

# **FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR**

**1 January 2008 - 31 December 2009**



**Pan American  
Health  
Organization**



*Regional Office of the*  
**World Health Organization**

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## Director's Comments

### 1. Overview

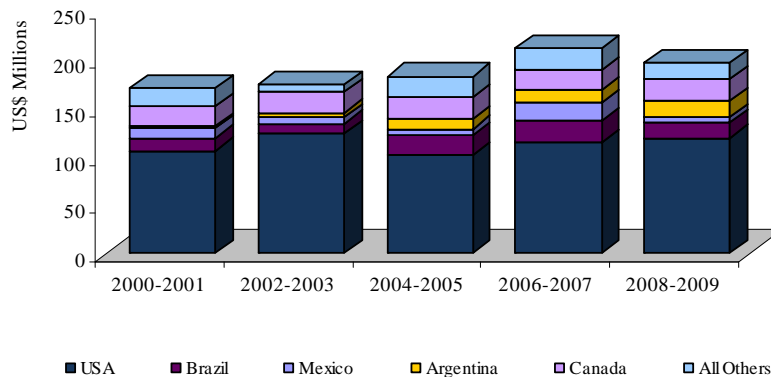
During the 2008-2009 biennium, the Organization faced enormous challenges, including the arrival of the new influenza A(H1N1) virus. The strong commitment to health by the Member States of the Pan American Health Organization (PAHO) and the increase in resource mobilization have enabled the Organization to face challenges of this magnitude, and to continue promoting social protection and equitable access to quality health services. In particular, the increase in financial resources allowed the Organization to make a significant contribution to the Region's decisive and effective response to combat the new influenza A(H1N1) virus. The Organization maintained its commitment to protecting public health achievements, tackling the unfinished agenda, and preparing for present and future challenges in health. With the continued financial support of Member States, PAHO is well positioned to focus on preparedness, prevention, and solidarity in the design of evidence-based health policies and the utilization of integrated health networks to make very efficient and effective use of the limited resources allocated to public health.

The Organization's total funding in 2008-2009 reached \$1.45 billion, \$291.5 million greater than 2006-2007, and the highest level of income for the Organization in its history. This increased income resulted mainly from (1) the increase in receipt of funds for the purchase of essential public health vaccines and supplies on behalf of the Member States, (2) the greater mobilization of voluntary contributions for public health, and (3) the increased funding from the World Health Organization for the Region of the Americas. The Organization received the second highest level of quota assessment payments in over ten years with current 2008-2009 biennium quota assessment receipts reaching \$158.9 million and the payment of arrearages reaching \$35.4 million. Voluntary contributions for public health reached \$325.4 million, \$34.6 million higher than the 2006-2007 level. The most striking increase in financial resources occurred in the Organization's procurement activities on behalf of Member States which grew from a cumulative total of \$338.9 million in 2004-2005 to \$513.7 million in 2006-2007 to \$745.7 million in 2008-2009, in part due to the increase in resources for purchases of influenza vaccines. The level of resources for the Organization's three Procurement Funds represents over 51% of the Organization's total funding. The Organization received and implemented a total of \$144.4 million from the World Health Organization, an increase of \$24.6 million over the last biennium.

### 2. PAHO Regular Budget: Financing

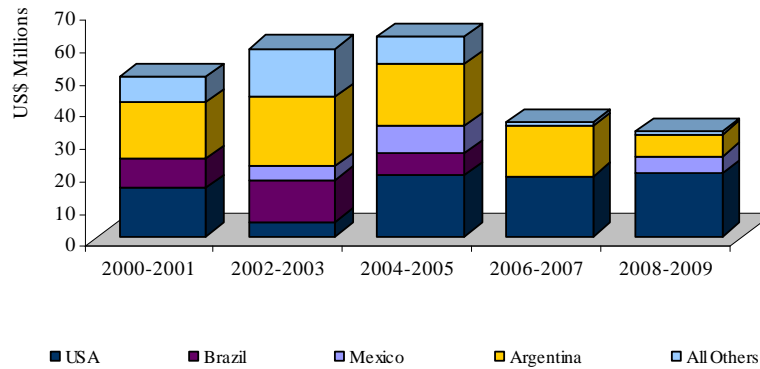
The Organization's Regular Budget is financed by two components: (1) the Member States' assessed quota contributions and (2) miscellaneous income. The receipts of current and prior biennia assessed quota contributions in 2008-2009 totaled \$158.9 million and \$35.4 million, respectively. The rate of collection of current biennium assessed quota contributions for 2008-2009 was 83%, compared with 84% for the 2006-2007 biennium. Twenty-six Member States paid their 2009 assessed quota contribution in full, seven Member States paid it in part, and six made no payments toward their 2009 assessed quota contribution.

Assessed Quota Contributions Collected



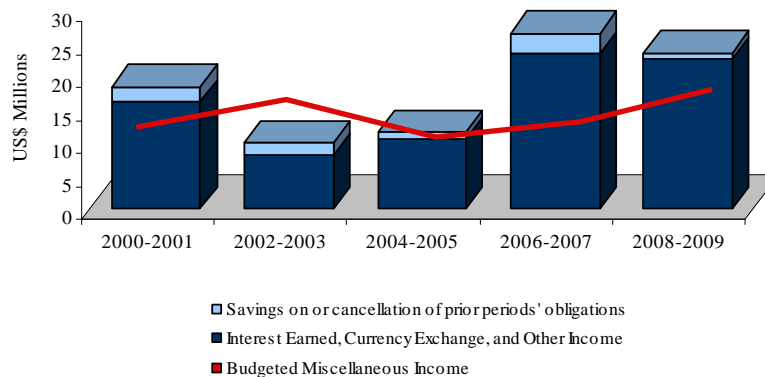
Total unpaid assessed quota contributions, including amounts due for previous financial periods, decreased from \$35.4 million on 31 December 2007 to \$32.4 million on 31 December 2009. Within this figure, there are no arrears exceeding two years. Each year the Delegates to the Directing Council or the Pan American Sanitary Conference review at length the financial circumstances of those Member States who are in arrears in their assessed quota contributions and subject to Article 6.B of the PAHO Constitution. As of 1 January 2010, there were no Member States subject to Article 6.B, as compared to two Member States as of 1 January 2008. The Organization is in continual communication with the respective Member States to assist them in resolving arrears through deferred payment plans and the payment of assessed quota contributions in local currency.

**Assessed Quota Contributions Due**



Miscellaneous income, which includes the interest earned on the Organization's investments, the gains and losses as a result of currency movements, savings on prior periods' obligations, and other income, is a significant funding component of the PAHO Regular Budget and supplements the level of the Member States' assessed quota contributions. For 2008-2009, the Organization budgeted \$17.5 million in miscellaneous income. The actual amount realized for the 2008-2009 biennium was \$23.5 million which is comprised of \$21.1 million in interest earned on the funds managed by the Organization, a savings of \$893,190 in cancellation of prior period's obligations, a gain of \$541,003 on currency exchange, and the receipt of \$940,208 in other income. The \$23.5 million in miscellaneous income is approximately \$3.0 million less than last biennium, which was the highest amount in the history of the Organization.

**Miscellaneous Income**



### 3. PAHO Regular Budget: Implementation

The expenditures for the PAHO Regular Budget's activities in support of promotion of international health programs reached \$195.4 million compared to PAHO's Regular Budget of \$197.6 million, resulting in an overall financial implementation rate of 99%. After expenditures of \$195.4 million for international health programs, provision for delays in collection of assessed contributions, payment of prior years' assessed quota contribution, savings on or cancellation of prior periods' obligations, and transfers, the Organization ended the 2008-2009 biennium with an excess of income over expenditure of \$4.2 million in the Regular Budget.

#### PAHO Regular Budget: Financial Highlights

	<u>Actual</u>	<u>Budgeted</u>
Collection of 2008-2009 assessments	158.9	191.3
<i>Less:</i> Tax Equalization	(11.2)	(11.2)
Prior year's assessed quota contributions	35.4	
Interest income, currency exchange, and other income	22.6	17.5
Savings on or cancellation of prior periods' obligations	0.9	
Total Funds available	206.6	197.6
<i>Less:</i> Actual 2008-2009 operating expenditure	(195.4)	(197.6)
Net Surplus from operations	11.2	
<i>Less:</i> Transfer to Expanded Program on Immunization	(7.0)	
Total change in fund balance	4.2	

The significant PAHO Regular Budget expenditure categories are shown below, in millions of United States dollars:

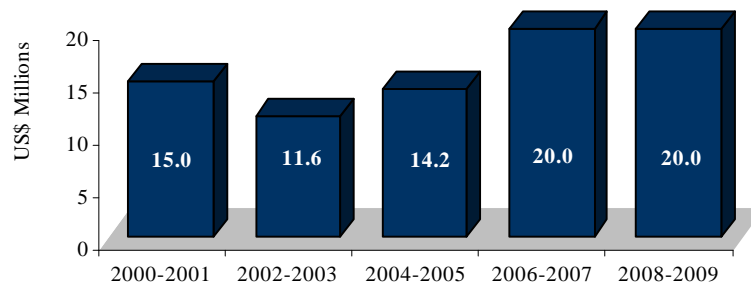
Staff: salaries and entitlements	\$127.7
Consultants, local and short-term staff	18.5
Staff duty travel	5.3
Contractual services	13.4
Seminars and courses	7.1
Information technology	3.4
General operating expenses	8.5
Letters of Agreement	1.6
Other costs	9.9
Total PAHO Regular Budget Expenditure	<u>\$195.4</u>

The most significant expenditure category for the implementation of international health programs is personnel costs, which reflects PAHO's commitment to providing technical cooperation to the Member States in order to strengthen public health in the countries of the Americas. The Organization responded comprehensively to the new influenza A(H1N1) virus, continued to make progress in the elimination of neglected diseases and in staunch promotion of the primary health care strategy, and provided support to the priority countries, among other initiatives. The expenditures for duty travel, contractual services, seminars and courses, information technology, and general operating expenses contribute to this commitment.

#### 4. Working Capital Fund

At the beginning of the 2008-2009 biennium, the Organization's Working Capital Fund balance was \$20.0 million. With the accumulation of \$4.2 million in "Total Changes in Fund Balances" for the PAHO Regular Budget during the 2008-2009 biennium, the Working Capital Fund would have exceeded its \$20.0 million authorized ceiling level established by the 44<sup>th</sup> Directing Council in 2003. Therefore, in compliance with Financial Regulation 4.4, \$4.2 million were transferred to the Holding Account for the subsequent transfer of up to \$4.0 million into the Master Capital Investment Fund in accordance with Resolution CSP27.R19. Thus, as of 31 December 2009, the Working Capital Fund's balance was \$20.0 million.

