the beginning of 2016 a new *Termo de Ajuste* (TA 8) has been signed, which is expected to address payments delays issue.

**Recommendation 1: We recommend developing a written, comprehensive business continuity plan or a disaster recovery plan and respective procedures for the IT tool used for the management of the Project. Recovery procedures should include the execution of periodic system recovery tests in a separate pre-production IT environment.**

**Recommendation 2: We recommend performing a comprehensive data analysis and validation of the main database in order to resolve data quality issues. The analysis should focus, in particular, on removing duplicates and checking the integration of database structure. Moreover, at the same time validation rules should be introduced or reviewed in order to prevent registration of invalid data.**

**Recommendation 3: We recommend funding all expenses within the scope of the *Mais Medicos* project with the specific allocated resources, avoiding the exceptions and the use of other *Termos de Cooperacao* to fund activities of the Project.**

**Recommendation 4: Due to the significant resources engaged in the *Mais Medicos* Program, it is important to agree with the donor a precise schedule of payments in order to avoid perturbations about funds transfers.**

## 4. Governance Matters

29 There are mechanisms on which the Governing Bodies of international organizations rely to supervise the effectiveness of their activity. We have analyzed these mechanisms as part of our audit.

### 4.1. Pan American Sanitary Bureau (PASB) Management Information System (PMIS)

#### 4.1.1. Background

30 In 2008, the 48th Directing Council authorized to carry out an analysis with aim to prepare a modernization of the Pan American Sanitary Bureau (PASB). The analysis was named Management Information System (PMIS) Modernization Project and included the terms of reference for the implementation of an ERP computer system. The original PMIS project budget was set at 20.3 USD million. In 2014 the budget was increased by 2.2 USD million, so the project budget reached 22.5 USD million. This additional funding was obtained from the IPSAS Surplus (2.1 USD million) and from the unspent balance of approved projects from the Holding Account (0.1 USD million).

31 From February 2014 to February 2015 phase 1 of the PMIS was developed, deploying a Human Resources and Payroll module. Subsequently, phase 2 (July 2014 – December 2015) was carried out, implementing the remaining functionalities like Finance, Procurement, Planning and Budgeting and finally linking all modules in one integrated system.

32 In September 2015 a revision of the implementation process was made. As it was clear that a full implementation of all defined functionalities before the end of 2015 was not feasible, the scope was reduced in order to concentrate on core functionalities. The remaining system elements were planned to be implemented in 2016. Moreover, the Directing Council approved additional functionality extension. It added a recruitment module for the additional cost of 0.5 million USD,

which was implemented in the first half of the 2016. This increased the total implementation cost to 23 million USD.

- 33 Despite the fact that PMIS became operational in the beginning of 2016, its development and fine-tuning is an ongoing process goes on. Certain functionalities non-critical for the launch (e.g. periodical closures) and integrations with external systems (e.g. bidirectional integration of In-Tend) were postponed to 2016.

#### 4.1.2. Audit Review

- 34 The most important part of the modernisation of the Pan American Sanitary Bureau was the implementation of the PMIS. The system was successfully launched in the beginning of 2016. Auditors would like to underline the remarkable organizational and financial effort made during the last 2 years of the implementation of the PMIS to replace obsolete legacy systems with modern cloud based ERP system. There is no doubt that this would not be possible without a full commitment of all PAHO employees, including supplementary work caused by additional duties related to the ERP system implementation.
- 35 At the day of audit visit, the system had been already in operation for a few weeks and its development and fine-tuning was still on-going. At this stage, the system went through many changes which included data transfers from legacy systems, correction of faults made at the implementation phase, elimination of bugs, learning process of end users (also learning by doing), integration with external modules (e.g. In-Tend), extension of existing functionalities (e.g. recruitment module) and definition of roles and security rules. The system cannot yet be considered stable and reliable. Large amount of changes and modification in such a complicated system is prone to unexpected errors. Therefore, the system operations may be considered by the organization still as fraught with some risk. Thus, supplementary checks and controls on all possible operational levels are indispensable.
- 36 At the strategic level the development of IT systems in PAHO outlines “PASB Information Technology Strategy 2015-2019”. However, this document does not present any detailed development plans or refers to an eventual operational plan which may set out short-term objectives. Short term planning is particularly important, taking into account a large number of system modification requests and

requests for additional functionalities. In order to keep the development budget under control, all system changes should be prioritized and evaluated prior to sending them to the external consultant.

- 37 The Project and its budget was planned to be closed by the end of March 2016. It was agreed that from April 2016 onwards all cost related to the system development, in particular services of the system integrator (external expert), will be covered by the IT maintenance budget. The most recent budget forecast from the mid-March 2016 shows that project implementation costs amounted to the approved budget of 23 million USD. However, there were still some system functionalities which were removed from the implementation in September 2015 and were not implemented till the end of March 2016. This means that the total budget of 23 million USD was not sufficient to finance completely the PMIS implementation. The list of enhancements to be implemented is quite long and there is no credible calculation of the cost that still needs to be incurred.
- 38 The system testing procedure assumed that each business owner verifies the correctness of the configuration and accuracy of imported data. However, it is difficult to estimate to what extent this was done and whether functional relations between business owners were correctly mapped (and recorded in the accounting registers). This type of assurance may be provided only by means of horizontal checks. The latter were made ad-hoc only if a problem was submitted for technical analysis. At the day of audit visit, there was no specific business unit or team responsible for the horizontal checks and systematic follow up of transactions registered by PMIS.
- 39 Despite the implementation of PMIS, there is still a number of IT application used by the organization which will not be integrated in the near future. For those systems there were no procedures established as regards the transfer of data between them and PMIS. Precisely defined data exchange procedures and their subsequent controls are particularly important for the external systems like PROMESS or EPICOR, where financial data (e.g. concerning payments or stock levels) need to be exchanged and used for transactions controls.
- 40 Finally, the new system has a potential to reduce manual operations and paperwork, thanks to a high level of integration and in-built workflow tool. It offers access to a large amount of horizontal data on the performance of the



organization. However, this tool generates important quantities of information which needs to be analysed and interpreted. These are new functions in the organization, so re-organisation of jobs and retraining of staff will be necessary soon. For the time being these new functions has not been clearly identified by PAHO and no plans in this respect exist.

**Recommendation 5: We recommend preparing an operation plan on the basis of the “PASB Information Technology Strategy 2015-2019”, defining short term priorities, stating functionalities to be developed in PMIS, responsible business owners, expected deadlines and the anticipated budget.**

**Recommendation 6: We recommend reinforcing PMIS transactions controls and verification of business processes registration in the system during the first year of its operation. Established controls should be systematic and coordinated at various levels of the organization, combining controls exercised by business owners, horizontal controls and controls independent from business owners (e.g. carried out by internal control or specific team). The objective of those controls should be to obtain reasonable assurance as to the accuracy, reliability and credibility of data gathered and processed by PMIS. The control system, as well as testing scenarios and their results, should be duly documented and validated by the PMIS Advisory Committee.**

**Recommendation 7: We recommend preparing a mapping of all external IT systems which are responsible for generating any relevant data which is processed at any stage by PMIS. Particular attention should be paid to systems used by Country Offices. The mapping should identify and present types of IT systems used, their functions, type and amount of data exchanged, business units responsible and controls put in place to ensure integrity of data exchange.**

## 4.2. Retiring staff: Replacement and transfer of knowledge

41 The Human resources of any Organization, including PAHO, are an essential element to achieve its goals. Over the years, skills and abilities required from PAHO employees have changed. However, there are areas in which the experience, the

leadership and the knowledge of the retiring staff of the higher categories should remain within the Organization.

42 Referring to the higher categories of staff, which usually support the leadership and core activities of the Organization, we found that at the end of 2015, 69 of 297 persons, i.e. 23% of PAHO staff whose grade is P4 and above, will reach retirement age in the next three years (2016, 2017 and 2018). The continuity of the operations requires a transfer of knowledge from retiring staff members to the new incumbents. A People Strategy, which was presented to the 10th Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee, is a key document which contains several relevant areas of actions. The implementation of the goals stated in the document is a challenge for the Organization for a number of reasons. In addition, the Organization has been developing templates to harmonize the transfer of knowledge. However, further efforts are needed to ensure an effective transfer of knowledge.

43 On the other hand, we observed that the Organization struggles to carry out effectively the recruitment process for key staff positions. As a consequence, strategic posts remain vacant, or with *ad interim* appointments for a long period of time. In the administration the director posts for Finance, General Services, ITS and, currently, Human Resources remained vacant for almost a year.

**Recommendation 8: We recommend continuing the effort to standardize and harmonize the procedures for transferring the retiring staff's knowledge to its successors.**

**Recommendation 9: We recommend improving the efficiency and effectiveness in the recruitment process for of the Organization.**

### 4.3. Increase of expenses at the end of the biennium

44 For the biennium 2014-2105 the budgetary resources of PAHO included, among other, funds from the Member States' Assessed Contributions, the Miscellaneous Revenue and the PAHO implemented resources from the WHO Regular Budget Allocation. All these resources were destined to implement the international health programs established by the World Health Assembly for the Region of the Americas.

- 45 According to the Resolution 3 of the 52nd Directing Council, PAHO approved and used a Results-based Management framework for the development of its biennial Program and Budget 2014-2015.
- 46 The analysis of the regularity of disbursements and the cash flow of the Regular Budget<sup>1</sup> operations (PAHO Regular Budget and WHO Regular budget allocated to the Region of the Americas) revealed a significant increase in the level of disbursements in the last months of the year 2015. It has to be mentioned that similar observation was reported in the Long-Form Report of the External Auditor for the year 2013, corresponding to the end of the previous biennium.
- 47 Having excluded the Human Resources operations (payroll) for this analysis, it was found that the disbursements in December (13.8 USD million) represented 278% of the monthly average level of the expenditure of the year (4.95 USD million), even though the last month was open for transactions only for the first 10 days, due to the advance closure of the financial year required by the PMIS implementation.
- 48 It has to be admitted that it is a common practice that budget-basis organizations tend to increase their expenditure at the end of the budgetary period. PAHO was not an exception. We noticed that close to the biennium end, Directors and the PWRs increased disbursements in order to meet their expenditure targets. In 2015 this practice escalated as the end of biennium coincided with the launching of PMIS.
- 49 However, the date of deployment of the PMIS had been known well in advance. Therefore, we do not think that the hasty budget implementation at the very end of the biennium can be considered as a good practice and an adequate way to reach the budgetary objectives efficiently. Therefore, we consider that such behaviour is fraught with a risk to a sound financial performance.

**Recommendation 10: We recommend improving the scheduling of the implementation of the Program and Budget for the biennium 2016-2017, developing tools within the new budgetary scheme and the PMIS for avoiding the accumulation of expenses at the end of the biennium.**

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<sup>1</sup> Regular Budget Funds, as they are defined in the accounting records, excluding expenses funded by other sources such as Revolving Funds or Voluntary contributions among other sources of funding.

#### 4.4. After Service Health Insurance (ASHI) Fund. Transferring the ASHI liability to the World Health Organization (WHO)

- 50 Under the PASB Staff Rules and Regulations, the Organization funds post-retirement employee benefits and entitlements. There are currently two different types of employee benefits. The most important is the Staff Health Insurance, which comprises After Service Health Insurance, and the other is the Termination and Repatriation Entitlements (TAREP) scheme.
- 51 At the end of 2015, the net value for current and non-current liabilities assumed by PAHO reached the value of 220.58 USD million for the Staff Health Insurance. This obligation resulted from an actuarial calculation of the current value of the present and future obligations related to the Staff Health Insurance of the staff members and retirees.
- 52 We acknowledge the PAHO commitment to reduce the unfunded net liability which arose when IPSAS were implemented in 2010. Reduction of the unfunded liability continues to be a challenge for most United Nations Organizations, as it is the case for PAHO. We are aware that during the last years various analysis and proposals have been examined to address this issue, most of them in coordination with the WHO. Recently, the executive management has submitted to the governing bodies the following two proposals:
- In the first one, in order to improve the return on investments PAHO will transfer the ASHI plan asset to the WHO. In this case WHO will manage the portfolio of PAHO Plan Assets on behalf of PAHO. Both Organizations will continue reporting the liability separately in each Financial Statement.
  - The second proposal puts forward the possibility of merging the ASHI liabilities of both PAHO and the WHO within one single ASHI under the WHO management.
- 53 As regards TAREP, in 2015 the TAREP scheme has been pooled in one single trust under the PAHO management. Previously, a part of TAREP liabilities related to PAHO employees funded by WHO were disclosed in the WHO Financial Statement

(particularly in its Staff Health Financial Statements, which are separated from the WHO). The WHO allocates resources to PAHO as its American Regional Office and a number of posts are funded with the resources of the WHO and are reported in the WHO Financial Statements. Those salaries are reported both in PAHO and the WHO Financial Statements.