**Level Of Working Capital Fund**



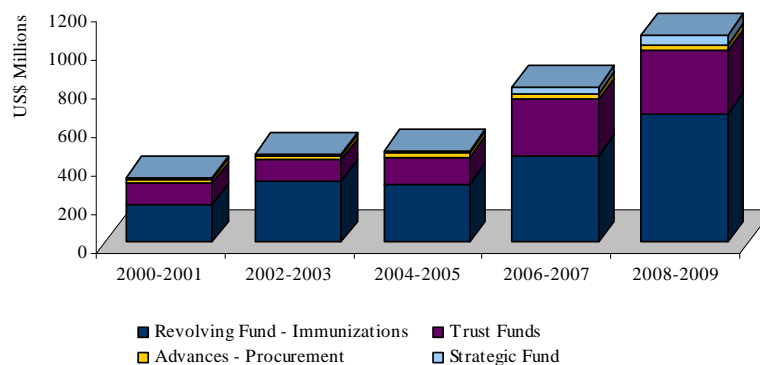
#### 5. Regular Budget: WHO Allocation and Other Sources Funds from WHO

During 2008-2009 the Pan American Health Organization/Regional Office of the Americas (AMRO) implemented \$80.7 million from the Regular Budget Allocation of the World Health Organization (WHO) in order to implement the international health programs established by the World Health Assembly for the Region of the Americas. In addition, the Organization implemented \$63.7 million in Other Sources Funds from WHO. In comparison, during 2006-2007, the Organization implemented \$75.1 million in WHO Regular Budget Allocation funds and \$44.7 million in Other Sources Funds from WHO. Therefore, the total WHO funding implemented by PAHO/AMRO during the 2008-2009 biennium reached \$144.4 million, an increase of \$24.6 million from the previous biennium.

#### 6. PAHO's Other Sources Funds

The increased financial resources for public health in the Region were mobilized through bilateral actions, strategic alliances and partnerships, the adoption of a programmatic approach, and an intensification of the public policy dialogue with regional and sub-regional organizations. The combined Trust Fund income and the Member States' funding for procurement services increased to \$1.07 billion, a growth of \$266.6 million, or 33%, over the previous biennium.

**Other Sources Funds**



## **7. PAHO's Trust Funds**

The Pan American Health Organization's image as a reliable partner for the Member States, stakeholders, partners, and the people of the Americas was a catalyst for PAHO receiving \$325.4 million in voluntary funds to assist the peoples of the Americas in attaining the best possible health for all. These funds are composed of \$125.4 million from governments for external projects, \$175.7 million from governments for internal projects within their own countries (\$165.3 million for Brazil), \$9.8 million from international organizations, \$14.3 million from private and public sector organizations, and \$223,971 from other voluntary contributions for priority programs. The most significant voluntary fund contributions for projects external to the respective countries were received from Brazil (\$10.4 million), Canada (\$22.1 million), Mexico (\$1.7 million), Norway (\$2.4 million), Spain (\$46.4 million), Sweden (\$5.4 million), and the United States (\$34.0 million).

The most significant contributions from international organizations were received from the European Community (\$4.2 million), the Inter-American Development Bank (\$1.5 million), the Joint U.N. Program on AIDS (\$755,765), the U.N. Development Program (\$341,806), the U.N. International Strategy for Disaster Reduction (\$2.5 million), and the U.N. Trust Fund for Human Security (\$485,034). The largest contributions from the private and public sectors were received from the Pan American Health and Education Foundation (\$1.7 million), the Global Alliance (\$1.8 million), the Albert B. Sabin Institute (\$1.5 million), the CDC Foundation (\$2.3 million), the Program for Appropriate Technology in Health (\$1.1 million), and the Global Fund (\$1.6 million). The Organization continues to seek new financial resources from outside the Organization to augment public health projects in the Americas.

## **8. Procurement on Behalf of Member States**

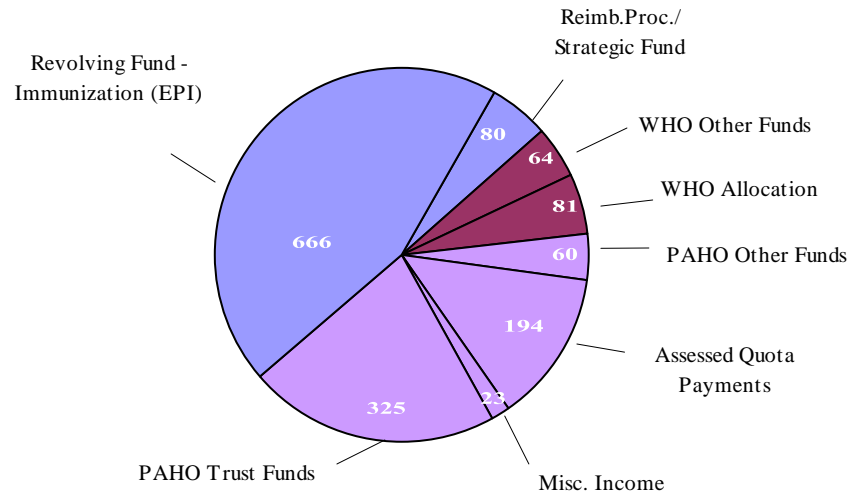
During 2008-2009 the total income for procurement services on behalf of Member States increased to \$745.7 million compared with \$513.7 million in 2006-2007. Through extensive international bidding, PAHO is able to purchase vaccines, public health supplies and equipment, and publications on behalf of Member States, government and international institutions at affordable prices. Funding for vaccine and syringe purchases through the Revolving Fund for the Expanded Program on Immunization, which is a purchasing mechanism created to guarantee the quality and timely mobilization of vaccines at an affordable cost, increased from \$448.9 million in 2006-2007 to \$666.0 million in 2008-2009. Through this significant support to Member States' vaccination programs, the Organization contributes to the challenges of bringing good health to the most neglected, vulnerable, marginalized, and excluded populations in the Americas.

During the same period, funding for the purchases of medical supplies (i.e., HIV/AIDS diagnostic kits, etc.), medical equipment, and publications, processed through the Advances from Governments and Institutions for Procurement Fund was \$29.2 million. Furthermore, the Regional Revolving Fund for Strategic Public Health Supplies, which was created in 1999 in order to facilitate the procurement of strategic public health supplies at lower, more stable prices, to increase availability of strategic supplies, and to create greater planning capacity for procuring and distributing products, received \$50.5 million for the purchase of strategic supplies. These strategic supplies were focused on combating malaria, tuberculosis, leishmanial disease, dengue, and HIV/AIDS. The largest volumes of procurement purchases placed through the three procurement funds were made by Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

## **9. Total Biennial Program Budget and Other Sources Funding and Implementation**

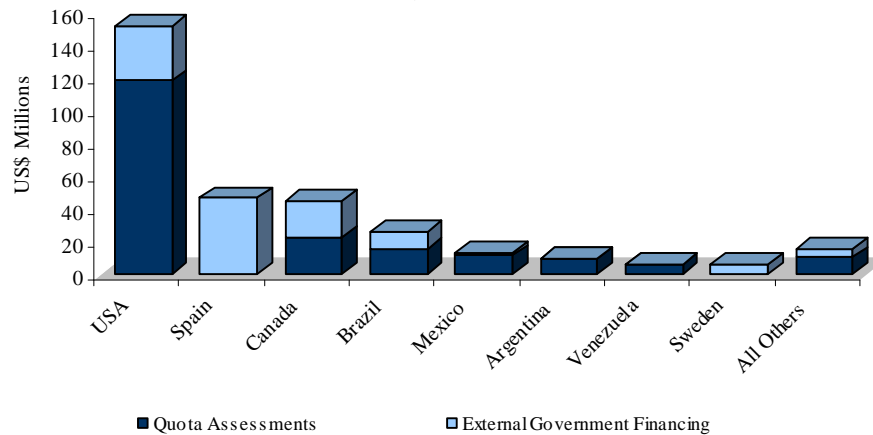
Total income in 2008-2009 for all PAHO activities, net of eliminations, reached \$1.45 billion, which represents a 25% increase over the \$1.16 billion income for 2006-2007. The trend of increasing financial resources is welcomed by the Organization in order to contribute to decreasing the disease burden and improving the health of the peoples of the Americas.

### PAHO/AMRO Income for 2008-2009 Program Activities (in US\$ millions)



Total 2008-2009 financial resources received from eight Member States, partners, or stakeholders, including assessed quota contributions and voluntary contributions (i.e., trust funds for external projects) are shown below. This chart indicates that the Organization relies heavily on a relatively small number of Member States and partners/stakeholders as a major source of financing of the Organization's activities.

### Assessed Quota Payments & Government Financing of External Projects for 2008-2009

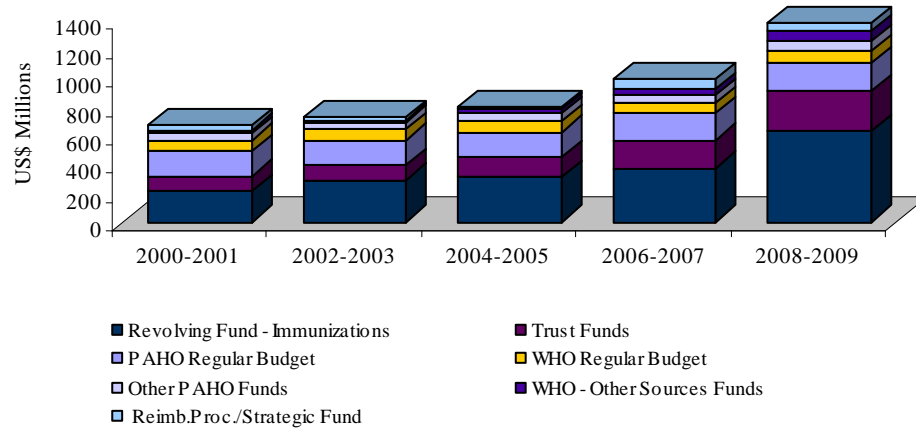


## 10. Expenditure by Source of Fund

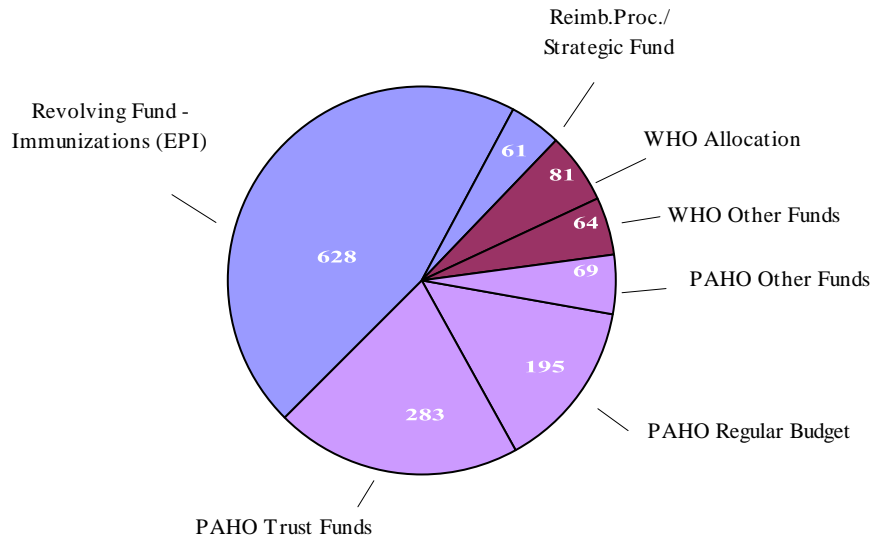
The higher level of financial resources has enabled PAHO/AMRO to achieve significantly increased programmatic activity. PAHO/AMRO's total expenditure, before the expenditures by the three non-consolidated centers and eliminations, increased to \$1.38 billion in 2008-2009 from \$994.6 million in 2006-2007, an increase of 39% during the 2008-2009 biennium. This increase in expenditure is attributable to an increase of (1) \$254.6 million in the Expanded Program on Immunization, (2) \$91.0 million in the expenditure of the Trust Funds, (3) \$16.9 million in other PAHO funds, (4) \$7.7 million in PAHO's Regular Budget expenditure, (5) \$5.5 million in the WHO Regular Budget

Allocation and \$19.0 million in WHO Other Sources Funds, and (6) \$4.5 million in the Strategic Fund; and a decrease of \$12.4 million in Advances from Governments and Institutions for Procurement.

### Expenditures by Sources of Funds



### PAHO/AMRO Expenditure for Program Activities for 2008-2009 (in US\$ millions)



## 11. Liquidity and Investment Management

The financial stability of the Organization depends not only upon timely receipt of assessed quota contributions, voluntary contributions, and other income, but also on effective management of liquidity and the implementation of appropriate investment policies. The Investment Committee regularly reviews the portfolio's performance and makes recommendations on the strategy to preserve the resources administered by the Organization, while benefiting from the conditions in the financial markets. During the 2008-2009 biennium, despite the international financial crisis, the investment portfolio remained stable and earned interest which exceeded the amount budgeted in the Regular Budget.

Total cash and investments for the Organization at 31 December 2009 were \$506.3 million, an increase of \$109.0 million over the cash and investment balance as of 31 December 2007. Furthermore, monthly cash disbursements increased from \$40.7 million to \$55.5 million, representing a 36% increase in activities. The investments reflect the nature of the activities 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 Budget activities, the procurement activities on behalf of Member States, the implementation of partner/stakeholder agreements, and other activities for which cash has yet to be disbursed. Long-term investments (maximum of five years) represent special funds held in reserve and long-term liabilities of the Organization, including future entitlements of current staff members for termination and repatriation.

## **12. Performance of the Centers Administered by PAHO**

### ***Caribbean Epidemiology Center (CAREC)***

Quota assessment receipts for the 2008-2009 biennium reached \$3.7 million, or 76% of the 2008-2009 quota assessments. Receipts on arrearages amounted to \$1.7 million, or 40% of its quota assessment arrearages. The net excess of income over expenditure in the 2008-2009 CAREC Regular Budget was \$744,747, which increased the Working Capital Fund balance to \$1.3 million as of 31 December 2009. Income for trust funds reached \$710,105, and CAREC generated income of \$275,042 from providing specialized services to its Member States.

### ***Caribbean Food and Nutrition Institute (CFNI)***

Quota assessment receipts for the 2008-2009 biennium reached \$461,213, or 60% of the 2008-2009 quota assessments. Receipts on arrearages amounted to \$455,105, or 28% of the total quota assessment arrearages as of 31 December 2009. The net excess of income over expenditure for the 2008-2009 Regular Program Budget was \$335,903, which resulted in a decrease of the cumulative deficit in the Working Capital Fund to \$168,373 as of 31 December 2009. The Pan American Health Organization is currently funding this deficit. CFNI received \$608,038 in trust fund income.

### ***Institute of Nutrition of Central America and Panama (INCAP)***

As the transition of INCAP's Administration from PAHO to the INCAP Directing Council occurred on 21 January 2010, the period for the audited financial statements of INCAP for the 2008-2009 biennium encompasses 1 January 2008 through 21 January 2010.

Quota assessment receipts for the 2008-2009 biennium amounted to \$791,134, or 92% of the biennium's total quota assessments. Receipts on arrearages amounted to \$59,496, or 100% of the total quota assessment arrearages as of 1 January 2008. As of 31 December 2009, the INCAP Working Capital Fund had a balance of \$1,006,540. After deducting INCAP's operational costs of \$146,956 during January 2010, the 21 January 2010 balance of the Working Capital Fund was \$859,584. In addition, INCAP had a balance of \$430,661 in its Endowment Fund on 21 January 2010. INCAP received \$2.0 million in trust fund income during 2008-2009.

## **13. Components of the Financial Report**

As required by Financial Regulation 13.2, a final financial report covering the full biennium is prepared at the end of the biennium. PAHO's financial statements are presented in compliance with the revised United Nations System Accounting Standards. Similar statements have also been prepared in accordance with the United Nations System Accounting Standards for CAREC, CFNI, and INCAP.

The Organization's funds are composed of proprietary funds which include the Regular Budget and Working Capital Fund, the Special Fund for Program Support Costs, and other Special Funds. These funds finance the programs of the Organization. The PAHO program fiduciary funds include the allocation of funds from the WHO Regular Budget and other WHO/UN allocations, trust funds provided by partners, stakeholders, and donors for specific projects, and funds administered on behalf of centers. These funds support the implementation of program activities in accordance with agreements or understandings of related parties or other legal authorities. Non-project funds include a number of funds that have been established as the result of resolutions adopted by the PAHO Governing Bodies or decisions by the



Director. They have been established for the benefit of the Member States or PAHO staff members, or to monitor or manage special, non-program activities.

PAHO's financial statements include:

- *The Statement of Income and Expenditure and Changes in Fund Balances*, Statement I, reflects the income, expenditure, and changes in fund balances for the Organization's Regular Budget and Working Capital Fund, the Trust Funds, the Special Funds, the Non-project Funds, the WHO Regular Budget allocation and voluntary funds for the Region of the Americas, as well as the funds for the three non-consolidated centers.
- *The Statement of Assets, Liabilities, and Reserves and Fund Balances*, Statement II, is supported by accompanying Explanatory Notes and Schedules that give greater detail of the overall activity.
- *The Statement of Cash Flow*, Statement III, identifies the cash flow of the Organization's funds and highlights the increases and decreases of the Organization's assets, liabilities, reserves, and fund balances.
- *The Statement of Regular Budget Appropriation*, Statement IV, reflects the status of the appropriations of the PAHO Regular Budget and the WHO Regular Budget Allocation to the Regional Office of the Americas presented according to the appropriation resolution approved by the 27<sup>th</sup> Pan American Sanitary Conference in 2007.

#### **14. Accounting Policies**

The major accounting policies of the Organization appear in the Explanatory Notes of the Financial Statements. The accounting policies and procedures followed by the Organization remain consistent with the Organization's Financial Regulations and with the more detailed financial and accounting procedures established by the Director in light of these Regulations.

Income for the Regular Budgets of PAHO, CAREC, CFNI, and INCAP are recorded according to the total assessed quota contributions of the 2008-2009 Regular Budget with a provision for delays in the collection of quota contributions. Income from all other sources is recorded on a cash basis; interest is recorded in the accounts when credited to the Organization's bank accounts; and Trust Funds are recorded as received when the funds are credited to the Organization's bank accounts.

Budgetary accounting, unlike financial accounting, goes beyond the actual basis for recording expenses (disbursements and accounts payable) by recording as expenditure at the end of the financial period, with the corresponding liability, all valid unliquidated obligations. These unliquidated obligations are commitments involving a liability against the resources of the current financial period, e.g., for personnel services, procurement of supplies, duty travel, etc. for which the activities, services, and goods have been completed or delivered, or are contractually due to be completed or delivered, by 31 December 2009, but the funds have not been disbursed as of 31 December 2009. In accordance with Article IV of the Financial Regulations, unliquidated obligations are recorded in the books of accounts in respect of the Regular Budgets of PAHO, CAREC, CFNI, and INCAP.

#### **15. The Implementation of International Public Sector Accounting Standards**

The Pan American Health Organization (PAHO) is required to maintain accounting records and financial reports in a manner consistent with the accounting standards of the United Nations and its specialized agencies. Historically, these accounting standards were the United Nations System Accounting Standards (UNSAS); however, it was determined that the UNSAS no longer reflected modern international financial reporting standards. In order to address this concern, the High Level Committee on Management (HLCM) of the United Nations System Chief Executives Board for Coordination (CEB) created a Task Force on Accounting Standards to determine whether the UN system should align itself with modern international accounting standards. On 30 November 2005, the HLCM recommended that International Public Sector Accounting Standards replace the established United Nations System Accounting Standards (UNSAS).

This recommendation from the United Nations High Level Committee on Management resulted in the United Nations General Assembly approving the adoption of IPSAS, together with the requisite resources, in July 2006 in Resolution A/RES/60/283. This decision to replace the UNSAS with the International Public Sector Accounting Standards (IPSAS) across the United Nations System by January 2010 was subject to approval by the respective agency's governing bodies.

The Panel of External Auditors of the United Nations, the specialized agencies, and the International Atomic Energy Agency supported the move to IPSAS because these standards are developed through a rigorous independent process by the International Public Sector Accounting Standards Board.

The introduction of IPSAS will benefit the United Nations and its specialized agencies, as well as the readers of its financial statements, by providing:

- greater transparency and better internal control with respect to assets and liabilities, thus facilitating improved management and stewardship of resources;
- more comprehensive and consistent information about income and expenditures to better support Results Based Management and improved governance; and
- greater consistency and comparability of financial statements over time and between organizations.

## 16. Implementation of IPSAS

On 5 October 2007, the Pan American Sanitary Conference in Resolution CSP27.R18 approved the transition from UNSAS to IPSAS as of 1 January 2010. In an effort to transition to International Public Sector Accounting Standards, the Organization initiated the following activities during 2007 and 2008:

- the accrual of expenditures based on implementation, rather than commitments, as delineated by the Expenditure Recognition Policy;
- the monthly accrual of salaries for staff members with fixed-term contracts;
- the monthly accrual of statutory entitlements, including home leave, education grant, education travel, etc. for staff members with fixed-term contracts;
- the design of the accounting module for fixed assets; and,
- IPSAS training for senior managers and finance staff members in headquarters and country offices via PAHO-led training sessions and a mandatory three-day training session for PAHO staff on IPSAS led by a member of the International Public Sector Accounting Standards Board.

During 2009, the Organization addressed the following substantive issues required for the implementation of IPSAS in January 2010:

- the submission of proposed changes to the Financial Regulations and Rules to the Governing Bodies for the accrual of income and expenditure, the recognition of long-term liabilities, the capitalization of fixed assets and expensing of depreciation, and annual external audits;
- the actuarial valuation of long-term liabilities—i.e., terminal entitlements, as well as how to address the actuarial valuations of the pension and the after-service health insurance;
- the development of processes to support IPSAS, specifically regarding income and expenditure accruals, capitalization of fixed assets, expensing of depreciation, etc.;
- the finalization of an accounting manual with IPSAS policies, procedures, and specifications for financial reporting;
- ongoing corporate training on IPSAS, including detailed training from an IPSAS expert on the application of IPSAS to PAHO's accounts;
- the training of PAHO staff members throughout the Organization in accounting theory related to accruals, capitalization of fixed assets, etc.; and,
- other topics including inventories held for sale, in-kind contributions, and presentation of financial statements and disclosures.