- 54 As a result, for the years 2010-2015 there were two types of employee benefits liabilities for the staff members employed in PAHO. One, which was reported in the PAHO Financial Statements, and was included in the actuarial liability for the ASHI and the TAREP scheme for non-WHO funded posts (around 75% of total staff-members). The second one which has been reported in the WHO Financial Statements and its Staff Health Financial Statements for the liability corresponding to the WHO funded posts, around 25% of total staff members according to the information provided to the actuary.
- 55 As from the end of 2015 there will be a single TAREP liability entirely disclosed in the PAHO Financial Statements, but still there will be two ASHI liabilities: one in the PAHO Financial Statements and another one in the WHO Staff Health accounts. The latter will include PAHO staff members whose remuneration costs are funded by the WHO resources allocated to the Region of the Americas (AMRO).
- 56 The significant PAHO resources earmarked to reduce the unfunded ASHI liability (48 USD million, amount increased to 56 USD million in February, 2016) and the high value of the actuarial liability will require due consideration while defining terms of reference for the agreement with the WHO.
- 57 In the event of merging the plan assets, or even the ASHI liabilities and assets, PAHO should ensure that:
- In case of transferring the plan assets to the WHO, adequate information needs to be provided to calculate the share which belongs to PAHO.
  - PAHO is represented in the standing or oversight Committee, in order to guarantee that the interest of PAHO will be taken into account.
- 58 From the beginning of 2016, AMRO funded posts and PAHO funded posts will no longer exist. However, a portion of ASHI fund under WHO management will still remain, which will be reported in the WHO financial reports as AMRO ASHI liability (as it was shown in the actuarial report). There will not be a TAREP AMRO liability

any more. The reflection of those changes in the Financial Statements for 2016 should be scrutinized by the external auditor in the next year.

**Recommendation 11: In the event of a transfer of all the ASHI assets and liabilities to the WHO, the PAHO rights and obligations, including the reporting responsibility, should be duly analyzed and precisely defined. Moreover, the PAHO presence in the governing bodies of the Staff Health Management body should be ensured.**

## 5. Follow up of prior year recommendations

59 In our report for 2014 we made a number of recommendations about PAHO's management. As part of our work we have followed up the progress that PAHO has made in their implementation. The detailed follow up, including both the response from PAHO and our comments thereon, is set out in Annex B.

60 Overall, we are of the opinion that PAHO has responded appropriately to our previous recommendations and is taking steps to address the issues raised. We conclude that PAHO has responded very positively to our recommendations, since all of them have been closed or are in progress. We also took note of the adequate implementation of our recommendations on PMIS and *Mais Medicos*, since both projects are critical to the Organization.

## Acknowledgement

61 We wish to highlight our appreciation for the co-operation and assistance provided by the Director and the staff of the Organization over the course of our audit.

Madrid, April 12, 2016



Ramón Álvarez de Miranda García

President of the Spanish Court of Audit

## Annex A. - Summary of Audit Recommendations

Recommendation 1: We recommend developing a written, comprehensive business continuity plan or a disaster recovery plan and respective procedures for the IT tool used for the management of the Project. Recovery procedures should include the execution of periodic system recovery tests in a separate pre-production IT environment.

Recommendation 2: We recommend performing a comprehensive data analysis and validation of the main database in order to resolve data quality issues. The analysis should focus, in particular, on removing duplicates and checking the integration of database structure. Moreover, at the same time validation rules should be introduced or reviewed in order to prevent registration of invalid data.

Recommendation 3: We recommend funding all expenses within the scope of the *Mais Medicos* project with the specific allocated resources, avoiding the exceptions and the use of other *Termos de Cooperaçao* to fund activities of the Project.

Recommendation 4: Due to the significant resources engaged in the Mais Medicos Program, it is important to agree with the donor a precise schedule of payments in order to avoid perturbations about funds transfers.

Recommendation 5: We recommend preparing an operation plan on the basis of the “*PASB Information Technology Strategy 2015-2019*”, defining short term priorities, stating functionalities to be developed in PMIS, responsible business owners, expected deadlines and the anticipated budget.

Recommendation 6: We recommend reinforcing PMIS transactions controls and verification of business processes registration in the system during the first year of its operation. Established controls should be systematic and coordinated at various levels of the organization, combining controls exercised by business owners, horizontal controls and controls independent from business owners (e.g. carried out by internal control or specific team). The objective of those controls should be to obtain reasonable assurance as to the accuracy, reliability and credibility of data gathered and processed by PMIS. The control system, as well as testing scenarios and their results, should be duly documented and validated by the PMIS Advisory Committee.



Recommendation 7: We recommend preparing a mapping of all external IT systems which are responsible for generating any relevant data which is processed at any stage by PMIS. Particular attention should be paid to systems used by Country Offices. The mapping should identify and present types of IT systems used, their functions, type and amount of data exchanged, business units responsible and controls put in place to ensure integrity of data exchange.

Recommendation 8: We recommend continuing the effort to standardize and harmonize the procedures for transferring the retiring staff's knowledge to its successors.

Recommendation 9: We recommend improving the efficiency and effectiveness in the recruitment process for of the Organization.

Recommendation 10: We recommend improving the scheduling of the implementation of the Program and Budget for the biennium 2016-2017, developing tools within the new budgetary scheme and the PMIS avoiding the accumulation of expenses at the end of the biennium.

Recommendation 11: In the event of a transfer of all the ASHI assets and liabilities to the WHO, the PAHO rights and obligations, including the reporting responsibility, should be duly analyzed and precisely defined. Moreover, the PAHO presence in the governing bodies of the Staff Health Management body should be ensured.

## Annex B. - Implementation of Prior Year Recommendations

We reviewed management's implementation of recommendations made in our 2014 long form report. We have summarized the response and provided our evaluation, based on the audit work we have undertaken in respect of internal controls.

RECOMMENDATION	MANAGEMENT RESPONSE	SCA COMMENT
<b>Recommendation 1</b>  We recommend that PAHO continues monitoring closely this project, in particular the compliance of its internal control procedures with established rules. PAHO should also monitor any lawsuits which may put the project at risk.	The project is already being closely monitored and a Compliance Officer has been recruited and began working in the BRA Country Office in March 2015. A risk assessment analysis is also in place and periodically updated. Those risks under the direct responsibility of the Country Office are being monitored by the PWR-BRA Office, while the risks that are of a more general nature are being monitored from the Office of the Director of Administration (AM) and from the Office of Legal Counsel (LEG). This includes the consideration of any lawsuits that may place the project in jeopardy.  LEG continues to monitor legal proceedings in Brazil and will take any necessary action.	CLOSED
<b>Recommendation 2</b>  We recommend funding all expenses within the scope of the <i>Mais Médicos</i> project with specific obligations, thus avoiding the exceptions and the use of other <i>Termos de Cooperação</i> to fund activities of the project.	The Brazilian indigenous health program, implemented by the BRA Ministry of Health, is a vertical one (a sub-system in itself) as the Indigenous Health Districts are not directly covered by municipalities (due to their geographic nature and administrative arrangements, which entails a specific Federal subsidy across state boundaries). For this reason, there are no municipalities to provide the local contribution for maintaining the Cuban MD in Indigenous Health Districts (housing, food, and transportation). Since the Indigenous Health Program has a preexisting TC with PAHO, this has been the source to fund this portion of the MD's compensation, as the larger <i>Mais Médicos</i> program does not allow for any distinction or exception in the compensation assigned to the participating MD's from the Federal level.	CLOSED

<p><b>Recommendation 3</b></p> <p>We recommend improving the Cuban doctors' data base by enabling access to historical data on the Cuban doctors and developing an incidents module (e.g. replacements, sick leaves, casualties). Also, PAHO should update the user's manual for this application and its successive developments.</p>	<p>The database used to track all participating Cuban doctors, COLPADI-BRA, has undergone significant improvements following much discussion and most notably the recent visit by the Department of Information Technology Services (ITS) to the Country Office. A subsequent visit from ITS took place in April and May 2015 to continue the process and ensure full compliance with all standards and regulations. A comprehensive incidents module has been integrated into the database as part of the recent modifications.</p>	<p>CLOSED</p>
<p><b>Recommendation 4</b></p> <p>We recommend designing a security protocol for the access rights to the database (including remote access), defining the different permission levels and categories of users (both PWR/BRA and HQ). In any case, security and privacy of the Cuban doctors' data must be guaranteed.</p>	<p>With the help of ITS, a firewall has been installed to guarantee the privacy and security of the Cuban doctors' data. Access rights (including remote access) have also been implemented.</p>	<p>CLOSED</p>
<p><b>Recommendation 5</b></p> <p>We recommend periodical data confirmation exercises. The data included in the database on Cuban doctors' activity managed by PAHO should be periodically corroborated with data obtained from third parties (e.g. local authorities, government departments) to ensure its integrity.</p>	<p>This recommendation has been discussed at the pre-Tripartite reunion in February 2015 with Brazilian and Cuban national authorities. It was agreed that periodic cross-checks would be conducted between PAHO and Brazilian authorities to ensure the database's integrity and accuracy of information, in order to make the disbursements to the Cuban embassy as close as possible to actual delivery of services by Cuban MDs.</p> <p>The MM Program entails the designation by Brazilian Federal authorities of "State level reference staff". Hence, the source of information regarding both the presence and the delivery of services by Cuban MDs at municipal level is the responsibility of the State-level staff who are in permanent contact with the Brazilian Federal level.</p>	<p>CLOSED</p>
<p><b>Recommendation 6</b></p> <p>We recommend exploring new options regarding the mechanism for managing of funds denominated in BRS. This mechanism should ensure an adequate equilibrium between liquidity requirements and the rate of return, at the lowest possible exposure risk.</p>	<p>The PAHO Investment Committee met on 31 March 2015 to review the status of investments in Brazil. The Chief Legal Counsel advised that negotiations with Banco do Brasil with regard to the Exclusive Investments had ended unsuccessfully due to the bank's inability to accept PAHO's privileges and immunities. The Investment Committee agreed that while the exposure limits in Brazil would remain the same, <i>Mais Medicos</i> funds could be invested with Citibank should Banco do Brasil reach its limit. The Chief Legal Counsel agreed that with the change in the US position regarding Cuba, there was little risk in using Citibank at this time. The Committee will continue to review investment opportunities to facilitate cash management and</p>	<p>CLOSED</p>

	the efficient and effective investment of these funds.	
<b>Recommendation 7</b>  We recommend integrating the Treasury workstation in the PMIS project timeline. Besides, it would be necessary to plan the integration in phase 2 of the unresolved issues, mainly the final data transfer and the accounting closure at the end of 2015.	The Treasury Workstation can be implemented independent of the PMIS, as redundancy has been built into both systems. However, the integrations must be addressed to maximize the investment in the Workstation with regard to bank reporting with all bank accounts through the SWIFT network. This is being addressed in the PMIS project timeline.	CLOSED
<b>Recommendation 8</b>  We recommend further reinforcing relevant operational units involved in phase 2 deployment with additional staff.	FRM has been reinforced through finalization of recruitment of the Director, hiring of a PMIS Project Coordinator, filling of all vacant posts in Staff Health Insurance/Payroll, and seconding of a Brazil Country Office Treasury staff member to HQ during PMIS testing.  Reinforcement of PRO staff to support transaction processing has been requested.	CLOSED
<b>Recommendation 9</b>  We recommend establishing a plan in order to ensure sufficient financial resources, in case of delays in the PMIS implementation. This may require a contract renewal or follow-on contract with the system integrator or hiring of additional staff to support units involved in the project implementation.	PMIS has requested that EXM authorize a follow-on contract with the systems integrator in 2016 to support systems enhancements and bug fixes. Key PMIS Core Team members will remain dedicated to PMIS through mid-2016. The PMIS Shared Services team is in the process of recruiting staff members to be dedicated to PMIS operations as part of the EXM-approved PMIS Governance plan.	IN PROGRESS
<b>Recommendation 10</b>  We recommend that PAHO focus its efforts in order to comply with the estimated deadlines as defined in the project schedule.	The PMIS team was on schedule as of June 1 to meet project deadlines for Go-Live in January 2016, as a result of intensified efforts in April and May.	CLOSED
<b>Recommendation 11</b>  We recommend further developing the action line referring to “ <i>succession management</i> ”, considering the possibility of preparing the replacement before the retiring staff leaves the Organization.	The HR People Strategy, which includes a provision for succession planning, was approved by the SPBA and will be presented to the Executive Committee in June 2015. Implementation will begin shortly thereafter. Furthermore, the Department of Human Resources Management (HRM) and Director’s office will go forward with the 1st initial step, i.e. asking managers to analyse and communicate their plans regarding posts in which incumbents are reaching the mandatory retirement age within the next 4 years.	IN PROGRESS