## **17. Continuing Challenges for IPSAS**

As the Organization advances in the IPSAS implementation, the limitations of its current corporate financial and accounting system, the Financial Accounting and Management Information System (FAMIS), and the PAHO-designed Office Management Information System (OMIS) used by the country offices, to support accrual accounting standards have become more evident. A new system is essential to provide robust support for accrual accounting and International Public Sector Accounting Standards.

The Organization is discussing options for the implementation of financial modules in a new management information system. These discussions are being led by the Corporate Management Systems Committee. The goal is to complete the transition to the financial modules in a new management information system prior to the implementation of the new Mid-term Strategic Plan in January 2014.

**Pan American Health Organization**  
**Summary of Expenditure by Source of Funds**  
**Financial Periods 1998-1999 to 2008-2009**

(expressed in US dollars)

	1998-1999	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009
<b>Pan American Health Organization</b>						
Regular Budget	165 397 243	173 886 468	171 104 979	175 259 824	182 159 558	195 354 047
Governing Bodies Authorized						1 518 448
Special Funds						
Capital Equipment	275 640	1 674 697	3 166 312	3 288 942	5 560 513	(9 596)
Cholera		52 270				
Health Promotion		282 529	452 980	95 421	743 594	532 107
Income from Services	5 086 116	8 644 226	7 057 963	6 677 560	8 132 115	7 690 789
Master Capital Investment						6 514 527
Measles	326 650	12 186				
Natural Disaster Relief	7 132 493	4 014 165	1 652 695	7 804 977	6 104 014	15 945 440
Preinvestment Fund in						
Environment and Health	15 339	7 671				
Program Support Costs	10 624 310	8 033 449	14 504 420	13 207 553	14 176 798	15 712 150
Textbook Program						
Trust Funds	105 600 566	104 301 059	107 158 512	134 329 239	192 385 273	283 318 319
Nonproject Funds						
Advances from Governments and						
Institutions for Procurement	30 292 067	30 043 502	18 101 496	15 267 257	39 560 171	27 124 793
Building Fund	1 654 304	10 598 533	2 002 641	1 893 036	2 106 746	(1 300)
Provision for Staff Entitlements						7 611 464
Provision for Termination and						
Repatriation Entitlements	2 608 940	2 951 227	3 073 854	4 679 075	4 081 003	3 667 211
Revolving Fund for the Expanded						
Program on Immunization	185 822 312	213 971 492	289 783 443	314 165 224	373 866 864	628 521 143
Sale of Vaccine at PANAFTOSA	115 677	24 577	14 426	74 637	94 129	1 469
Regional Revolving Fund for						
Strategic Public Health Supplies		5 420 137	12 251 116	10 218 556	29 577 919	34 056 364
Tax Equalization Fund	6 817 349	9 355 716	9 531 526	10 330 177	11 217 762	12 281 958
Subtotal PAHO	521 769 006	573 273 904	639 856 363	697 291 478	869 766 459	1 239 839 333
<b>CAREC</b>						
Regular Budget	3 611 245	3 599 227	3 796 159	4 197 126	4 552 490	4 711 089
Trust and Special Funds	3 227 278	4 266 666	6 348 549	8 182 824	9 493 863	2 369 469
<b>CFNI</b>						
Regular Budget	629 310	644 749	603 878	581 328	637 566	580 415
Trust and Special Funds	101 578	311 034	998 590	1 571 278	1 595 273	607 172
<b>INCAP</b>						
Regular Budget	1 197 411	1 229 023	1 619 920	1 398 561	1 458 436	1 613 574
Trust and Special Funds	4 677 268	4 116 383	4 381 931	4 327 416	5 201 215	7 222 730
Subtotal Centers	13 444 090	14 167 082	17 749 027	20 258 533	22 938 843	17 104 449

	1998-1999	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009
<b>World Health Organization</b>						
Regular Budget	80 958 498	77 347 752	73 247 611	72 537 769	75 117 851	80 674 568
United Nations Development Program	381 053	73 336				
United Nations Population Fund	1 417 191	401 433	321 489	132 903		
Others	15 592 757	18 074 189	12 961 409	24 216 401	44 667 138	63 708 511
<b>Subtotal WHO</b>	<b>98 349 499</b>	<b>95 896 710</b>	<b>86 530 509</b>	<b>96 887 073</b>	<b>119 784 989</b>	<b>144 383 079</b>
Eliminations			(26 247 003)	(28 120 184)	(34 798 520)	(54 049 887)
<b>Total All Funds</b>	<b>633 562 595</b>	<b>683 337 696</b>	<b>717 888 896</b>	<b>786 316 900</b>	<b>977 691 771</b>	<b>1 347 276 974</b>

<sup>1/</sup> Eliminations started in 2002-2003.

## INTRODUCTION

The Financial Report of the Director and the Report of the External Auditor for the financial period 1 January 2008 to 31 December 2009 are presented in the following sequence:

- Part I** Financial statements of the Organization for the financial period 2008-2009 as required by the Financial Regulations, together with supporting schedules and explanatory notes
- Financial statements for the Caribbean Epidemiology Center (CAREC) for 2008-2009
- Financial statements for the Caribbean Food and Nutrition Institute (CFNI) for 2008-2009
- Report of the External Auditor
- Part II** Financial statements for the Institute of Nutrition of Central America and Panama (INCAP) for 2008-2009
- Report of the External Auditor
- Annex** Consolidated Centers for information only

## **Part I**

# **Pan American Health Organization Financial Statements**

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**PAN AMERICAN HEALTH ORGANIZATION**

**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 2008 to 31 December 2009.**

**The details of the presentation of the statements will be found in the Introduction.**



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**Mirta Roses Periago**  
**Director**  
**Pan American Sanitary Bureau**

**Certification of Financial Statements**

**The appended Statement I to Statement X and Schedule 1 to Schedule 10 and supporting Explanatory Notes are approved:**

  
Sharon G. Frahler

**Area Manager**

**Financial Resources Management**

  
Mirta Roses Periago  
**Director**

6 April 2010

## **OPINION OF THE EXTERNAL AUDITOR**

### **To the Directing Council of the Pan American Health Organization**

I have audited the accompanying financial statements of the Pan American Health Organization for the financial period ended 31 December 2009. These comprise Statements I to X, Schedules 1 to 10 and the supporting Notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective Responsibilities of the Director and Auditor**

The Director is responsible for the preparation and fair presentation of the financial statements, in accordance with the requirements of the Financial Regulations and Rules as authorised by the Directing Council. This responsibility includes: designing, implementing and maintaining internal control; the fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

My responsibility is to issue a report on the audit of the financial statements, in accordance with Article XIV of the Financial Regulations and Rules. I am required to express an opinion as to whether the financial statements present fairly the financial position at the end of the period and the results of the operations for the period; and that the financial statements were prepared in accordance with the stated accounting policies. I also report to you whether, in all material respects, the transactions which I have tested as part of my audit have been made in accordance with the Financial Regulations and Legislative Authority.

I read the other information attached to the financial statements and consider whether it is consistent with the audited financial statements. This other information consists of the Director's Comment's. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Pan American Health Organization's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the transactions which I have tested as part of my audit have been made in accordance with the Financial Regulations and Legislative Authority and applied to the purposes intended by the Directing Council. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

*DBP*  
In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2009 and the results of operations and cash flows for the period then ended in accordance with the Pan American Health Organization's stated accounting policies.

**Opinion on Regularity**

In my opinion, in all material respects, the transactions which I have tested as part of my audit have been made in accordance with the Financial Regulations and Legislative Authority and applied to the purposes intended by the Directing Council

**External Auditors' Report**

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

*Amyas C E Morse*  
Amyas C E Morse

Comptroller and Auditor General  
United Kingdom

National Audit Office  
London

*12*<sup>th</sup> April 2010

**Pan American Health Organization**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

<b>Pan American Health Organization</b>							
	<b>Regular Budget and Working Capital Fund</b>	<b>Holding Account</b>	<b>Governing Bodies Authorized</b>	<b>Trust Funds</b>	<b>Special Funds</b>	<b>Nonproject Funds</b>	<b>Subtotal</b>
	(Note 22)	(Note 29)	(Note 30)	(Schedule 6)	(Statement 1.1)	(Statement 1.2)	
<b>Income</b>							
<i>Assessed quota contributions (Schedule 1)</i>	180 066 000					11 253 000	191 319 000
<i>Voluntary contributions</i>							
PAHO program activities				325 430 045	13 857 885		339 287 930
Non-PAHO program activities					1 779 496	727 509 385	729 288 881
<i>Other income</i>							
Revenue - producing activities					20 766 056		20 766 056
Funds received under interorganization arrangements						8 202 350	8 202 350
Allocation from other funds						24 347 961	31 591 078
Income for services rendered					7 243 117	1 449 881	22 846 773
Interest income	21 108 826			2 409	285 657	1 449 881	22 846 773
Currency exchange differential	541 003				( 11 299)	( 198 013)	331 691
Other/Miscellaneous	940 208						940 208
<i>Total Income</i>	202 656 037			325 432 454	43 920 912	772 564 564	1 344 573 967
<b>Expenditure</b>							
International health program	195 354 047		1 103 664	283 318 319	46 385 417		526 161 447
Other purposes						713 263 102	713 263 102
<i>Total Expenditure</i>	195 354 047		1 103 664	283 318 319	46 385 417	713 263 102	1 239 424 549
<b>Excess (Shortfall) of Income over Expenditure</b>							
	7 301 990		(1 103 664)	42 114 135	(2 464 505)	59 301 462	105 149 418
Provision for delays in the collection of assessed quota contributions (Schedule 1)	(32 400 733)						(32 400 733)
Payment of assessed quota contributions for prior years (Schedule 1)	35 422 209						35 422 209
<i>Net Excess (Shortfall) of Income Over Expenditure</i>	10 323 466		(1 103 664)	42 114 135	(2 464 505)	59 301 462	108 170 894
Savings on or cancellation of prior periods' obligations	893 190						893 190
Other project adjustments							
Transfers to/from funds	(11 216 656)	(9 909 523)	6 380 000		7 927 434	6 818 745	
<b>Total Changes in Fund Balances</b>		(9 909 523)	5 276 336	42 114 135	5 462 929	66 120 207	109 064 084
<b>Fund Balance, 1 January 2008</b>	20 000 000	33 051 197		134 720 119	28 530 099	167 618 355	383 919 770
<b>Fund Balance, 31 December 2009</b>	20 000 000	23 141 674	5 276 336	176 834 254	33 993 028	233 738 562	492 983 854

The accompanying notes and schedules are an integral part of the financial statements.