<p><b>Recommendation 12</b></p> <p>We recommend setting up a standard procedure for transferring the retiring staff's knowledge, including a template of the report to be prepared by the retiree.</p>	<p>HRM has committed to work with the Office of Knowledge Management, Bioethics and Research (KBR) to develop a standard format for exit reports. Meeting being scheduled by KBR.</p>	<p>CLOSED (RAISED IN 2015 LFR)</p>
<p><b>Recommendation 13</b></p> <p>We recommend improving the recruitment process of staff members, by shortening its maximum duration, especially in the administrative tasks, without harm to the transparency or openness of the competition.</p>	<p>HRM statistics show the two greatest areas of administrative delay in filling posts are:</p> <ol style="list-style-type: none"> <li>1) Receiving short list from hiring manager after the matrix is sent from HRM.</li> <li>2) Test design by hiring entity.</li> </ol> <p>In 2014, compared to 2013, there were some delays in HRM submitting the matrices due to PMIS implementation and reduced staff assigned to recruitment.</p>	<p>CLOSED (RAISED IN 2015 LFR)</p>

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## **Unaudited Informational Annex**

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## **Segmented Information on the Statement of Financial Performance**

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PAN AMERICAN HEALTH ORGANIZATION  
FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR  
1 January 2015 – 31 December 2015

**Core Activities Segment**

	PAHO Regular Budget	AMRO Regular Budget	PAHO Governing Bodies Projects	Total 2015	Total 2014
<b>REVENUE</b>					
<b>Revenue from Non-Exchange Transactions</b>					
Assessed Contributions	96 200 000			96 200 000	96 200 000
Voluntary Contributions					
Other Revenue		52 985 702		52 985 702	30 629 294
<b>Revenue from Exchange Transactions</b>					
Procurement of Public Health Supplies					
Other Revenue	164 273			164 273	667 807
Miscellaneous Revenue	7 051 699			7 051 699	6 722 152
<b>TOTAL REVENUE</b>	<b>103 415 972</b>	<b>52 985 702</b>		<b>156 401 674</b>	134 219 253
<b>EXPENSES</b>					
Staff and Other Personnel Costs	82 637 880	33 235 200	1 394 539	117 267 619	103 007 620
Supplies, Commodities, Materials	5 517 240	2 323 672	46 583	7 887 495	1 286 848
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	6 878 469		163 761	7 042 230	2 132 099
Contract Services	8 392 225	6 129 802	4 642 787	19 164 814	13 165 893
Travel	4 848 064	6 833 372	187 961	11 869 397	3 949 665
Transfers and Grants to Counterparts	1 718 428	1 311 941		3 030 369	1 652 216
General Operating and Other Direct Costs	2 662 221	3 151 715	70 552	5 884 488	3 640 724
Indirect Support Costs					
<b>TOTAL EXPENSES</b>	<b>112 654 527</b>	<b>52 985 702</b>	<b>6 506 183</b>	<b>172 146 412</b>	128 835 065
<b>NET SURPLUS / (DEFICIT)</b>	<b>(9 238 555)</b>		<b>(6 506 183)</b>	<b>(15 744 738)</b>	5 384 188

**Partnership Activities Segment**

	<b>PAHO Voluntary Contributions</b>	<b>PAHO National Voluntary Contributions</b>	<b>AMRO Voluntary Funds for Health Promotion</b>
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions			
Voluntary Contributions	36 152 219	582 681 996	
Other Revenue			27 083 464
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies			
Other Revenue			
Miscellaneous Revenue	561		
<b>TOTAL REVENUE</b>	<b>36 152 780</b>	<b>582 681 996</b>	<b>27 083 464</b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	11 461 008	8 353 612	9 509 779
Supplies, Commodities, Materials	4 733 123	1 769 944	3 732 225
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization			
Contract Services	6 926 556	31 981 730	3 521 513
Travel	7 367 795	39 876 032	6 495 240
Transfers and Grants to Counterparts	1 728 736	472 126 308	3 616 136
General Operating and Other Direct Costs	944 050	629 966	208 571
Indirect Support Cost	2 993 951	27 944 404	
<b>TOTAL EXPENSES</b>	<b>36 155 219</b>	<b>582 681 996</b>	<b>27 083 464</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>( 2 439)</b>		

**Partnership Activities Segment**

PAHO Epidemic Emergency Fund	PAHO Emergency Preparedness & Disaster Relief	Total 2015	Total 2014
	1 142 690	619 976 905	877 772 962
580 495		27 663 959	22 415 770
			524
	( 80 123)	( 79 562)	
<b>580 495</b>	<b>1 062 567</b>	<b>647 561 302</b>	<b>900 189 256</b>
66 427	253 525	29 644 351	28 919 896
13 993	238 540	10 487 825	13 232 037
( 2 825)	139 330	42 566 304	57 101 293
100 062	233 439	54 072 568	110 774 080
( 248)	155 457	477 626 389	645 343 736
( 6 999)	39 002	1 814 590	1 698 022
	83 397	31 021 752	43 630 515
<b>170 410</b>	<b>1 142 690</b>	<b>647 233 779</b>	<b>900 699 579</b>
<b>410 085</b>	<b>( 80 123)</b>	<b>327 523</b>	<b>( 510 323)</b>

**Enterprise Activities Segment**

	<b>PAHO Revolving Fund for Vaccine Procurement</b>	<b>PAHO Reimbursable Procurement on Behalf of Member States</b>	<b>PAHO Regional Revolving Fund for Strategic Public Health Supplies</b>	<b>PAHO Income From Services</b>
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed Contributions				
Voluntary Contributions				
Other Revenue				
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies	567 744 038	6 208 333	72 266 459	
Other Revenue				3 705 168
Miscellaneous Revenue				
<b>TOTAL REVENUE</b>	<b>567 744 038</b>	<b>6 208 333</b>	<b>72 266 459</b>	<b>3 705 168</b>
<b>EXPENSES</b>				
Staff and Other Personnel Costs				571 903
Supplies, Commodities, Materials	552 302 781	6 208 333	70 329 422	910 479
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization				
Contract Services				1 189 671
Travel				286 986
Transfers and Grants to Counterparts				1 694
General Operating and Other Direct Costs				384 469
Indirect Support Costs				
<b>TOTAL EXPENSES</b>	<b>552 302 781</b>	<b>6 208 333</b>	<b>70 329 422</b>	<b>3 345 202</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>15 441 257</b>		<b>1 937 037</b>	<b>359 966</b>

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**Enterprise Activities Segment**

PAHO Special Fund for Program Support	PAHO Expanded Textbook and Instructional Materials Program	AMRO Special Account for Servicing Costs	<b>Total 2015</b>	Total 2014
31 022 219			31 022 219	43 630 479
		5 755 152	5 755 152	3 722 059
7 632 076			653 850 906	683 947 917
59 071	5 862 433		9 626 672	10 324 024
(15 837 636)	76 072		(15 761 564)	(7 420 128)
<b>22 875 730</b>	<b>5 938 505</b>	<b>5 755 152</b>	<b>684 493 385</b>	734 204 351
10 337 944	1 188 543	2 638 589	14 736 979	14 905 892
588 122	3 239 566	406 864	633 985 567	663 052 988
	85 714		85 714	85 714
2 304 110	1 081 846	1 889 158	6 464 785	8 560 441
1 002 684	81 952	89 705	1 461 327	2 002 030
220 487			222 181	23 600
425 528	321 904	730 836	1 862 737	5 027 813
<b>14 878 875</b>	<b>5 999 525</b>	<b>5 755 152</b>	<b>658 819 290</b>	693 658 478
<b>7 996 855</b>	<b>( 61 020)</b>		<b>25 674 095</b>	40 545 873

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**Special Activities Segment**

	PAHO Health Promotion	PAHO Food Safety Five-year Plan	PAHO PMIS Funding from PAHO IPSAS Surplus	PAHO Provision for Termination & Repatriation Entitlements	PAHO Provision for Staff Entitlements	PAHO Post Occupancy Charge	PAHO After Service Health Insurance
<b>REVENUE</b>							
<b>Revenue from Non-Exchange Transactions</b>							
Assessed Contributions							
Voluntary Contributions							
Other Revenue							
<b>Revenue from Exchange Transactions</b>							
Procurement of Public Health Supplies							
Other Revenue	13 469			5 438 861	4 032 133	7 356 684	3 131 593
Miscellaneous Revenue							
<b>TOTAL REVENUE</b>	<b>13 469</b>			<b>5 438 861</b>	<b>4 032 133</b>	<b>7 356 684</b>	<b>3 131 593</b>
<b>EXPENSES</b>							
Staff and Other Personnel Costs	38 641	17 939	68 172	10 205 612	4 278 571	56 280	22 334 585
Supplies, Commodities, Materials	31 719	1 186	6 085			90 216	
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization							
Contract Services	112 864	17 986	2 202 967			1 260 135	
Travel	18 785	70 538	533 321			49 852	
Transfers and Grants to Counterparts							
General Operating and Other Direct Costs		11 885				(3 085)	
Indirect Support Costs							
<b>TOTAL EXPENSES</b>	<b>202 009</b>	<b>119 534</b>	<b>2 810 545</b>	<b>10 205 612</b>	<b>4 278 571</b>	<b>1 453 398</b>	<b>22 334 585</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>(188 540)</b>	<b>(119 534)</b>	<b>(2 810 545)</b>	<b>(4 766 751)</b>	<b>(246 438)</b>	<b>5 903 286</b>	<b>(19 202 992)</b>



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**Special Activities Segment**

PAHO Tax Equalization Fund	PAHO Master Capital Investment Fund	AMRO Contribu- tion for Renovation of Assets	AMRO Terminal Payments Account	AMRO Non- Payroll Statutory Entitlements	AMRO Staff Development and Learning Fund	AMRO Post Occupancy Charges Fund	Total 2015	Total 2014
9 420 000							9 420 000	9 420 000
		203 262			338 182	3 180 060	3 721 504	999 269
	1 357 178		313 584	1 055 184			22 698 686	15 325 693
<b>9 420 000</b>	<b>1 357 178</b>	<b>203 262</b>	<b>313 584</b>	<b>1 055 184</b>	<b>338 182</b>	<b>3 180 060</b>	<b>35 840 190</b>	<b>25 744 962</b>
7 052 850			313 584	1 055 184	14 796	193 960	45 630 174	37 064 612
	326 370	51 317			( 605)	174 064	680 352	2 835 661
	14 763						14 763	(1 616 093)
	159 189	151 945			186 668	2 604 024	6 695 778	8 051 572
					125 216	159 485	957 197	266 541
	894 949				12 107	48 527	964 383	834 804
<b>7 052 850</b>	<b>1 395 271</b>	<b>203 262</b>	<b>313 584</b>	<b>1 055 184</b>	<b>338 182</b>	<b>3 180 060</b>	<b>54 942 647</b>	<b>47 437 097</b>
<b>2 367 150</b>	<b>( 38 093)</b>						<b>(19 102 457)</b>	<b>(21 692 135)</b>

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**Intra-party Segment**

	Intra-Party Segment	Total 2015	Total 2014
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions		105 620 000	105 620 000
Voluntary Contributions	(31 021 752)	619 977 372	877 772 926
Other Revenue	(3 777 322)	86 348 995	57 353 563
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies	(7 632 076)	646 218 830	676 374 298
Other Revenue	(21 843 229)	10 646 402	10 759 836
Miscellaneous Revenue		(8 789 427)	( 697 976)
<b>TOTAL REVENUE</b>	<b>(64 274 379)</b>	<b>1 460 022 172</b>	<b>1 727 182 647</b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	(21 732 723)	185 546 400	169 653 206
Supplies, Commodities, Materials	(8 251 458)	644 789 781	672 833 915
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	( 71 333)	7 071 374	( 426 445)
Contract Services	(2 755 969)	72 135 712	86 368 268
Travel	( 392 617)	67 967 872	116 805 185
Transfers and Grants to Counterparts		480 878 939	647 019 552
General Operating and Other Direct Costs	( 48 527)	10 477 671	11 201 363
Indirect Support Costs	(31 021 752)		
<b>TOTAL EXPENSES</b>	<b>(64 274 379)</b>	<b>1 468 867 749</b>	<b>1 703 455 044</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>(8 845 577)</b>	<b>23 727 603</b>

## **Assessed Contributions**

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**Pan American Health Organization**  
**Assessed Contributions and Payments Received**