**Pan American Health Organization**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

<u>World Health Organization</u>		<u>Centers</u>					
<u>Regular Budget</u>	<u>Other Sources Funds (Statement 1.4)</u>	<u>Administered by PAHO (Statement 1.3)</u>	<u>Subtotal PAHO/WHO and Centers</u>	<u>Eliminations (Note 28)</u>	<u>Total 2008-2009</u>	<u>Total 2006-2007</u>	
		6 496 024	197 815 024		<b>197 815 024</b>	189 893 520	Assessed quota contributions (Schedule 1)
		3 344 274	342 632 204		<b>342 632 204</b>	307 422 561	Voluntary contributions
		1 117 633	730 406 514	(1 844 409)	<b>728 562 105</b>	502 032 867	PAHO program activities
							Non-PAHO program activities
		1 161 467	21 927 523	(18 918 795)	<b>3 008 728</b>	4 710 301	Other income
							Revenue - producing activities
80 674 568	63 708 511		144 383 079		<b>144 383 079</b>	119 784 989	Funds received under interorganization arrangements
		671 875	8 874 225	(8 874 225)			Allocation from other funds
		979 674	32 570 752	(24 412 458)	<b>8 158 294</b>	7 589 570	Income for services rendered
		382 512	23 229 285		<b>23 229 285</b>	26 304 397	Interest income
		(7 598)	324 093		<b>324 093</b>	(835 589)	Currency exchange differential
		146 817	1 087 025		<b>1 087 025</b>	835 593	Other/Miscellaneous
80 674 568	63 708 511	14 292 678	1 503 249 724	(54 049 887)	<b>1 449 199 837</b>	1 157 738 209	Total Income
							<b>Expenditure</b>
80 674 568	58 045 041	11 896 690	676 777 746	(18 983 292)	<b>657 794 454</b>	531 217 380	International health program
	5 663 470	5 207 759	724 134 331	(35 066 595)	<b>689 067 736</b>	446 474 391	Other purposes
80 674 568	63 708 511	17 104 449	1 400 912 077	(54 049 887)	<b>1 346 862 190</b>	977 691 771	Total Expenditure
		(2 811 771)	102 337 647		<b>102 337 647</b>	180 046 438	<b>Excess (Shortfall) of Income over Expenditure</b>
		(1 511 884)	(33 912 617)		<b>(33 912 617)</b>	(30 020 317)	Provision for delays in the collection of assessed quota contributions (Schedule 1)
		2 165 835	37 588 044		<b>37 588 044</b>	56 126 699	Payment of assessed quota contributions for prior years (Schedule 1)
		(2 157 820)	106 013 074		<b>106 013 074</b>	206 152 820	Net Excess (Shortfall) of Income Over Expenditure
		3 393	896 583		<b>896 583</b>	3 032 755	Savings on or cancellation of prior periods' obligations
		(355 660)	(355 660)		<b>(355 660)</b>	13 781	Other project adjustments
							Transfers to/from funds
		(2 510 087)	106 553 997		<b>106 553 997</b>	209 199 356	<b>Total Changes in Fund Balances</b>
		8 661 061	392 580 831		<b>392 580 831</b>	183 381 475	<b>Fund Balance, 1 January 2008</b>
		6 150 974	499 134 828		<b>499 134 828</b>	392 580 831	<b>Fund Balance, 31 December 2009</b>

**Pan American Health Organization**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Special Funds**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Capital Equipment (Note 15)	Health Promotion (Note 17)	Income from Services (Note 20)	Master Capital Investment (Note 16)
<b>Income</b>				
<i>Assessed quota contributions</i>				
<i>Voluntary contributions</i>				
PAHO program activities				
Non-PAHO program activities				1 779 496
<i>Other income</i>				
Revenue - producing activities				
Funds received under interorganization arrangements				
Allocation from other funds				
Income for services rendered			7 243 117	
Interest income		72 086		
Currency exchange differential				
Other/Miscellaneous				
<b>Total Income</b>		72 086	7 243 117	1 779 496
<b>Expenditure</b>				
International health program	( 9 596)	532 107	7 690 789	6 514 527
Other purposes				
<b>Total Expenditure</b>	( 9 596)	532 107	7 690 789	6 514 527
<b>Excess (Shortfall) of Income Over Expenditure</b>				
	9 596	( 460 021)	( 447 672)	(4 735 031)
Provision for delays in collection of assessed quota contributions				
Payment of assessed quota contributions of prior years				
<b>Net Excess (Shortfall) of Income Over Expenditure</b>	9 596	( 460 021)	( 447 672)	(4 735 031)
Savings on or cancellation of prior periods' obligations				
Other project adjustments				
Transfers to/from funds	( 72 566)			8 000 000
<b>Total Changes in Fund Balances</b>	( 62 970)	( 460 021)	( 447 672)	3 264 969
<b>Fund Balance, 1 January 2008</b>	62 970	1 611 515	2 090 650	
<b>Fund Balance, 31 December 2009</b>		1 151 494	1 642 978	3 264 969

The accompanying notes and schedules are an integral part of the financial statements.



**Pan American Health Organization**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Special Funds**  
**Financial Period 2008-2009**

(expressed in US dollars)

Natural Disaster Relief (Schedule 5)	Program Support Costs (Note 19)	Total 2008-2009	Total 2006-2007	
				<b>Income</b>
				<i>Assessed quota contributions</i>
				<i>Voluntary contributions</i>
13 857 885		13 857 885	5 620 928	PAHO program activities
		1 779 496		Non-PAHO program activities
				<i>Other income</i>
	20 766 056	20 766 056	16 550 901	Revenue - producing activities
				Funds received under interorganization arrangements
		7 243 117	7 193 846	Allocation from other funds
213 571		285 657	443 488	Income for services rendered
(11 299)		(11 299)	11 927	Interest income
				Currency exchange differential
				Other/Miscellaneous
14 060 157	20 766 056	43 920 912	29 821 090	<i>Total Income</i>
				<b>Expenditure</b>
15 945 440	15 712 150	46 385 417	34 717 034	International health program
				Other purposes
15 945 440	15 712 150	46 385 417	34 717 034	<i>Total Expenditure</i>
(1 885 283)	5 053 906	(2 464 505)	(4 895 944)	<b>Excess (Shortfall) of Income Over Expenditure</b>
				Provision for delays in collection of assessed quota contributions
				Payment of assessed quota contributions of prior years
(1 885 283)	5 053 906	(2 464 505)	(4 895 944)	<i>Net Excess (Shortfall) of Income Over Expenditure</i>
				Savings on or cancellation of prior periods' obligations
		7 927 434	1 867 201	Other project adjustments
				Transfers to/from funds
(1 885 283)	5 053 906	5 462 929	(3 028 743)	<b>Total Changes in Fund Balances</b>
5 145 512	19 619 452	28 530 099	31 558 842	<b>Fund Balance, 1 January 2008</b>
3 260 229	24 673 358	33 993 028	28 530 099	<b>Fund Balance, 31 December 2009</b>

**Pan American Health Organization**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Nonproject Funds**  
**Financial Period 2008-2009**

(expressed in US dollars)

	<b>Advances from Governments &amp; Institutions for Procurement (Schedule 2)</b>	<b>Building Fund (Note 14)</b>	<b>Provision for Staff Entitlements (Note 13)</b>	<b>Provision for Termination &amp; Repatriation Entitlements (Note 12)</b>	<b>Revolving Fund for the Expanded Program on Immunization (Schedule 3)</b>
<b>Income</b>					
<i>Assessed quota contributions</i>					
<i>Voluntary contributions</i>					
PAHO program activities					
Non-PAHO program activities	29 167 243				648 803 609
<i>Other income</i>					
Revenue - producing activities					
Funds received under interorganization arrangements					
Allocation from other funds			8 202 350		
Income for services rendered				5 970 171	17 440 244
Interest income				1 449 881	
Currency exchange differential					( 198 013)
Other/Miscellaneous					
<b>Total Income</b>	<b>29 167 243</b>		<b>8 202 350</b>	<b>7 420 052</b>	<b>666 045 840</b>
<b>Expenditure</b>					
International health program					
Other purposes	27 124 793	( 1 300)	7 611 464	3 667 211	628 521 143
<b>Total Expenditure</b>	<b>27 124 793</b>	<b>( 1 300)</b>	<b>7 611 464</b>	<b>3 667 211</b>	<b>628 521 143</b>
<b>Excess (Shortfall) of Income over Expenditure</b>	<b>2 042 450</b>	<b>1 300</b>	<b>590 886</b>	<b>3 752 841</b>	<b>37 524 697</b>
Provision for delays in the collection of assessed quota contributions					
Payment of assessed quota contributions for prior years					
<b>Net Excess (Shortfall) of Income Over Expenditure</b>	<b>2 042 450</b>	<b>1 300</b>	<b>590 886</b>	<b>3 752 841</b>	<b>37 524 697</b>
Savings on or cancellation of prior periods' obligations					
Other project adjustments					
Transfers to/from funds		( 181 255)			7 000 000
<b>Total Changes in Fund Balances</b>	<b>2 042 450</b>	<b>( 179 955)</b>	<b>590 886</b>	<b>3 752 841</b>	<b>44 524 697</b>
<b>Fund Balance, 1 January 2008</b>	<b>7 863 704</b>	<b>179 955</b>		<b>28 145 181</b>	<b>124 687 671</b>
<b>Fund Balance, 31 December 2009</b>	<b>9 906 154</b>		<b>590 886</b>	<b>31 898 022</b>	<b>169 212 368</b>

The accompanying notes and schedules are an integral part of the financial statements.



**Pan American Health Organization**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Consolidation of Centers**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Caribbean Epidemiology Center (Statement V)	Caribbean Food and Nutrition Institute (Statement VIII)	Institute of Nutrition of Central America and Panama <sup>1/</sup> (Statement XI)	Total Unconsolidated Centers 2008-2009	Total Unconsolidated Centers 2006-2007
<b>Income</b>					
Assessed quota contributions	4 872 056	766 568	857 400	6 496 024	6 343 520
Voluntary contributions					
PAHO program activities	710 105	608 038	2 026 131	3 344 274	10 932 529
Non-PAHO program activities	719 205		398 428	1 117 633	1 331 762
Other income					
Revenue - producing activities	275 042	90 396	796 029	1 161 467	1 641 004
Funds received under interorganization arrangements					
Allocation from other funds			671 875	671 875	610 137
Income for services rendered			979 674	979 674	454 791
Interest income	139 710		242 802	382 512	453 333
Currency exchange differential	612		(8 210)	(7 598)	199
Other/Miscellaneous	66 029		80 788	146 817	175 302
<b>Total Income</b>	<b>6 782 759</b>	<b>1 465 002</b>	<b>6 044 917</b>	<b>14 292 678</b>	<b>21 942 577</b>
<b>Expenditure</b>					
International health program	5 627 373	1 187 587	5 081 730	11 896 690	20 040 868
Other purposes	1 453 185		3 754 574	5 207 759	2 897 975
<b>Total Expenditure</b>	<b>7 080 558</b>	<b>1 187 587</b>	<b>8 836 304</b>	<b>17 104 449</b>	<b>22 938 843</b>
<b>Excess (Shortfall) of Income over Expenditure</b>					
	(297 799)	277 415	(2 791 387)	(2 811 771)	(996 266)
Provision for delays in collection of assessed quota contributions	(1 140 263)	(305 355)	(66 266)	(1 511 884)	(1 528 722)
Payment of assessed quota contributions of prior years	1 651 234	455 105	59 496	2 165 835	1 317 189
<b>Net Excess (Shortfall) of Income Over Expenditure</b>	<b>213 172</b>	<b>427 165</b>	<b>(2 798 157)</b>	<b>(2 157 820)</b>	<b>(1 207 799)</b>
Savings on or cancellation of prior periods' obligations	3 393			3 393	
Other project adjustments			(355 660)	(355 660)	13 781
Transfers to/from funds					
<b>Total Changes in Fund Balances</b>	<b>216 565</b>	<b>427 165</b>	<b>(3 153 817)</b>	<b>(2 510 087)</b>	<b>(1 194 018)</b>
<b>Fund Balance, 1 January 2008</b>	<b>2 795 994</b>	<b>(331 319)</b>	<b>6 196 386</b>	<b>8 661 061</b>	<b>9 855 079</b>
<b>Fund Balance, 31 December 2009</b>	<b>3 012 559</b>	<b>95 846</b>	<b>3 042 569</b>	<b>6 150 974</b>	<b>8 661 061</b>

The accompanying notes and schedules are an integral part of the financial statements.

<sup>1/</sup> Data covers the period from 1 January 2008 through 21 January 2010.

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**Pan American Health Organization**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**World Health Organization: Other Sources Funds**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Trust Fund for Human Reproductive Program	Information Technology Fund	Special Fund for Research & Training	Sasakawa Health Trust Fund
<b>Income</b>				
<i>Assessed quota contributions</i>				
<i>Voluntary contributions</i>				
PAHO program activities				
Non-PAHO program activities				
<i>Other income</i>				
Revenue-producing activities				
Funds received under interorganization arrangements	40 905	519 935	1 340 694	311 682
Allocation from other funds				
Income for services rendered				
Interest income				
Currency exchange differential				
Other/Miscellaneous				
<i>Total Income</i>	40 905	519 935	1 340 694	311 682
<b>Expenditure</b>				
International health program				311 682
Other purposes	40 905	519 935	1 340 694	
<i>Total Expenditure</i>	40 905	519 935	1 340 694	311 682
<b>Excess (Shortfall) of Income over Expenditure</b>				
Provision for delays in collection of assessed quota contributions				
Payment of assessed quota contributions for prior years				
<i>Net Excess (Shortfall) of Income over Expenditure</i>				
Savings on or cancellation of prior periods' obligations				
Other project adjustments				
Transfer to/from other funds				
<b>Total Changes in Fund Balances</b>				
<b>Fund Balances, 1 January 2008</b>				
<b>Fund Balances, 31 December 2009</b>				

The accompanying notes and schedules are an integral part of the financial statements.

**Pan American Health Organization  
Statement of Income and Expenditure and Changes in Fund Balances  
World Health Organization: Other Sources Funds  
Financial Period 2008-2009**

(expressed in US dollars)

Special Account for Servicing Costs	Terminal Payments Accounts	Voluntary Funds for Health Promotion	Total 2008-2009	Total 2006-2007
4 744 807	3 761 936	52 988 552	<b>63 708 511</b>	<i>44 667 138</i>
4 744 807	3 761 936	52 988 552	<b>63 708 511</b>	<i>44 667 138</i>
4 744 807		52 988 552	<b>58 045 041</b>	<i>42 058 262</i>
	3 761 936		<b>5 663 470</b>	<i>2 608 876</i>
4 744 807	3 761 936	52 988 552	<b>63 708 511</b>	<i>44 667 138</i>

**Income**

*Assessed quota contributions*  
*Voluntary contributions*  
 PAHO program activities  
 Non-PAHO program activities  
*Other income*  
 Revenue-producing activities  
 Funds received under  
 interorganization arrangements  
 Allocation from other funds  
 Income for services rendered  
 Interest income  
 Currency exchange differential  
 Other/Miscellaneous  
*Total Income*

**Expenditure**

International health program  
 Other purposes  
*Total Expenditure*

**Excess (Shortfall) of Income  
over Expenditure**

Provision for delays in collection  
 of assessed quota contributions  
 Payment of assessed quota  
 contributions for prior years  
*Net Excess (Shortfall) of Income  
 over Expenditure*  
 Savings on or cancellation of prior  
 periods' obligations  
 Other project adjustments  
 Transfer to/from other funds

**Total Changes in Fund Balances**

**Fund Balances, 1 January 2008**  
**Fund Balances, 31 December 2009**

**Pan American Health Organization**  
**Statement of Assets, Liabilities, and Reserves and Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Reference	2009	2007
<b>Assets</b>			
Cash and term deposits (Statement III)		351 418 890	301 566 257
Investments, at cost	Note 3	154 857 646	95 666 324
Accounts receivable			
Assessed quota contributions due from Members and Participating States and Associate Members (Schedule I)		32 400 733	35 422 209
Provision for delays in collection of assessed quota contributions		(32 400 733)	(35 422 209)
Sundry debtors, net	Note 5	2 198 486	1 904 398
Balance due from World Health Organization for interorganization funding activities		6 513 785	
Balance due from Centers for interorganization funding activities	Note 6		337 566
Prepaid Interest		78 462	61 148
Deferred charges	Note 7	3 181 206	3 217 464
Land and buildings: Headquarters and country offices	Note 8	14 207 681	14 207 681
<b>Total Assets</b>		<b>532 456 156</b>	<b>416 960 838</b>
<b>Liabilities and Reserves and Fund Balances</b>			
<i>Liabilities</i>			
Assessed quota contributions received in advance	Note 9	86 649	156 157
Unliquidated obligations		13 459 723	5 442 431
Accounts payable			
Balance due to the Pan American Health and Education Foundation under operating agreement		413 590	650 018
Balance due to World Health Organization for interorganization funding activities			877 621
Balance due to Centers for interorganization funding activities	Note 10	3 809 342	3 552 301
Other sundry creditors	Note 11	7 495 317	8 154 859
<i>Total Liabilities</i>		<b>25 264 621</b>	<b>18 833 387</b>
<i>Reserves and Fund Balances</i>			
<i>Special Funds</i>			
Capital Equipment Fund	Note 15		62 970
Health Promotion	Note 17	1 151 494	1 611 515
Income from Services	Note 20	1 642 978	2 090 650
Master Capital Investment Fund	Note 16	3 264 969	
Natural Disaster Relief (Schedule 5)		3 260 229	5 145 512



*Statement II*

	Reference	2009	2007
Program Support Cost	Note 19	24 673 358	19 619 452
Trust Funds (Schedule 6)		176 834 254	134 720 119
<i>Total Special Funds</i>		<u>210 827 282</u>	<u>163 250 218</u>
<i>Non-Project Funds</i>			
Advances from Governments and Institutions for Procurement (Schedule 2)		9 906 154	7 863 704
Building Fund	Note 14		179 955
Provision for Staff Entitlements	Note 13	590 886	
Provision for Termination and Repatriation Entitlements	Note 12	31 898 022	28 145 181
Revolving Fund for the Expanded Program on Immunization (Schedule 3)		169 212 368	124 687 671
Sale of Vaccine at PANAFTOSA	Note 21		1 469
Regional Revolving Fund for Strategic Public Health Supplies (Schedule 4)		24 972 500	8 552 785
Tax Equalization Fund	Note 4	(2 841 368)	(1 812 410)
<i>Total Non-Project Funds</i>		<u>233 738 562</u>	<u>167 618 355</u>
Governing Bodies Authorized	Note 30	5 276 336	
Holding Account	Note 29	23 141 674	33 051 197
Working Capital Fund	Note 22	20 000 000	20 000 000
<i>Total Fund Balances (excludes Centers administered by PAHO)</i>		<u>492 983 854</u>	<u>383 919 770</u>
Equity in Land and Buildings	Note 8	14 207 681	14 207 681
<i>Total Reserves and Fund Balances</i>		<u>507 191 535</u>	<u>398 127 451</u>
<b>Total Liabilities and Reserves and Fund Balances</b>		<u><u>532 456 156</u></u>	<u><u>416 960 838</u></u>

The accompanying notes and schedules are an integral part of the financial statements.

**Pan American Health Organization**  
**Statement of Cash Flow**  
**Financial Period 2008-2009**

(expressed in US dollars)

	2008-2009	2006-2007
<b>Cash Flows from Operating Activities</b>		
Net excess (shortfall) of income over expenditure (Statement I, excluding Centers administered by PAHO)	108 170 894	207 364 315
(Increase) decrease in prepaid interest	( 17 314)	( 9 638)
(Increase) decrease in sundry debtors	( 294 088)	( 524 917)
(Increase) decrease in deferred charges	36 258	( 365 214)
Increase (decrease) in contributions or payments received in advance	( 69 508)	4 807
Increase (decrease) in unliquidated obligations	8 017 292	(1 146 069)
Increase (decrease) in accounts payable	( 659 542)	(2 698 788)
<i>Less</i> : Interest income	(22 846 773)	(25 851 064)
	<hr/>	<hr/>
<i>Net Cash Flows from Operating Activities</i>	92 337 219	176 773 432
<b>Cash Flows from Investing and Financing Activities</b>		
(Increase) decrease in investments	(59 191 322)	(30 655 107)
(Increase) decrease in interorganization funding balance receivable:		
World Health Organization	(6 513 785)	4 338 697
Centers Administered by the Pan American Health Organization	337 566	( 337 566)
Increase (decrease) in interorganization funding balance payable:		
Pan American Health and Education Foundation	( 236 428)	(1 111 044)
World Health Organization	( 877 621)	877 621
Centers Administered by the Pan American Health Organization	257 041	(1 294 536)
<i>Add</i> : Interest income	22 846 773	25 851 064
	<hr/>	<hr/>
<i>Net Cash from Investing and Financing Activities</i>	(43 377 776)	(2 330 871)
<b>Cash Flows from other Sources</b>		
Savings on or cancellation of prior periods' obligations	893 190	3 032 755
Other project adjustments		( 3 696)
	<hr/>	<hr/>
<i>Net Cash from other Sources</i>	893 190	3 029 059
<b>Net Increase (Decrease) in Cash and Term Deposits</b>	49 852 633	177 471 620
<b>Cash and Term Deposits at 1 January 2008</b>	301 566 257	124 094 637
	<hr/>	<hr/>
<b>Cash and Term Deposits at 31 December 2009</b>	351 418 890	301 566 257
	<hr/> <hr/>	<hr/> <hr/>

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**Pan American Health Organization**  
**Statement of Regular Budget Appropriation<sup>1/</sup>**  
**Financial Period 2008-2009**

(expressed in US dollars)