*Annex*

*(expressed in US dollars)*

<b>Member State</b>	<b>Beginning Balance 1 January 2015</b>	<b>Assessed Contributions</b>	<b>Payments Received</b>	<b>Ending Balance 31 December 2015</b>
Antigua and Barbuda		21 164	21 164	
Argentina	1 281 946	2 316 496	1 281 946	2 316 496
Aruba		16 354		16 354
Bahamas		59 644	59 644	
Barbados		43 290	43 290	
Belize		21 164	21 164	
Bolivia		47 138	47 138	
Brazil	9 563 398	9 563 242	8 454 839	10 671 801
Canada		11 607 064	11 607 064	
Chile		1 143 818	1 143 818	
Colombia	452	1 009 138	452	1 009 138
Costa Rica	8 943	212 602	221 470	75
Cuba		176 046	176 046	
Curacao		16 354	16 354	
Dominica		21 164	21 164	
Dominican Republic		247 234	247 234	
Ecuador		248 196	248 196	
El Salvador	219 336	109 668	109 668	219 336
France	18 836	210 678	229 274	240
Grenada		21 164		21 164
Guatemala		161 616	161 616	
Guyana	1 125	21 164	22 289	
Haiti		32 708	32 708	
Honduras		49 062	49 062	
Jamaica		89 466	89 466	
Mexico		7 966 322	7 966 322	
Netherlands		16 354	16 354	
Nicaragua		32 708	32 708	
Panama		151 996	151 996	
Paraguay		89 466	89 466	
Peru	36 172	661 856	698 028	
Puerto Rico	80 808	80 808		161 616
Saint Kitts and Nevis		21 164	21 164	
Saint Lucia		21 164	21 164	
Saint Vincent and the Grenadines		21 164	21 164	
Sint Maarten		16 354	184	16 170
Suriname		32 708	32 708	
Trinidad and Tobago		173 160	173 160	
United Kingdom	6 291	44 252	50 543	
United States	24 755 653	66 486 090	65 686 090	25 555 653
Uruguay		205 868	205 868	
Venezuela	2 132 932	2 132 932		4 265 864
<b>TOTAL - PAHO</b>	<b>38 105 892</b>	<b>105 620 000</b>	<b>99 471 985</b>	<b>44 253 907</b>

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# **Procurement Funds**

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**Statement of Reimbursable Procurement on Behalf of Member States**

*Annex*

*(expressed in US dollars)*

This Statement of Reimbursable Procurement on Behalf of Member States, formerly known as Advances from Government and Institutions for Procurement, represents funds deposited with the Organization by governments and institutions/agencies under the jurisdiction of the minister of health for the purchase, on behalf of the ministry, of supplies, equipment, and literature which otherwise would be either unobtainable or subject to procurement difficulties in the countries concerned in 2015. A 4.25% service charge was applied to the net cost of the items purchased. In accordance with Resolution CD 50.R1 of the 50th Directing Council an increase of 0.5% to the previously established 3% was approved and by Resolution CD 52.R12 of the 52nd Directing Council an additional increase of 0.75% over the prior 3.5% was approved. In 2015 the service charges amounted to \$265 670, in accordance with Resolution CD28.R36 of the 28th Directing Council, this amount was included in the Special Account for Program Support Costs and has been used to defray part of the staff costs related to these procurement functions.

<b>Source of Funds</b>	<b>Accounts Receivable</b>	<b>Deferred Revenue</b>	<b>Revenue/ Expense<sup>1/</sup></b>
Argentina		225 667	115 210
Bahamas		700	
Barbados		1 570	22 367
Belize		36 238	6 504
Bolivia		51 960	28 787
Brazil		1 514 759	2 019 378
Chile		1 031	5 882
Costa Rica		2 085	7 472
Cuba		237 433	2 814 155
Dominican Republic		2 863	
Ecuador		126 102	25 471
El Salvador		10 077	34 265
Guatemala		82 877	1 333 123
Guyana		115 985	
Honduras		890 479	381 880
Jamaica		708	32 260
Nicaragua		1 710	
Panama		92 977	1 695
Paraguay		1 918	
Peru		7 279	
Saint Kitts and Nevis		641	34 080
Saint Vincent and The Grenadines		48 657	
Trinidad and Tobago		1 126	3 721
Uruguay		37 057	
Venezuela		1 941 129	302 714
<b>Sub-Total Reimbursable Procurement on Behalf of Member States</b>		<b>5 433 028</b>	<b>7 168 964</b>
<b>Accrued Liability</b>		<b>( 132 104)</b>	<b>( 960 631)</b>
<b>Total Reimbursable Procurement on Behalf of Member States</b>		<b>5 300 924</b>	<b>6 208 333</b>

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO has recognized as Deferred Revenue the contributions for procurement activities committed during the Financial Period. Revenue and Expense for the Financial Period are recognized based on the cost of the goods and services being delivered or performed during the Financial Period. Furthermore, an accrued liability of \$132 104 has been recognized for goods delivered at the end of 2015 and paid in 2016.

*Annex*

## Status of the Revolving Fund for Vaccine Procurement

(expressed in US dollars)

The establishment of the Revolving Fund for Vaccine Procurement, formerly known as the Revolving Fund for the Expanded Program on Immunization, was authorized by Resolution CD25.R27 of the 25th Directing Council (1977). The Revolving Fund finances the procurement of vaccines and syringes for Member States/Institutions unable to deposit funds with the Organization in U.S. currency in advance of procurement.

In accordance with the provisions of the Revolving Fund, the Director is authorized to transfer funds over and above a minimum Reserve Account Balance of \$100 000 to the Revolving Fund as additional capital for the Capitalization Account. In 2015, the Capitalization and Reserve Account reached \$151 085 459 including the 4.25% service charge earned \$14 480 855, the accrual of \$1 333 900, a \$247 140 charge for foreign exchange valuation losses, a \$126 358 charge for pricing variance, and the \$100 000 Reserve Balance. In accordance with Resolution CD 50.R1 of the 50th Directing Council an increase of 0.5% to a previously established 3% was approved and by Resolution CD 52.R12 of the 52nd Directing Council an additional increase of 0.75% over the prior 3.5% was approved. In 2015 the 1.25% amounted to \$6 033 690 and was included in the Special Account for Program Support Costs.

	Revenue	Expense	Net
<b>Country Summary Totals</b>	520 574 168	506 093 313	14 480 855
Adjustment for Accrued Liability	47 417 010	47 417 010	
Adjustment for Accrued Capitalization		(1 333 900)	1 333 900
<b>Pricing Variance</b>		126 358	( 126 358)
<b>Foreign Exchange Valuation Gain And Losses</b>	( 247 140)		( 247 140)
<b>Total</b>	<b>567 744 038</b>	<b>552 302 781</b>	<b>15 441 257</b>

	Balance 31 December 2014	Activity	Balance 31 December 2015
<b>Reserve Account Balance</b>	100 000		100 000
<b>Accounts Receivable</b>	(46 969 487)	(1 972 126)	(48 941 613)
<b>Accrued Accounts Receivable</b>	(13 326 608)	(29 000 291)	(42 326 899)
<b>Deferred Revenue</b>	163 691 922	20 610 583 <sup>1/</sup>	184 302 505
<b>Accrued Deferred Revenue</b>	(5 280 895)	(19 750 619)	(25 031 514)
<b>Capitalization of the Revolving Fund</b>	131 862 602	15 441 257	147 303 859
<b>Loans from Partners for specific activities</b>		3 681 600	3 681 600
<b>Closing Fund Balance</b>	<b>230 077 534</b>	<b>(10 989 596)</b>	<b>219 087 938</b>

### Funds Available for Future Revolving Fund Purchases

<b>Revolving Fund Balance as of 31 December 2015 (per above)</b>		<b>219 087 938</b>
<b>Plus: Amount due to Fund from Member States/Institutions (Gross)</b>	<b>91 268 512</b>	
<b>Less: Funds received in Advance from Member States/Institutions (Gross)</b>	<b>(159 270 991)</b>	<b>(68 002 479)</b>
<b>Balance of Capitalization Account</b>		<b>151 085 459</b>

<sup>1/</sup> This amount includes refunds to Member States of \$319 957

*Annex*

## Statement of the Revolving Fund for Vaccine Procurement

*(expressed in US dollars)*

Source of Funds	Accounts Receivable	Deferred Revenue	Revenue <sup>1/</sup>	Expense <sup>1/</sup>
Anguilla	33 307		36 524	35 746
Antigua and Barbuda	23 311		38 135	37 336
Argentina		34 482 305	48 456 608	47 110 247
Aruba	58 990		224 716	218 810
Bahamas	566 049		747 790	727 296
Barbados	283 938		388 785	378 228
Belize		192 092	448 201	437 065
Bermuda	36 163		192 498	187 427
Bolivia		10 156 940	11 691 411	11 387 844
Bonaire	75			
Brazil		59 071 075	73 587 241	71 560 432
British Virgin Islands	7 215		26 747	26 392
Cayman Islands	31 784		107 165	104 398
Chile	2 000 129		13 205 900	12 829 440
Colombia		45 259 764	69 282 335	67 327 266
Costa Rica	770 767	50	8 658 180	8 417 053
Cuba		396 932	233 548	227 275
Curacao	127 100		165 557	161 257
Dominica		6 538	29 123	28 520
Dominican Republic	3 444 764	485	10 299 427	10 011 992
Ecuador	8 159 551	2 313 473	54 698 035	53 167 788
El Salvador	4 733 417		14 997 382	14 576 440
Grenada	31 268		88 539	86 576
Guatemala	7 243 302	178 532	36 049 449	35 052 293
Guyana	509 001	408 605	862 365	840 936
Haiti	436 658	4 246 701	2 970 177	2 891 516
Honduras		9 488 581	11 203 925	10 904 707
Jamaica	4 787		993 051	967 439
Montserrat	888		4 307	4 266
Nicaragua	4 547 513	976 350	6 011 602	5 850 267
Panama		6 791 711	17 153 430	16 668 481
Paraguay	4 776 268		14 053 928	13 666 152
Peru		8 876 595	86 024 449	83 616 899
Saint Kitts and Nevis	4 819		31 311	30 655
Saint Lucia	21 727		99 397	96 988
Saint Vincent and The Grenadines	31 760		36 002	35 305
Sint Maarten	843		75 903	73 914
Suriname	285 319		433 375	421 848
Trinidad and Tobago	400 620	75 890	1 867 551	1 815 780
Turks and Caicos Islands	6 870		38 029	37 372
Uruguay	1 314 513		9 803 070	9 527 680
Venezuela	9 048 897	1 379 886	25 259 000	24 545 987
<b>Total Revolving Fund for Vaccine Procurement</b>	<b>48 941 613</b>	<b>184 302 505</b>	<b>520 574 168</b>	<b>506 093 313</b>

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO has recognized as Deferred Revenue the contributions for procurement activities performed during the Financial Period. Revenue and Expense for the Financial Period is recognized based on the cost of the goods being delivered or performed during the Financial Period. Furthermore, an accrued liability of \$65 521 233 has been recognized for goods delivered at the end of 2015 and paid in 2016.

*Annex*

**Status of the Regional Revolving Fund for Strategic Public Health Supplies**

(expressed in US dollars)

The Fund was established in 1999 by the Director under the authority vested in him by Financial Regulation 9.3 (originally 6.7), following the request of the PAHO Member States. The objectives of the Fund include reducing the cost of strategic public health supplies, making these supplies continuously available to the Member States, assisting the Member States in improving their planning capabilities to use these supplies, and broadening the scope of the Member States' public health programs. The Director approved the use of the 3% administrative service charge for the capitalization of the Fund effective 1 August 2005. This capitalization amounted to \$1 693 374 during the 2015 financial reporting period and reached a total amount of \$10 518 140 at the end of 2015, including the accrual of \$243 663 and the \$1 000 000 transferred from PAHO Revenue Surplus. In accordance with Resolution CD 50.R1 of the 50th Directing Council an increase of 0.5% to the previously established 3% was approved and by Resolution CD 52.R12 of the 52nd Directing Council an additional increase of 0.75% over the prior 3.5% was approved. In 2015 the 1.25% amounted \$703 956 and was included in the Special Account for Program Support Costs. As of 31 December 2015, twenty-five Member States had indicated their commitment to participate in the Fund through an exchange of letters.

	Revenue	Expense	Net
<b>Country Summary Totals</b>	63 189 208	61 495 834	1 693 374
<b>Adjustment for Accrued Liability</b>	9 077 251	9 077 251	
<b>Adjustment for Accrued Capitalization</b>		( 243 663)	243 663
<b>Total</b>	<b>72 266 459</b>	<b>70 329 422</b>	<b>1 937 037</b>

	Balance 31 December 2014	Activity	Balance 31 December 2015
<b>Accrued Accounts Receivable</b>	(1 618 950)	(2 858 773)	(4 477 723)
<b>Accrued Accounts Receivable</b>	( 153 981)	( 243 663)	( 397 644)
<b>Deferred Revenue</b>	49 994 650	12 284 613 <sup>1/</sup>	62 279 263
<b>Accrued Deferred Revenue</b>	(5 620 516)	(9 077 251)	(14 697 767)
<b>Capitalization of the Revolving Fund</b>	7 581 104	1 937 037	9 518 140
<b>Transfer from PAHO Revenue Surplus</b>		1 000 000	1 000 000
<b>Closing Fund Balance</b>	<b>50 182 307</b>	<b>3 041 963</b>	<b>53 224 269</b>

**Funds Available for Future Revolving Fund Purchases**

<b>Revolving Fund Balance as of 31 December 2015 (per above)</b>		<b>53 224 269</b>
<b>Plus: Amount due to Fund from Member States/Institutions (Gross)</b>	<b>4 875 367</b>	
<b>Less: Funds received in Advance from Member States/Institutions (Gross)</b>	<b>(47 581 497)</b>	<b>(42 706 130)</b>
<b>Balance of Capitalization Account</b>		<b>10 518 139</b>

<sup>1/</sup>This amount includes refunds to the Member States of \$25 448 370

*Annex*

**Statement of the Regional Revolving Fund for Strategic Public Health Supplies**

*(expressed in US dollars)*

Source of Funds	Accounts Receivable	Deferred Revenue	Revenue <sup>1/</sup>	Expense <sup>1/</sup>
Argentina	1 371 545	1 733 980	312 591	304 251
Belize		12 101	80 548	78 381
Bolivia		1 738 135	1 981 184	1 928 080
Brazil		34 928 837	40 181 195	39 101 372
Chile		188		
Colombia		4 742 369	678 324	661 366
Costa Rica		63 133	8 298	8 141
Dominican Republic	63 761	746 746		
Ecuador	385 511	1 873 027	2 833 448	2 757 746
El Salvador		1 961 559	1 809 602	1 761 433
Guatemala	947 877	2 655 218	1 432 977	1 394 110
Honduras		2 200 875	2 637 364	2 568 016
Nicaragua		75 422	131 947	128 701
Panama		9 004	5 924	5 766
Paraguay	14 277	1 020 899	1 388 383	1 351 946
Peru		210 653	828 117	806 330
Suriname		99		
Trinidad and Tobago		12 172		
Turks and Caicos		34 172	186	184
Uruguay	83 606	88 541	1 198	1 176
Venezuela	1 611 146	8 172 133	8 877 922	8 638 835
<b>Sub-Total Regional Revolving Fund for Strategic Public Health Supplies</b>	<b>4 477 723</b>	<b>62 279 263</b>	<b>63 189 208</b>	<b>61 495 834</b>

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO has recognized as Deferred Revenue the contributions for procurement activities received during the Financial Period. Revenue and Expense for the Financial Period is recognized based on the cost of the goods and services being delivered or performed during the Financial Period. Furthermore, an accrued liability of \$14 697 767 has been recognized for goods delivered at the end of 2015 and paid in 2016.

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## **Voluntary Contributions**

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>I. Government Financing</b>					
<b>Bolivia</b>					
Strengthening Implementation Program of Care, Accident and Emergency in La Paz - Bolivia	062043	651 332		651 332	
<i>Subtotal</i>		651 332		651 332	
<b>Brazil</b>					
Contribution of the Government to PANAFTOSA	063001	104 841		860 962	2 286 303
Improvement of Cooperation South- South in Humanitarian Operations in Health	063223			45 200	
<i>Subtotal</i>		104 841		906 162	2 286 303
<b>Canada</b>					
Support to a Vaccination Expansion Program in Haiti (PAPEV) PAHO/UNICEF	026129			11 188	103 603
Support to PAHO Regional Routine Immunization Program	026144				( 3 038)
Increased Access to Health Services through Performance-Based Contracting for Women, Children and those Displaced by the January 12, 2010 Earthquake Living in Camps	026148		15 370		( 181)
Improved Health and Increased Protection from Communicable Diseases (IHIPCD) for Women, Children and Excluded Populations in Situations of Vulnerability in Latin America and the Caribbean	026149				( 4 355)
Public Health Innovation and Equity in Latin America and the Caribbean	109036				( 178)
Evaluating Alcohol Control Policies in Peru and Saint Kitts and Nevis	109039	46 149		143 167	2 272
Improvement of Reproductive Health in Haiti	278008			14 921	5 669



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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Counter - Terrorism Capacity Building Program	452003			293	( 292)
A More Resilient Health Sector in the Americas	452004			556	405 984
Integrated Health Systems in Latin America and the Caribbean/Systèmes de Sante Intègres en Amérique Latine et dans les Caribes	452009	10 018 051		13 552 362	
PAHO Regional Strategy and Plan of Action to Strengthen the Role of the Health System in Addressing Violence Against Women	496001				15 744
<i>Subtotal</i>		10 064 200	15 370	13 722 487	525 228
<b>Chile</b>					
Haiti Cholera Outbreak	064017			299 553	447
Improvement in Access and use of the Medications of Quality in Health Facilities at the Local Level in Haiti in the Framework of the Set Background of Cooperation Chile-Mexico	064018	500 000		500 000	
<i>Subtotal</i>		500 000		799 553	447
<b>Ecuador</b>					
Eradication Program of AFTOSA Fever of AGROCALIDAD / ECUADOR	069022			206	119 271
<i>Subtotal</i>				206	119 271
<b>Honduras</b>					
Initiative for Strengthening Health Services in the Framework of the Alliance GAVI (FSS/GAVI)	074013			403	6 820
Strengthening the Tuberculosis (TAES) Strategy in Honduras	074014			14 618	1 443
Strengthening of Health Services for the Effective Delivery of Immunization Services	074015	380 000		562 078	8 485
<i>Subtotal</i>		380 000		577 099	16 748

**Summary of Voluntary Contributions (Cont...)**  
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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Guyana</b>					
Survey of Iron, Iodine and Vitamin A Status and Antibody Levels in Guyana	330010			68	
<i>Subtotal</i>				68	
<b>Italy</b>					
Support to National Health System (PROSEPU II)	261028		216 998		
<i>Subtotal</i>			216 998		
<b>Luxemburg</b>					
Joint Program to Contribute in the Achievement of the Development Objectives of the Millennium in the Departments of New Segovia, Chontales, Autonomous Region of the South Atlantic in Nicaragua	191110				424 618
<i>Subtotal</i>					424 618
<b>Mexico</b>					
Annex I to the Understanding Memorandum between the Secretary of Health of The United Mexican States and PAHO	076027				3 134
<i>Subtotal</i>					3 134
<b>Norway</b>					
HIV Prevention in Young People using a Human Rights Framework in Central America and the Caribbean	251035				31 855
<i>Subtotal</i>					31 855
<b>Panama</b>					
Strengthen the National and Regional Mechanisms of Tobacco Product Control	079013	600 000		915 553	272 615
<i>Subtotal</i>		600 000		915 553	272 615

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Peru</b>					
Pan American Center for Sanitary Engineering and Environmental Sciences (CEPIS)	081001			8 976	1 510
Regional Task Force on Water and Sanitation based in Peru - ETRAS	081040			249 233	132 929
<i>Subtotal</i>				258 209	134 439
<b>South Korea</b>					
Strengthening the Response Capacity, Access and Quality for the Korea Health Network (KHN) in El Alto, La Paz, Bolivia	456001	225 354		339 602	195 662
Strengthening the Prevention and Control for Tuberculosis and ITS Co-Morbidities in Northern Lima: Comas, and Carabayllo, Peru	456002	120 000		593 615	206 385
Strengthening the Component of Primary Health Care Services through the Promotion of Education Programs for the Population of Canton Duran, Guayas Province in Ecuador	456003			47 488	352 512
Professionalization of Primary Health Care in the Health System in El Salvador	456004			51 898	28 102
<i>Subtotal</i>		345 354		1 032 603	782 661
<b>Spain (Including Provincial Governments)</b>					
Spain Holding Account	230001			24 171	
Mobil Health Care Assistance - Bolivia	230099			459 972	
"Spanish Development Fund 2007" Primary Health Care in Bolivia	230105			89 029	113 168
Provision for Remaining Funds of Joint Activities of the Spanish Fund	230151			533	
World Health Day Devoted to Older Adults	230154			20 019	( 7 615)

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Vaccination Week of the Americas 2012, Programmed for the week of 21 to 28 April	230155			33 855	( 2 509)
Experts in Promotion of Health Services Forms	230156			4 756	( 994)
Support in Knowledge Management and Research	230157			11 818	
Guarantee the Access to the Reproductive Health Services and Promote the Reproductive Sexual Rights with Special Emphasis on the most Vulnerable Populations	230158			16 779	( 4 570)
Promote Child Health through `Integrated Management of Childhood Illness`	230159			6 455	
Expert: International Health Regulations	230160			1 077	
Meeting of the Andean Sub-Regions and the Southern Cone on HIV Testing to take place in Colombia	230161			15 931	
Health Program Quality Management of the Fund,	230163			10 517	
Coordination and Monitoring of the Program External Relations	230164			3 426	
Expert Management and Coordination of the Fund	230165			15 457	
Project of Reconstruction of the Hospital "Heroes of Baire" in Cuba	230166			25 368	
Strengthen the Coordination of Response of the Health Sector to Disasters in Latin America and the Caribbean	230168			79 276	18 805
Development Framework Cooperation Agreement Between the Kingdom of Spain and PAHO	230169			831 380	4 867 474
Supply and Distribution Health Products to four Health Institutions - Haiti	191118			637 080	465 678
<i>Subtotal</i>				2 286 899	5 449 437

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Sweden</b>					
Reduction of Vulnerabilities to Contribute to Rural Development in Five Municipalities of the Basins of the Coatan and High Suchiate Rivers in the Department of San Marcos in Guatemala	191103				( 1 014)
<i>Subtotal</i>					( 1 014)
<b>United Kingdom</b>					
Improving the Organization of the Emergency Response Chain and the Quality of Medical Emergency Care at Department Level in HAITI (the "Project")	140069	1 195 815		1 299 965	1 078 749
Prevention and Control of Communicable Diseases	140033				( 764)
SMART Health Care Facilities in the Eastern Caribbean Phase 2 Programme	140070	10 305 923		11 610 967	688 049
WHO Framework Convention on Tobacco Control in United Kingdom (UK) Overseas Territories in the Caribbean	218003			7 593	67 462
<i>Subtotal</i>		11 501 738		12 918 525	1 833 496
<b>United States of America</b>					
Improved Health Outcomes/ Tuberculosis, Maternal, Neonatal Health in Latin America Amazon Malaria Initiative (AMI) and South American Infectious Diseases Initiatives (SAIDI)	002140	3 873 392		3 843 090	3 492 202
Components of the South America Regional Infectious Diseases Program (SARI)	002141	311 000		303 795	2 136 815
Towards a More Resilient Health Sector in Latin American and the Caribbean	002143	1 225 000		1 269 063	349 327
Protecting the Advances in Polio, Rubella and Measles Elimination: Strengthening Immunization Programs in the Americas	028089				( 2 648)
Non-Communicable Disease Prevention and Health Promotion in the Region	028093				( 3 330)
Surveillance and Response to Seasonal and Pandemic Influenza in the Region of the Americas	028097	183			( 1 744)

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas -Year 3	028103	699 354		699 354	
Protecting the Advances in Polio, Rubella and Measles Elimination: Strengthening Immunization Programs in the Americas - Year 1	028106				2 267 836
Protecting the Advances in Polio, Rubella and Measles Elimination: Strengthening Immunization Programs in the Americas - Year 2	028107	3 372 304		3 312 778	2 936 526
Non-Communicable Disease Prevention and Health Promotion in the Region	028094				241 009
Surveillance and Response to Seasonal and Pandemic Influenza in the Region of the Americas	028098	39 945			545 416
Non-Communicable Disease Prevention and Health Promotion in the Region of the Americas	028111	739 000		739 000	
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas	028102	2 960			527 624
Cooperative Agreement with Pan American Health Organization (PAHO)	240004				( 3 111)
Support Regulatory Systems Strengthening in Latin America and the Caribbean	240005	2 693			515 286
<i>Subtotal</i>		10 265 831		10 167 080	13 001 208
<b>Total - Government Financing</b>		34 413 296	232 368	44 235 776	24 880 446