Description of Appropriation Sections	Appropriation			Expenditure			
	Original	Transfers	Revised	Disbursements	Unliquidated Obligations	Total	Balance
Section I - To reduce the health, social and economic burden of communicable diseases	22 700 000	(1 153 000)	21 547 000	21 274 745	227 226	21 501 971	<b>45 029</b>
Section II - To combat HIV/AIDS, tuberculosis and malaria	8 590 000	( 190 000)	8 400 000	8 258 216	66 214	8 324 430	<b>75 570</b>
Section III - To prevent and reduce disease, disability and premature death from chronic noncommunicable conditions, mental disorders, violence and injuries	14 000 000	(1 200 000)	12 800 000	11 723 106	77 360	11 800 466	<b>999 534</b>
Section IV - To reduce morbidity and mortality and improve health during key stages of life, including pregnancy, childbirth, the neonatal period, childhood and adolescence, and improve sexual and reproductive health and promote active and healthy aging for all individuals	12 490 000	( 800 000)	11 690 000	11 458 240	90 742	11 548 982	<b>141 018</b>
Section V - To reduce the health consequences of emergencies, disasters, crises and conflicts, and minimize their social and economic impact	4 200 000	( 200 000)	4 000 000	3 888 905	61 426	3 950 331	<b>49 669</b>
Section VI - To promote health and development, and prevent or reduce risk factors for health conditions associated with use of tobacco, alcohol, drugs and other psychoactive substances, unhealthy diets, physical inactivity, and unsafe sex	6 000 000	300 000	6 300 000	6 197 585	91 603	6 289 188	<b>10 812</b>
Section VII - To address the underlying social and economic determinants of health through policies and programs that enhance health equity and integrate pro-poor, gender-responsive, and human rightsbased approaches	7 000 000	300 000	7 300 000	7 155 751	83 421	7 239 172	<b>60 828</b>
Section VIII - To promote a healthier environment, intensify primary prevention and influence public policies in all sectors so as to address the root causes of environmental threats to health	13 000 000	200 000	13 200 000	12 969 388	151 002	13 120 390	<b>79 610</b>

## Statement IV

Description of Appropriation Sections	Appropriation			Expenditure			
	Original	Transfers	Revised	Disbursements	Unliquidated Obligations	Total	Balance
Section IX - To improve nutrition, food safety and food security throughout the life-course, and in support of public health and sustainable development	10 000 000	100 000	10 100 000	9 949 194	103 592	10 052 786	47 214
Section X - To improve the organization, management and delivery of health services	14 000 000	(1 131 000)	12 869 000	12 572 424	75 833	12 648 257	220 743
Section XI - To strengthen leadership, governance and the evidence base of health systems	18 400 000	(300 000)	18 100 000	17 967 953	120 705	18 088 658	11 342
Section XII - To ensure improved access, quality and use of medical products and technologies	6 400 000	(534 000)	5 866 000	5 701 872	98 588	5 800 460	65 540
Section XIII - To ensure an available, competent, responsive and productive health workforce in order to improve health outcomes	9 300 000	(500 000)	8 800 000	8 716 497	76 643	8 793 140	6 860
Section XIV - To extend social protection through fair, adequate and sustainable financing	5 200 000	(465 000)	4 735 000	3 473 868	51 501	3 525 369	1 209 631
Section XV - To provide leadership, strengthen governance and foster partnership and collaboration with countries, the United Nations system and other stakeholders in order to fulfill the mandate of PAHO/WHO in advancing the global health agenda as set out in WHO's Eleventh General Programme of Work, and the Health Agenda for the Americas	51 210 000	840 000	52 050 000	51 394 110	646 971	52 041 081	8 919
Section XVI - To develop and sustain PAHO/WHO as a flexible, learning organization, enabling it to carry out its mandate more efficiently and effectively	76 577 000	4 733 000	81 310 000	78 870 343	2 433 594	81 303 937	6 063
<i>Subtotal</i>	279 067 000		279 067 000	271 572 197	4 456 421	276 028 618	3 038 382
<i>Effective Working Budget (Parts I-XVI)</i>	279 067 000		279 067 000	271 572 197	4 456 421	276 028 618	3 038 382
Section XVII - Staff Assessment (Transfer to Tax Equalization Fund)	21 328 182		21 328 182		21 328 182	21 328 182	
<b>Total</b>	300 395 182		300 395 182	271 572 197	25 784 603	297 356 800	3 038 382

<sup>1/</sup> This statement consists of PAHO Regular Budget and WHO Regular Budget.

<sup>2/</sup> This figure includes PAHO's portion of \$3,369,015 and WHO's portion of \$1,087,405.

**Pan American Health Organization**  
**Explanatory Notes to Financial Statements**  
**Financial Period 2008-2009**  
*(expressed in US dollars)*

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

The Pan American Sanitary Bureau (PASB), the oldest international health agency in the world, is the Secretariat of the Pan American Health Organization (PAHO). The Bureau's mission 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.

**2. Accounting Policies**

- (a) The significant accounting policies and reporting practices applied to transactions reflect:
- the requirements of PAHO's Financial Regulations and Rules;
  - the more detailed financial and accounting procedures established by the Director in light of these Regulations and Rules;
  - the decisions taken from time to time by the Governing Bodies.
- (b) The main accounting policies are compatible with the principles and practices applicable at the World Health Organization, and are also in accordance with the United Nations System Accounting Standards (UNSAS).
- (c) These policies are also compatible with the disclosure requirements of International Accounting Standard 1, "Disclosure of Accounting Policies," insofar as these are applicable to the operations of PAHO.

(d) Period of Account

The period of account is a biennium, which consists of two consecutive calendar years.

(e) Accounting Convention

The financial statements are prepared under the historical cost convention, except where modified in Policy (f).

(f) Capital Assets

In accordance with Financial Rule 112.9, all assets are charged to expenditure in the biennium of purchase. Non-expendable equipment and vehicles are not shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement II). However, items of this nature are recorded in the project and office inventories of the Organization, and are based on original purchase price.

(g) Land and Buildings

Land and buildings are shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement II). The value of all buildings represents the cost at the time of acquisition or construction.

The land of the previous Governor Shepherd building in Washington, D.C., is shown at the appraised value as of December 1985.

It is not the policy of the Organization to make any adjustments for depreciation or appreciation in value, or for fluctuation in currencies.

**(h) Income**

Income for the Regular Budget is recorded at the total assessed quota contributions of the 2008 - 2009 biennial budget with a provision for delays in the collection of the assessed quota contributions. Income from all other sources is recorded on a cash basis (i.e., when actually received). Interest from fixed-term deposits and securities is recorded at the time it is credited to PAHO's bank accounts. Amounts recorded include any related exchange differential.

**(i) Expenditure**

All expenditure against PAHO Regular Budget (Statement 1) reflects goods and services that were delivered or contractually due to be delivered by 31 December 2009. Resolution CD47.R13 of the 47<sup>th</sup> Directing Council approved this change in expenditure recognition on 29 September 2006. This new expenditure recognition policy will provide a more direct alignment between the achievement of expected results and the expenditure reported. This basis of recording expenditure is also applied to the funds, shown in the Statement of Income and Expenditure and Changes in Fund Balances (Statement 1).

**(j) Exchange Policy**

Except where PAHO procedures provide otherwise, income and expenditure in local currency are recorded in U.S. dollars at the United Nations' rate of exchange prevailing at the date of transaction.

Where applicable, end-of-month local currency cash balances are revalued using the next month's United Nations rate of exchange.

Local currency cash balances held at the end of the financial period are translated into U.S. dollars using the rates prevailing at 1 December 2009.

**(k) Investments**

Investments held by the Organization are shown at the historical price in the financial statements. The market value of the securities is included for comparative purposes.

The investment policies, which are established by the Investment Committee, include the placement of the funds of the Organization in certificates of deposits, deposits with International Banking Facilities and overseas branches of approved banks, Eurodollar certificates, United States Treasury Bills, notes, and bonds, United States federal agency securities, commercial paper, institutional liquid reserves, and principal protected notes, including equity participating structures, as well as federal agency range notes. Within the confines of a managed investment account, other investment vehicles may be authorized by the Investment Committee where the portfolio manager demonstrates specific expertise.

**(l) Assessed Quota Contributions Due**

After reduction by a provision for uncollected contributions, amounts due on assessed quota contributions are shown with a balance of zero (Statement II). The Organization adopts this approach in the interest of prudence.

**(m) Unliquidated Obligations**

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the financial period. In accordance with Financial Regulation 4.5 (as amended by Resolution CD47.R13 of the 47<sup>th</sup> Directing Council), appropriations for unliquidated obligations remain available for the following Financial Period to cover the costs of the activities which were completed or were contractually due to be completed by 31 December 2009.

Liabilities shown in the Statement of Assets, Liabilities, and Reserves and Fund Balance include unliquidated obligations charged against PAHO funds.

**(n) Accounts Receivable and Payable**

Accounts receivable and payable are maintained within the Organization's single set of accounts and are not segregated by source of funds.

**(o) Eliminations on Consolidation**

In order to reflect intraorganizational transactions, an Eliminations Column has been included on Statement 1. Further details are given in Note 28.

**3. Investments**

The book value of the investments held in the Organization's portfolio, including those funds externally managed, is \$154,857,646. The market value of these investments is \$156,375,017 as of 31 December 2009 and the full maturity value of the investments and corresponding interest will be \$159,349,834.

**4. Tax Equalization Fund**

This Fund, 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 PAHO 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.

The status of the Tax Equalization Fund as of 31 December 2009 is:

<u>Member States</u>	<u>Balance 1 January 2008</u>	<u>Credits From the Tax Equalization Fund</u>	<u>Apportionment to Member States</u>	<u>Available To Cover Tax Reimbursements to Staff</u>	<u>Taxes Reimbursed to Staff</u>	<u>Balance 31 December 2009</u>
Canada	19 705	2 635 098	(2 585 098)	50 000	(55 849)	<b>13 856</b>
Colombia	17 187	200 484	(200 484)		(129)	<b>17 058</b>
United States	(1 865 517)	12 678 540	(1 478 540)	11 200 000	(12 221 961)	<b>(2 887 478)</b>
Venezuela	16 215	682 288	(679 288)	3 000	(4 019)	<b>15 196</b>
Other		5 131 772	(5 131 772)			
<b>Total</b>	<b>(1 812 410)</b>	<b>21 328 182</b>	<b>(10 075 182)</b>	<b>11 253 000</b>	<b>(12 281 958)</b>	<b>(2 841 368)</b>

**5. Sundry Debtors**

	<u>2009</u>	<u>2007</u>
Advances made to staff members and short-term consultants in according with the Regulations and Rules of the Organization	<b>697 480</b>	<b>550 899</b>
Accounts Receivable	<b>1 473 649</b>	<b>1 326 142</b>
Deposits and guarantees	<b>27 357</b>	<b>27 357</b>
<b>Total</b>	<b>2 198 486</b>	<b>1 904 398</b>



## 6. Balance Due from Centers for Interorganization Funding Activities

The net results of the accounting transactions between the following Center and the Organization represent receivables due from the Center. (For balance due to Centers, see Explanatory Note 10.)