**II. International Organizations**

***European Community***

Strengthening the Integration of the British & Dutch OCTs in the Regional Response within the PANCAP Framework	049068				6 534
Improve the Capacity of the Haitian Health Sector to efficiently Manage Health Risks and Respond to Medical Emergencies at Local Level, HAITI	049099				( 34)

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Strengthening of Critical Maternal and Neonatal Services in Belize (the "Action")	049101	175 055		151 856	542 291
The Strengthening of the Prevention and Control of Dengue and Malaria in Belize (the "ACTION")	049105	82 057		104 705	282 432
Increase Access to Lifesaving Health Care and Safe Water and Response Capacity to Emergencies of Conflict - Affected Communities in Colombia	049108	105 033			531 207
Improve the Capacity of the Haitian Health Sector to Coordinate and Implement Adequate Rapid Response to Cholera Alerts and Outbreaks, HAITI (the "Action")	049109	175 055		17 816	894 679
Justice Program and Social Inclusion Advancing and Strengthening the Methodological Tools and Practices Relating to the Application and Implementation of Health Technology Assessment (HTA)	087015	101 691		221 574	201 119
	481001	25 593			100 743
<i>Subtotal</i>		664 484		495 951	2 558 971
<b>Food and Agriculture Organization (FAO)</b>					
PAHO - FAO Antigua & Barbuda: Zero Hunger Challenge	051017				86
<i>Subtotal</i>					86
<b>Government of Spain / SDG-F</b>					
Operational Aspects of Spanish Fund for Sustainable Development Goals entered into Between UNDP, WHO and Other UN System Organization	191119			3 109	6 322
Food and Nutrition Security for Children and Salvadorian Household	191120	122 573		182 098	22 191
Strengthening Local Food Systems, Local Capacity Building Designed at Improving the Production, Access to Safe, Nutritious and Safe Food and Nutrition of Families in Ecuador	191121			9 166	28 284

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Food and Nutrition Security in Prioritized Municipalities of the Department of San Marcos, Guatemala	191122	279 858		352 940	196 777
Food and Nutrition Security in Priority Populations and Vulnerable Situations in Paraguay	191124	290 000		541 743	48 257
Integral Mode of Inclusive Attention and Care for Children with Minor and Moderate Disabilities in Mexico	191126			70 417	17 083
<i>Subtotal</i>		692 431		1 159 473	318 914
<b>Inter-American Development Bank - IDB</b>					
Prevention and Control of AH1N1 and Other Infectious Diseases in Latin America and the Caribbean	091028		5 668		
<i>Subtotal</i>			5 668		
<b>International Bank for Reconstruction and Development (World Bank)</b>					
Support to Health Sector Response to Earthquake Affected Population	199030			1 210	
<i>Subtotal</i>				1 210	
<b>United Nations Children's Fund (UNICEF)</b>					
Joint Programme to Assert the Rights of Indigenous Adolescent Girls in Guatemala	187095			660	111 790
A Promise Renewed for the Americas: Reducing Inequities in Reproductive and Maternal Child Health	187097				6 555
Reviewing Protocols for the Provision of Care for Survivors of Violence Against Children in LAC	187102				20 000



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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Revenue Received 1/ Received 1/	Revenue/ Expenses <sup>1/</sup>
Validation of Elimination of Mother-to-Child Transmission of HIV and Congenital Syphilis (EMTCT) in the Americas (the "Activities")	187103				21 552
Elimination of Mother-to-Child Transmission of HIV and Congenital Syphilis (EMTCT) and Strengthening HIV Combination Prevention in the Americas	187104	379			172 879
<i>Subtotal</i>		379		660	332 776
<b>United Nations Development Program (UNDP)</b>					
Coordination of Health Services for Cholera-Affected Population	191116		11 087		
Preparedness for the Possible Introduction of EBOLA into the Country	191123			58	4 942
Integrated Rural Development in Five Towns of Cuilco River Basin, Guatemala	191125			993	56 464
<i>Subtotal</i>			11 087	1 051	61 406
<b>United Nations Environment Programme (UNEP)</b>					
Strengthening National Capacity for Chemicals Management in the Bahamas through a National Coordination Mechanism, Comprehensive Situation Analysis and Development of National Integrated Plan for Chemical Safety	195003				77 850
<i>Subtotal</i>					77 850
<b>United Nations International Strategy for Disaster Reduction (ISDR)</b>					
Global Facility for Disaster Reduction and Recovery	368005			2	85 085
<i>Subtotal</i>				2	85 085

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>United Nations Office for the Coordination of Humanitarian Affairs (OCHA)</b>					
Scaling-up Response to Cholera Outbreak in High Priority Departments and Support to the National Coordination for Cholera Response in the Ministry of Health, Haiti	401007		212		126 797
<i>Subtotal</i>			212		126 797
<b>United Nations Population Fund (UNFPA)</b>					
Support for Strengthening Health Statistics as a Component of the National Health Information System of the Ministry of Health, Nicaragua	278013				13 000
<i>Subtotal</i>					13 000
<b>United Nations Trust Fund for HumanSecurity (UNTFHS)</b>					
Food Insecurity: A Threat to the Human Security of Poqoman People Settled in the Dry Corridor, Guatemala	399005			1 878	480 826
Strengthening Human Security and Community Resilience by Fostering Peaceful Co-Existence in Peru	399006	41 751		174 275	121 296
Strengthening Human Security in the Central Municipalities of the Paraguayan Chaco	399007	297 511		316 018	128 028
Mainstreaming Human Security in Country Health Plans in Central America the Dominican Republic	399008	299 626		299 626	
<i>Subtotal</i>		638 888		791 797	730 150
<b>Total - International Organizations</b>		1 996 182	16 967	2 450 144	4 305 035

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**Summary of Voluntary Contributions (Cont...)**  
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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>III. Private and Public Sector</b>					
<i>Albert B. Sabin Institute</i>					
Surveillance of Human Papilloma Virus (HPV) Related Disease in Jamaica	397006				8 874
Dengue Epidemiological Surveillance Model to Define Vaccination Strategies in Latin America and the Caribbean	397012				51 701
Investigation of the Impact and Effectiveness of the 10-Valent Pneumococcal Conjugate Vaccine Against Invasive Pneumococcal Disease and X-Ray Confirmed Hospitalized Bacterial Pneumonia in Children in Colombia	397013	122 500		142 408	23 690
Strengthening Capacities for Soil-Transmitted Helminthiasis Control in Honduras	397014				( 89)
Evaluation of the Impact of Mass Albendazole Treatment in South and Southern Mexico	397015			2 356	82 259
<i>Subtotal</i>		122 500		144 764	166 435
<i>American Dental Association (ADA)</i>					
International Consultation Meeting: HPV-Associated Oral Cancer	501001				10 000
<i>Subtotal</i>					10 000
<i>American Dental Association Foundation</i>					
International Consultation Meeting: HPV-Associated Oral Cancer	502001				9 984
<i>Subtotal</i>					9 984

**Summary of Voluntary Contributions (Cont...)**  
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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b><i>American Heart Association</i></b>					
Collaboration in Reducing the Premature Mortality and Morbidity of Cardiovascular Disease and Stroke by Minimizing Exposure to Risk Factors and Increasing Exposure to Protective Factors in Particular Prevention and Control of Hypertension and Cardiovascular Diseases Social Marketing Strategy	500001			4 775	55 341
Collaboration in Reducing the Premature Mortality and Morbidity of Cardiovascular Disease and Stroke by Minimizing Exposure to Risk Factors and Increasing Exposure to Protective Factors in Particular Prevention and Control of Hypertension and Cardiovascular Diseases- Salt Smart Consortium	500002				25 026
<i>Subtotal</i>				4 775	80 367
<b><i>Andean Corporation of Promotion (CAF)</i></b>					
Strengthening of the Prevention and Control of Foot-and-Mouth Disease in Border Areas of Countries of the Andean Region: Contribution to the Fulfillment of the Commitments of Countries to the PHEFA	479001				9 988
<i>Subtotal</i>					9 988

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Bill Gates Foundation</b>					
Project Proposal to Transfer Tools, Methods and Lessons Learned from PAHO Pro-Vac Initiative in the Americas to other WHO Regions for the Promotion of Evidence-Based Policy Decisions Regarding new Vaccine Introduction in Low and Middle- Income Countries	365002			192 143	684 452
Development and Dissemination of Data Collection Methodologies for Economic Evaluations	365004				79 908
Better Immunization Data Quality (DQ) and Electronic Immunization Registries (EIR)	365006			643 988	374 021
Combating STH via Integrated Child Health Services in Honduras	365007			65 596	34 404
Establishing a Caribbean Regulatory System for CARICOM/CARPHA Member States	365008	809 314		1 177 184	
Disease Control Priorities Network	489001				( 772)
<i>Subtotal</i>		809 314		2 078 911	1 172 013
<b>Center for Public Service</b>					
<b>Communications</b>					
Collecting, Preserving and Disseminating Health and Disaster Information after the January 2010 Haiti Earthquake: Support to the Government of Haiti	508001			50 000	
<i>Subtotal</i>				50 000	
<b>CDC Foundation</b>					
Bloomberg Initiative to Reduce Tobacco Use (GATS)	460001			16 289	87 506
Haiti Malaria Elimination Consortium (HaMEC)	460003			65 315	180 049
Global Tobacco Surveillance System	460004	105 090		105 090	
<i>Subtotal</i>		105 090		186 694	267 555

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Colgate Palmolive Company</b>					
Community-Based Oral Health Interventions in Colombia and Ecuador	466001	122 364		75 097	109 603
<i>Subtotal</i>		122 364		75 097	109 603
<b>Conselho Nacional Pecuário (CNPIC)</b>					
Development of Activities Related to the Strengthening of the Laboratory of Reference for Vesicular Disease	467001	225 175		434 137	13 189
<i>Subtotal</i>		225 175		434 137	13 189
<b>Global Alliance V. I. (GAVI)</b>					
Injection Safety Project - Bolivia Support the Immunization Services (ISS) of Bolivia 2007-2009	387004		2 943		163 358
New Vaccines for Immunization Services Support in Bolivia	387009				134 193
Health Systems Strengthening in Honduras	387012		2 864		12 056
Support the Introduction of new Vaccines by the Government of HAITI "The Government"	387015		1 238		( 1 864)
Pneumococcal Vaccine Introduction Activities in Bolivia	387016	245 500		247 399	69 919
Implementation of the Health Systems Strengthening Programme of the Haiti Government	387017		36 583		52 167
Implementation of the Health Systems Strengthening Program in Cuba	387018	1 126 246		2 103 586	985 680
Implementation of the Health Systems Strengthening Programme ("HHS Programme") of the Government of Honduras (the "Government")	387019			1 630 285	702 373
Assist the Government of Honduras Graduate from GAVI Support	387020	2 011 623		5 004 083	446 851
	387021			360 027	18 865

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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Inactivated Poliovirus Vaccine ("The Programme") by the Government of Cuba	387022			99 980	
Guyana's Expanded Programme on Immunization Transitional Plan	387023	155 000		294 417	45 583
Support the Introduction of the Inactivated Poliovirus Vaccine (IPV) by the Government of Haiti	387024			106 116	105 289
Support the Introduction of the Inactivated Poliovirus Vaccine (IPV) by the Government of Nicaragua	387025			60 934	49 046
Support the Introduction of Inactivated Poliovirus Vaccine (IPV) by the Government of Honduras	387026			59 698	109 282
Support the Introduction of the Inactivated Poliovirus Vaccine (IPV) by the Government of Guyana	387027			73 015	26 981
Support the Introduction of the Inactivated Poliovirus Vaccine (IPV) by the Government of Bolivia	387028			220 538	1 954
<i>Subtotal</i>		3 538 369	43 628	10 260 078	2 921 733
<b>International Association to Prevent Blindness</b>					
Eye Care Representative of the Ministries of Health Latin America and the Caribbean - Annual Meeting 2015	497001				30 000
<i>Subtotal</i>					30 000
<b>Japan Center for International Exchange "JCIE"</b>					
Implementation of a Regional Meeting on Human Health and Security	478001		1 621		20 391
<i>Subtotal</i>			1 621		20 391

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**Summary of Voluntary Contributions (Cont...)**  
(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>MacArthur Foundation</b>					
Support for the Implementation of a Comprehensive Midwifery Model in Mexico	509001	240 000		390 000	
<i>Subtotal</i>		240 000		390 000	
<b>ORBIS International</b>					
LAC Regional Plan for the Prevention of Avoidable Blindness and Visual Impairment and Promotion of Eye Health 2014-2016	491001	70 000		81 997	84 513
<i>Subtotal</i>		70 000		81 997	84 513
<b>Open Society Institute (OSI)</b>					
Strengthening Capacity in Primary Prevention of Violence Against Women and Children in Latin America and the Caribbean Region	470001				( 1)
<i>Subtotal</i>					( 1)
<b>Pan American Health and Education Foundation (PAHEF)</b>					
Pro-Vac Initiative: Multiyear Project Proposal for the Promotion of Evidence-Based Policy Decisions Regarding New Vaccine Introduction in Latin America and the Caribbean	144028				112
<i>Subtotal</i>					112
<b>PAHO Foundation</b>					
Conduct Surveillance of Virology-Based Diseases	498001	11 740		215 514	19 274
Prevent and Control Virology-Based Diseases	498002	659 900		925 405	78 995



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Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Develop Technical Recommendations and Build National Capacities	498003	177 707		680 631	65 076
Addressing Women's Cancer	498004	242 703		392 553	136 650
Laboratory Practices	498005			851	18 149
Forum for Non-Communicable Diseases, NCD	498006	2 213		44 248	
Blood Pressure Cuffs and Monitors for the People of Guyana	498007			13	8 387
Strengthening the Integrated Primary Health Care Networks (RIAPS) in Cajamarca - Peru	498008	162 500		237 500	
<i>Subtotal</i>		1 256 763		2 496 715	326 531
<b><i>Project High Hopes Global</i></b>					
Implementation and Assessment of Evidence Based Interventions for Infection Prevention and Control in Cuba	492001	93 225		211 310	
<i>Subtotal</i>		93 225		211 310	
<b><i>Regional Office of CBM for Latin America</i></b>					
Program for the Prevention of Blindness and Deafness 2015-2016	499001	15 000		24 352	5 648
<i>Subtotal</i>		15 000		24 352	5 648
<b><i>Rockefeller Foundation</i></b>					
Equity Health and Human Development Information - Institutionalization & Partnership Program	156021			56 537	149 358
<i>Subtotal</i>				56 537	149 358
<b><i>Standard and Trade Development Facility</i></b>					
Development of a Proposal for a Regional Total Diet Study in Latin American and Caribbean Countries	506001	15 020		2 127	47 873
<i>Subtotal</i>		15 020		2 127	47 873

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**Summary of Voluntary Contributions (Cont...)**  
(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b><i>Sanofi Espoir Foundation</i></b>					
My Child Matters - Fight Childhood Cancer	484001			7 417	126 420
<i>Subtotal</i>				7 417	126 420
<b><i>Task Force For Global Health</i></b>					
Joining Forces to Control Soil-Transmitted Helminths in the Americas	471002		191		20 060
Joining Forces to Control Soil Transmitted Helminths in Nicaragua and Paraguay	471003	37 500		40 300	102 200
<i>Subtotal</i>		37 500	191	40 300	122 260
<b><i>Texas Children's Hospital</i></b>					
Language and Medical Content Editing for the WHO ETAT/CETEP Manuals (Participant and Facilitator Manuals) and the TCH/BCM Manuals (Participant and Facilitator Manuals)	459007		3 000		
<i>Subtotal</i>			3 000		
<b><i>The Global Fund (GFATM)</i></b>					
Strengthening and Improvement of Directly Observed Therapy (DOTS) AIDS Strategy in Haiti	191109				61 517
Bolivia Free of Malaria	191111			10 347	15 843
Strengthening Logistics Management Information Systems and ARV Forecasts: A Regional Approach	439002	100 027		185 330	64 670
Use of Epidemiological Intelligence with Social Participation, in order to Strengthen the Management of the Program, Improve the Access to the Diagnosis and Treatment, and carry out Effective Interventions for the Prevention of Malaria Control in Colombia	468003		1 502		38 043

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**Summary of Voluntary Contributions (Cont...)**  
(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Elimination of Malaria in Mesoamerica and the Island of Hispaniola	507001	86 103		212 814	160 973
<i>Subtotal</i>		186 130	1 502	408 491	341 046
<b><i>Vaccines Ambassadors</i></b>					
Health Recovery Activities in Saint Lucia and Saint Vincent and the Grenadines	480001			10 034	
<i>Subtotal</i>				10 034	
<b><i>Various Grantors (Undesignated Contributions)</i></b>					
High-level International Conference on Universal Coverage in Health	215060			17 801	57 562
<i>Subtotal</i>				17 801	57 562
<b><i>World Diabetes Foundation</i></b>					
Addressing the Burdens of Diabetes and Tuberculosis in the Americas with a View to Facilitating Screening for Tuberculosis Among People with Diabetes	418008	5 000		9 427	56 642
Capacity Building and Educational Project on Diabetes	418009	4 000		4 230	178 240
Fighting Against Diabetes in Honduras	418011	162 493		220 621	117 465
Pan American conference on Diabetes and Pregnancy (Expert Meeting)	418012			25 312	235 620
Chronic Care Model in 112 Family Health Units (FHUs) within the Framework of Primary Health Care	418013	562 000		617 647	132 353
Promotion of Healthy Environments for the Prevention of Diabetes and other Chronic Non-Communicable Diseases	418014	100 000		130 000	

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**Summary of Voluntary Contributions (Cont...)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Community Strategy for the Prevention of Diabetes, with a Gender Perspective (the "Project")	418015	150 000		193 511	6 489
Strengthening Diabetes Care and Prevention in Urban Areas Across six Cities of Peru Through Comprehensive Capacity Building at Primary Level, DIANA-PERU	418016	470 000		710 000	
<i>Subtotal</i>		1 453 493		1 910 748	726 809
<b>Total - Private and Public Sector</b>		8 289 943	49 942	18 892 285	6 799 389
<b>V. Other Voluntary Contributions</b>					
Trust Fund Consolidation of the Hemispheric Plan for Foot-and-Mouth Disease Eradication (PHEFA)	476001			42	139 959
Helen Weyburn Bequest/Tuberculosis Bequest from the Estate of Ms. Thelma G. Hottel for the Stella Maris School of Nursing in Zacapu, Michoacan, Mexico	454002			7 623	6 177
Efficient Resource Allocation to Support Sustainable Rabies Control Tool (the "Project")	454003			3 000	
Strengthening Technical Cooperation with PANAFTOSA for consolidation of the Interamerican Food Analysis Laboratories Network (RILAA in Spanish)	252002	10 941		1 039	21 208
PAHO Award for Immunization	510001 215017	2 420		2 600	3 000
<i>Subtotal</i>		13 361		14 304	170 344
<b>Total - Other Voluntary Contributions</b>		13 361		14 304	170 344
<b>Total</b>		44 712 782	299 277	65 592 509	36 155 219

Notes:

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO will recognize as Deferred Revenue the full commitment amount upon signature of Voluntary Contribution agreements. Revenue for the Financial Period is recognized based on the Expense reported during the Financial Period. There are certain special agreements for which Deferred Revenue is not recognized. Below is a reconciliation between Expense and Revenue:

Voluntary Contributions Expenses 2015	36 155 219
Interest Revenue PG	561
Project ID 215017 - Revenue is based on cash	3 000
Voluntary Contributions Revenue 2015	<u>36 152 780</u>

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**Summary of Voluntary Contributions-National Voluntary Contributions**  
(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Government Financing</b>					
<i><b>Argentina</b></i>					
Managerial Support for National Health Development	059001			475 458	194 761
Action Plan for the Strengthening of the Public Health in the Province "Entre Ríos"	059035	31 125		63 975	( 492)
Intensified Surveillance ETI-IRAG in Argentina	059039		428		
Improved Monitoring of Clinical and Epidemiological Viral Factors in the Immune Response to the Infection by New Influenza A H1N1	059040		171		
Implementation of Five Priority Objectives of Strategy of Technical Cooperation of PAHO/WHO in Argentina - 2009 - 2011	059041	1 130 542		1 262 979	933 807
Implementation Diagnosis Tool	059042			371	
WHO-AIMS in Argentina	059043		592		
Information Systems and Statistics	059044	35 000		36 217	39 303
National Institute of Social Services for Retirees and Pensioners (PAMI)	059045			99	998 901
Central National Institute Unique Coordinator of Ablation and Implants (INCUCAI)	059046	477 000		604 157	86 566
Improvement of Maternal Health, of Childhood, of Women and Adolescence in the Province Mendoza	059047			29 875	
Plan of Action to Strengthen Public Health in the Province	059048			197 178	224 451
Strengthening Public Health in the Province of Santa Fe					
<i>Subtotal</i>		1 673 667	1 191	2 670 309	2 477 297
<i><b>Bahamas</b></i>					
Environmental and Health Risk Assessment for Grand Bahamas	380004				445 627
<i>Subtotal</i>					445 627
<i><b>Belize</b></i>					
Strengthening of Critical Maternal and Neonatal Services in Belize	314004				41 798
<i>Subtotal</i>					41 798

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Summary of Voluntary Contributions-National Voluntary Contributions (Cont...)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<i><b>Brazil</b></i>					
Strengthening and Technical Support BVS-SP	165002	55 334		55 334	50 293
Epidemiological and Environmental Surveillance	063166				( 11 980)
Decentralized Management Qualification "United Health System"	063168				( 38 802)
Program Qualification of Supplemental Health	063172		243 256		849 807
Development and Organization of Health Systems and Services	063173		2 223 207		15 705 061
Support of the Implementation of the Policy of Strategic and Participatory Management of the United Health System	063174			748 595	4 878 914
Development of Human Resources in Health	063177		22 170		2 207 037
Development of Management System of Technology in Health	063178			2 453 071	4 444 464
Family Health - Food and Nutrition	063180			1 002 620	717 391
Environmental Health / Institutional Strengthening and Training Human Resources for FUNASA	063182			91 885	57 314
Quality Program "United Health System"	063183	1 210 108		4 859 250	2 400 452
Implementation of National Policies on Blood	063184	248 181		453 777	287 492
Strength of Objectives and Directives United Health System in Sao Paulo	063187			748 501	458 124
CANCER Network	063190	2 396 999		5 168 038	1 147 863
Health Surveillance, Promotion and Prevention	063191			4 057 274	822 520
Strengthening of Objectives and Directives of SUS in Bahia State	063192	778 846		882 454	131 938
Management of Work and Health Education	063194	24 948 025		41 667 644	8 448 328
Institutional Strengthening and Advisory Services of International Affairs of the Ministry of Health - AISA	063195			1 714 622	2 093 526
Economic - Industrial Complex of Health	063198	4 240 914		8 002 037	1 505 087
Support for the National Council of State Secretaries of Health Municipals "CONASS"	063199	2 598 753		4 740 937	1 876 387
Support for the National Council of State Secretaries of Health Municipals "CONASEMS"	063200			2 928 615	1 252 285

**Summary of Voluntary Contributions-National Voluntary Contributions (Cont...)**

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Prevention and Control of Dengue in the Context of Integrated Management	063201	1 299 376		3 382 882	466 840
Strengthening of Actions and Health Surveillance	063205			2 573 499	1 574 907
Actions of Implementation of the Public Policies of Control of STD/HIV/AIDS and Viral Hepatitis Strengthened in the Context of Principals and Directives of the United Health System	063207	3 358 888		6 615 599	3 198 725
Protection and Promotion of the Indigenous Populations	063208	12 526 637		16 490 322	5 977 555
Decentralized Technical Cooperation Secretariat of Health of the State of PERNAMBUCO	063209			215 210	58 954
Institutional Strengthening of the National Health Council	063210	1 266 658		2 551 042	945 232
Development and Qualification of the Pharmaceutical Assistance	063212	1 283 245		4 913 959	2 374 721
Strengthening of the Monitoring in Environmental Health and Health of the Employees of the United Health System	063213			3 182 102	1 279 366
Development of the Activities to Improve and Strengthen the Public Policies in Health Surveillance, Malaria Prevention and Control, Surveillance and Prevention of Hansen's Disease and other Diseases in Elimination, Advocated by the United Health System	063214	1 039 501		3 983 038	1 366 231
Strengthening of the National Surveillance System in Health, Improving the Capacity for Management of the National System of Health Surveillance, Improving the Capacity for Management of the United Health System for the Reduction of the Morbidity and Mortality of the Zoonoses, Diseases of Vector-borne Transmission, Hvdric to Food	063215	2 468 815		5 533 182	1 336 025
Strengthening of the Processes of Health Surveillance at the Federal Level in Contributing to the Reduction of the Morbidity and Mortality by Diseases in the Area of United Health System	063216	3 378 378		6 710 451	1 679 317
Strengthening of the National Laboratory System of Public Health and of the National Network of Alert and Response to Emergencies	063217	1 039 501		4 644 687	1 857 279

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Summary of Voluntary Contributions-National Voluntary Contributions (Cont...)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Strengthening of the Management of the National Surveillance System in Health	063218			3 799 668	1 738 452
Strengthening of Innovative Regulations in Health, with Emphasis on Ethics and Health Research	063219	7 405 665		10 841 766	2 191 785
Strengthening the Monitoring in Tuberculosis	063222			1 679 887	1 369 981
Surveillance Strengthening in Chronic Non-communicable Diseases - DCNT	063224			1 567 938	769 749
Expansion of the Access of the Brazilian Participation of Cuban Doctors in Brazil	063226			3 286 969	151 275
"Mais Medicos" Project	063227	111 997 746		125 501 892	497 031 091
Strengthening Network Management for Health Care	063229	729 759		1 034 197	78 235
Healthy and Sustainable Territories for Environmental Health Action	063230	1 018 191		1 548 517	311 530
<i>Subtotal</i>		185 289 520	2 488 633	289 631 459	575 040 748
<b>Colombia</b>					
San Andres Healthy Phase II	066061	20 018			
Agreement of Cooperation PAHO/Ministry of Health and Social Protection of Colombia	066072				( 21 872)
National Survey of Nutritional Situation in Colombia	066075			1 400 324	2 172 160
International Cooperation No. 519 - 2015 Colombia	066076	3 503 867		9 242 010	313 121
Derived Agreement No. 1393 of 2015	066077			632 911	
Derived Agreement No. 557 of 2015	066078			1 762 379	
Agreement between the Two Entities PAHO/FFDS-SDS BOGOTA	504001	232 602		475 593	107 697
<i>Subtotal</i>		3 756 487		13 513 217	2 571 106
<b>Costa Rica</b>					
Integrated Development of the Strategic Functions of Human Resources of the Cost Rican Fund of Social Security	065018	228 806		384 921	15 133
Promoting the Development and Strengthening of the National and Regional Mechanisms for the Control of Tobacco Products	065019			468 097	47 905
<i>Subtotal</i>		228 806		853 018	63 038
<b>Dominican Republic</b>					
International Cooperation Agreement between the Ministry of Health and Welfare (MISPAS) and the Pan American Health Organization (PAHO/WHO)	068008	2 901 027		2 901 027	
<i>Subtotal</i>		2 901 027		2 901 027	



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Summary of Voluntary Contributions-National Voluntary Contributions (Cont...)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Ecuador</b>					
Control of Tuberculosis in Ecuador	069021			588 220	42 225
<i>Subtotal</i>				588 220	42 225
<b>Guatemala</b>					
Acquisition of Biological, Reagents, Drugs, and Other Expenditures between the Ministry of Public Health and Social Welfare of the Republic of Guatemala and the Pan American Health Organization/World Health Organization	072018			6 159	4 137
Integrated Development of the General Direction of Regulation, Surveillance, Control and Health Management	072019			1 085	43 364
<i>Subtotal</i>				7 244	47 501
<b>Mexico</b>					
Sustainability of Universal Coverage in Health: Share Experiences and Promote Progress	076026				47 487
Annex II to the Memorandum of Understanding Between the Secretary of Health of Mexico and the United States PAHO Concerning the Work Plan 2014	076028				190 692
Preparation of the Master Plans of DENGUE, Road Safety, and Renewed Primary Health Care of the System MesoAmericano of Public Health (SMSP)	076029			139 242	498 199
Annex III to the Memorandum of Understanding Between the Secretary of Health of Mexico and PAHO Concerning the Work Plan 2015 of Mexico-United States Health Border Commission, Mexico Section	076030		4 382	348 455	785 250
Strengthening the Measurement of the Burden of Disease Caused by Accidents in Mexico	076031			189 857	
<i>Subtotal</i>			4 382	677 554	1 521 628
<b>Panama</b>					
Capacity Building Management and Stewardship of the Office of International Affairs and Technical Cooperation of the Ministry of Health	079014			86 522	13 478
<i>Subtotal</i>				86 522	13 478

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Summary of Voluntary Contributions-National Voluntary Contributions (Cont...)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Paraguay</b>					
Technical Cooperation between the National Service of Quality and Animal Health (SENACSA) of the Republic of Paraguay and PAHO / WHO	080021	268 651		285 476	78 740
<i>Subtotal</i>		268 651		285 476	78 740
<b>Peru</b>					
Managerial Support for National Health Development	081003			1 208 882	163 805
<i>Subtotal</i>				1 208 882	163 805
<b>Trinidad and Tobago</b>					
Enhancing Health Systems and Programs in Trinidad and Tobago through Innovative Health Interventions and Capacity Development to Improve Maternal Health, Food Safety, NCD and Violence Prevention	085013	156 188		500 000	
<i>Subtotal</i>		156 188		500 000	
<b>Uruguay</b>					
Public Health School of Government	087013				16 788
Support to Reform Criminal Justice System and the Improvement of Living and Socioeconomic Rehabilitation of Persons Deprived of Freedom	087014				13 674
Center for International Cooperation in Tobacco Control	087017			18 193	19 533
	087018	402 010		402 010	
<i>Subtotal</i>		402 010		420 203	49 995
<b>Venezuela</b>					
Attaining Birth Certificates	089014				125 012
<i>Subtotal</i>					125 012
<b>Total</b>		194 676 356	2 494 206	313 343 131	582 681 996

Notes:

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO will recognize as Deferred Revenue the full commitment

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**Summary of Voluntary Contributions - Emergency Preparedness and Disaster Relief**  
(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expense <sup>1/</sup>
<b>I. Government Financing</b>					
<i>Canada</i>					
Health Emergency Response and Recovery Needs: Flooding in Eastern Caribbean Disease Reduction through WATSAN Intervention in Cholera Treatment Facilities Integrated in the Health Public Systems in Vulnerable Communities (HT-14/H66279/R); Reinforcement of the Response to Cholera Outbreaks in the Considered High Priority Departments and Support to the National Coordination for Cholera Response in the Ministry of Health (HT- 14/H/67222/R); Prevention of Spread of Cholera through Vaccination (HT-14/H/37222/R)	452005				57 074
PAHO's Humanitarian Response in HAITI-2015	452007			172 799	171 334
Emergency Assistance to Support Health Response Operations in Dominica Following Tropical Storm Erika	452008			35 562	66 332
<i>Subtotal</i>				208 361	261 735
<i>Spain</i>					
Spain-PAHO Assistance Fund in Humanitarian Contexts	230170		31		461 798
Spain Fund Assistance in Humanitarian Context Signed 19 July 2011	230171			438 520	
<i>Subtotal</i>			31	438 520	461 798
<i>United Kingdom</i>					
Emergency Health Assistance to Dominica Following Tropical Storm Erika	140071			201 822	162 378
<i>Subtotal</i>				201 822	162 378
<b>Total - Government Financing</b>			31	848 703	885 911

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**Summary of Voluntary Contributions - Emergency Preparedness and Disaster Relief**  
(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expense <sup>1/</sup>
<b>II. International Organizations</b>					
<i>European Community</i>					
Caribbean Health Services Resilient to Impact of Emergencies and Disasters, Dominican Republic, Guyana, Saint Lucia, Suriname, Grenada, Jamaica, Trinidad and Tobago	049100				10 301
Emergency Response to Dengue Outbreak in Honduras	049102		816		( 816)
Respond to the Urgent Health and WASH needs of the Flood-Affected Populations in Bolivia to Prevent Outbreaks and Other Health Threats	049107				( 1 139)
Saving Lives through Improved and Coordinated Disaster Management and Response Capacities of the Health Sector in the Northern Border Area of Haiti and Dominican Republic	049110	433 260		625 883	90 359
Emergency Assistance to Support Health Response Operations in Dominica Following Tropical Storm Erika	049111	196 937		170 394	158 075
<i>Subtotal</i>		630 197	816	796 277	256 780
<b>Total - International Organizations</b>		630 197	816	796 277	256 780
<i>Special Fund for Natural Disaster Relief</i>					
Special Fund for Natural Disaster Relief	463000				
<i>Subtotal</i>					
<b>Total - Special Fund</b>					
<b>Total</b>		630 197	847	1 644 980	1 142 690

Notes:

<sup>1</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO will recognize as Deferred Revenue the full commitment amount upon signature of Voluntary Contribution agreements. Revenue for the Financial Period is recognized based on the Expense reported during the Financial Period. There are certain special agreements for which Deferred Revenue is not recognized. Below is a reconciliation between Expense and Revenue:

Expense 2015	1 142 690
Interest Revenue PD	31 799
Exchange Gain/Loss	( 111 922)
Voluntary Contributions Revenue	1 062 567

**Regional Office of the Americas (AMRO)**  
**World Health Organization**

**Regional Office of The Americas for the  
World Health Organization  
Statement of Financial Performance by Segment**

*(expressed by US dollars)*

	<b>AMRO Regular Budget</b>	<b>AMRO Special Account for Servicing Costs</b>	<b>AMRO Contribution for Renovation of Assets</b>	<b>AMRO Staff Development and Learning Fund</b>
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed Contributions				
Voluntary Contributions				
Other Revenue	52 985 702	5 755 152	203 262	338 182
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies				
Other Revenue				
Miscellaneous Revenue				
<b>TOTAL REVENUE</b>	<b>52 985 702</b>	<b>5 755 152</b>	<b>203 262</b>	<b>338 182</b>
<b>EXPENSES</b>				
Staff and Other Personnel Costs	33 235 200	2 638 589		14 796
Supplies, Commodities, Materials	2 323 672	406 864	51 317	( 605)
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization				
Contract Services	6 129 802	1 889 158	151 945	186 668
Travel	6 833 372	89 705		125 216
Transfers and Grants to Counterparts	1 311 941			
General Operating and Other Direct Costs	3 151 715	730 836		12 107
Indirect Support Costs				
<b>TOTAL EXPENSES</b>	<b>52 985 702</b>	<b>5 755 152</b>	<b>203 262</b>	<b>338 182</b>
<b>NET SURPLUS / (DEFICIT)</b>				

**Regional Office of The Americas for the  
World Health Organization  
Statement of Financial Performance by Segment**

*Annex*

*(expressed by US dollars)*

<b>AMRO Post Occupancy Charges Fund</b>	<b>AMRO Voluntary Funds for Health Promotion</b>	<b>Total/<sup>1</sup> 2015</b>	<b>Total/<sup>1</sup> 2014</b>
3 180 060	27 083 464	89 545 822	57 766 392
<b>3 180 060</b>	<b>27 083 464</b>	<b>89 545 822</b>	<b>57 766 392</b>
193 960	9 509 779	45 592 324	33 929 412
174 064	3 732 225	6 687 537	4 536 910
2 604 024	3 521 513	14 483 110	7 491 564
159 485	6 495 240	13 703 018	6 531 021
	3 616 136	4 928 077	3 307 744
48 527	208 571	4 151 756	1 969 741
<b>3 180 060</b>	<b>27 083 464</b>	<b>89 545 822</b>	<b>57 766 392</b>

<sup>1</sup>/Note - No eliminations are provided.

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## **Other Centers**

### 1. Latin American and Caribbean Center on Health Sciences Information – (BIREME)

*(Expressed in US Dollars)*

	<u>31 December 2015</u>	<u>31 December 2014</u>
Deferred Revenue available as of 31 December	265 198	407 400
Revenue Activity	120 772	365 041
Expenditure Activity	253 361	798 710

Other disbursements include \$1 453 321 under trust fund arrangements and \$335 540 from PAHO Regular Budget. (No accruals are included).

Revenue was received from sale of publications and other services.

### 2. Latin America Center for Perinatology and Human Development – (CLAP)

*(Expressed in US Dollars)*

	<u>31 December 2015</u>	<u>31 December 2014</u>
Deferred Revenue available as of 31 December	345 362	529 996
Revenue Activity	102 476	75 931
Expenditure Activity	287 110	236 116

Other disbursements include \$1 003 476 under trust fund arrangements; \$469 588 from PAHO Regular Budget; and \$1 534 915 from WHO funds. (No accruals are included).

Revenue was received from sundry sales and other services.

### 3. Pan American Foot-and-Mouth Disease Center – (PANAFTOSA)

*(Expressed in US Dollars)*

	<u>31 December 2015</u>	<u>31 December 2014</u>
Deferred Revenue available as of 31 December	1 238 311	799 270
Revenue Activity	1 485 905	2 221 929
Expenditure Activity	1 042 270	1 619 881

Other disbursements include \$2 613 560 under trust fund arrangements; \$1 617 420 from Special Fund for Health Promotion and Food Safety; \$1 901 088 from PAHO Regular Budget; and \$584 308 from WHO funds. (No accruals are included).

Revenue was received from sale of laboratory services.