	<u>2009</u>	<u>2007</u>
Caribbean Food and Nutrition Institute (Statement IX)		337 566
Total		<u>337 566</u>

## 7. Deferred Charges

Deferred charges are prepaid expenses and advances made to individuals or projects in accordance with the Financial Regulations and Rules of the Organization and are charged to expenditure upon receipt of the required claim or supporting documentation.

	<u>2009</u>	<u>2007</u>
Advances made to staff members pending submission of claims and chargeable to 2010 commitments	1 661 691	1 690 479
Advances for staff health insurance claims awaiting settlement	1 519 515	1 526 985
Total	<u>3 181 206</u>	<u>3 217 464</u>

## 8. Land and Buildings

The amount of \$14,207,681 shown as the value of the Headquarters and country offices' land and buildings is comprised as follows.

Washington, D.C., United States of America		
Main building: land and building <sup>1/</sup>	6 906 170 <sup>1/</sup>	
Annex: land only	<u>3 429 533 <sup>2/</sup></u>	10 335 703
Buenos Aires, Argentina		116 561 <sup>1/</sup>
Brasilia, Brazil		803 545 <sup>1/</sup>
Bridgetown, Barbados		1 718 907 <sup>1/3/</sup>
Guatemala City, Guatemala		96 391 <sup>1/</sup>
Port-au-Prince, Haiti		531 097 <sup>1/5/</sup>
Asuncion, Paraguay		270 892 <sup>1/</sup>
Lima, Peru		125 940 <sup>1/4/</sup>
Caracas, Venezuela		<u>208 645 <sup>1/</sup></u>
Total		<u>14 207 681</u>

<sup>1/</sup> At cost.

<sup>2/</sup> The land is valued at the appraised value as at 31 December 1985.

<sup>3/</sup> The building is owned by PAHO, the land is a 99 year lease (2094) – land and building revert to Barbados' Crown in 2094.

<sup>4/</sup> Original property was exchanged with the government of Peru for a new property valued at \$1.7 million (12 December 2007).

<sup>5/</sup> Building could be impaired due to the earthquake which happened in Haiti on 12 January, 2010.

### 8.1 Non-expendable Inventory

The original cost of non-expendable inventory items valued at \$500 or more held by the Organization as of 31 December 2009 totaled \$29,500,480. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared, both in Washington and in the country offices, in order to maintain effective custody of the physical assets of the Organization.

## 9. Assessed Quota Contributions Received in Advance

Assessed quota contributions received in advance of \$86,649 (Statement II) include \$78,288 received from Bahamas, \$10 received from Canada, \$7,325 received from Panama, and \$1,026 received from Trinidad and Tobago as partial payments of their 2010 assessed quota contributions.

## 10. Balance Due to Centers for Interorganization Funding Activities

The net results of the accounting transactions between the following Centers and the Organization represent an amount payable to the Centers of \$3,809,342. (For balance due from Centers, see Explanatory Note 6.)

	<u>2009</u>	<u>2007</u>
Caribbean Food and Nutrition Institute (Statement IX)	95 839	
Caribbean Epidemiology Center (Statement VI)	1 572 397	721 919
Institute of Nutrition of Central America and Panama (As of 31 December 2009)	<u>2 141 106<sup>(c)</sup></u>	<u>2 830 382</u>
Total	<u><u>3 809 342</u></u>	<u><u>3 552 301</u></u>

<sup>(c)</sup> \$ 1,338,831 is the balance due to INCAP as of 21 January 2010, which is the date of the transition of INCAP from being administered by PAHO to become self administered by its own Directing Council Balance.

## 11. Other Sundry Creditors

	<u>2009</u>	<u>2007</u>
Accounts Payable to vendors and institutions	5 109 078	5 554 578
Accounts Payable	<u>2 386 239</u>	<u>2 600 281</u>
Total	<u><u>7 495 317</u></u>	<u><u>8 154 859</u></u>

## 12. Provision for Termination and Repatriation Entitlements

Under the Staff Rules, terminating staff members are entitled to certain terminal payments, such as payment for annual leave, repatriation grant, cost of repatriation travel, and other appropriate separation indemnities. The Organization established the Provision for Termination and Repatriation in April 1972 and has followed the policy of setting aside funds to cover these costs. During the 2008-2009 biennium, the rate of contribution to the Provision was maintained at 6% of net salaries. The provision has no actuarial or statistical basis. Funds available within this account do not equal the Organization's total contingent liability for termination and separation entitlements for all staff, but are considered sufficient to meet the recurring costs of normal staff attrition, including agreed termination settlements.

The Status of the Provision is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	28 145 181	24 495 357
Income:		
Provision for terminal payments based on a percentage of salaries	5 970 171 <sup>1/</sup>	5 488 485
Interest earned	1 449 881	2 242 342
Subtotal	<u>35 565 233</u>	<u>32 226 184</u>
Less: Expenditure		
Accrued annual leave	1 482 670	1 803 421
Repatriation grant	510 391	814 567
Repatriation travel and removal	538 357	787 705
Settlement under agreed termination	424 569	45 012
Other terminal payments	711 224	630 298
Subtotal	<u>3 667 211</u>	<u>4 081 003</u>
Balance as of 31 December	<u><u>31 898 022</u></u>	<u><u>28 145 181</u></u>

<sup>1/</sup>Provision for terminal payments of \$5,970,171 has been eliminated as per Note 28.

### 12.1 Staff Health Insurance Arrangements

Staff health insurance arrangements are provided through the Organization's participation in the World Health Organization's Staff Health Insurance Fund. The Organization contributes to the Fund on the basis of a percentage of staff salaries.

The financial position of the Fund is shown in the WHO financial statements.

### 13. Provision for Staff Entitlements Fund

The Provision for the Staff Entitlements Fund was established in 2008 for the accrual of professional entitlements as these entitlements are earned. Starting 1 January 2008 each month a 17% of the professional base salary is charged against each professional budgeted post and credited to the Provision for the Staff Entitlements Fund. The following entitlements are paid charging the Provision for the Staff Entitlements Fund: education grant, education grant travel, assignment grant, home leave.

The Status of the Provision is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January		
Income:		
Provision for staff entitlements payments based on a percentage of salaries	8 202 350 <sup>1/</sup>	
Subtotal	<u>8 202 350</u>	
Less:		
Expenditure	<u>7 611 464</u>	
Balance as of 31 December	<u><u>590 886</u></u>	

<sup>1/</sup>Provision for staff entitlements payments of \$8,202,350 has been eliminated as per Note 28.

#### 14. Building Fund

The PAHO Building Fund was established as the "Building Reserve Fund" by Resolution CD8.R14 of the 8th Meeting of the Directing Council in September 1955. The purpose of the fund is the procurement of buildings, as well as the construction, reconstruction and renovation of the buildings owned by PAHO or country offices. Building maintenance is actually charged to General Operating Expenses.

The status of the Building Fund is:

	Rental Income	Major Maintenance and Repair Project	Total
Balance as of 1 January 2008	(172 585)	352 540	179 955
Less: Expenditure for maintenance and repair projects		(1 300)	(1 300)
Less: Transfer to Master Capital Investment Fund Resolution CSP27.R19 of the 27 <sup>th</sup> Pan American Sanitary Conference			181 255
Balance as of 31 December 2009	(172 585)	353 840	

The PAHO Building Fund and the Special Fund for Capital Equipment were closed in PAHO's financial accounts per 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. These two funds were replaced by the Master Capital Equipment Fund, which is described in Note 16.

#### 15. Special Fund for Capital Equipment

This Fund was established in 1993 by the Director under the authority vested in him by Financial Regulation 9.3 (originally 6.7) and subsequently reaffirmed by Resolution CE111.R20 of the 111th Session of the Executive Committee (1993). The purpose of the Capital Equipment Fund is to make major purchases of equipment, such as replacement of the telephone exchange system, replacement or updating computer equipment, and major software purchases.

The status of the fund is:

	2008-2009	2006-2007
Balance as of 1 January	62 970	3 756 282
Less: Expenditure	(9 596)	5 560 513
Subtotal	72 566	(1 804 231)
Transfer Funds from Working Capital Fund		1 867 201
Transfer Funds to Master Capital Investment Fund Resolution CSP27.R19 of the 27 <sup>th</sup> Pan American Sanitary Conference (Note 16)	72 566	
Balance as of 31 December		62 970

The Special Fund for Capital Equipment and the PAHO Building Fund were closed out in PAHO's financial accounts per 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. These two funds were replaced by the Master Capital Equipment Fund, which is described in Note 16.

## 16. Master Capital Investment Fund

The PAHO Master Capital Investment Fund 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 was created with two subfunds, Real Estate and Equipment, and Information Technology, in lieu of the PAHO Building Fund and the Capital Equipment Fund, effective 1 January 2008. The purpose of the Fund is for the repair of the PAHO office buildings and the systematic replacement of computer and telecommunications equipment software and systems to support the information technology infrastructure of the Organization.

The status of the fund is:

	Real Estate And Equipment Subfund	Information Technology Subfund	<b>Total</b>
Balance as of 1 January 2008			
Plus: Transfer in accordance with Resolution CSP27 R.19			
a.) Transfer from the Building Fund (Note 14)	181 255		181 255
b.) Transfer from the Capital Equipment Fund (Note 15)		72 566	72 566
c.) Transfer from the Holding Account Fund (Note 29)	1 818 745	5 927 434	7 746 179
Subtotal	2 000 000	6 000 000	8 000 000
Revenue	1 779 496		1 779 496
Less: Expenditure	2 557 791	3 956 736	6 514 527
Balance as of 31 December 2009	1 221 705	2 043 264	3 264 969

## 17. 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.

The status of the fund is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	1 611 515	2 181 975
Interest earned	72 086	173 134
Subtotal	1 683 601	2 355 109
Less: Expenditure	532 107	743 594
Balance as of 31 December	<u>1 151 494</u>	<u>1 611 515</u>

## 18. 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.

The Status of the fund is shown under Schedule 5.

## 19. Special Fund for Program Support Costs

This Fund 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, Procurement on Behalf of Member States, and the Strategic Funds are charged program support costs based on a percentage of the direct project cost incurred, and this income is credited to the Fund. The Fund supports other activities such as sales of publications, support to fellowships and others. The Fund is used to provide support for PAHO's administrative costs.

The status of the fund is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	19 619 452	17 245 349
Program Support Costs earned on Trust Fund Projects	18 758 506 <sup>1/</sup>	14 504 589
Service Charge 3% for procurement on behalf of Member States	750 361 <sup>1/</sup>	1 101 093
Sales of Publications	644 067	758 452
Administrative Support Charge 3% to Strategic Fund		(269 770)
Support to fellowships	107 679	122 311
OAS Reimbursements for Staff on Detail	341 043	334 226
World Bank Reimbursement for Staff on Detail	164 400	
	<hr/>	<hr/>
Subtotal	40 385 508	33 796 250
Less: Expenditure	15 712 150	14 176 798
	<hr/>	<hr/>
Balance as of 31 December	<u>24 673 358</u>	<u>19 619 452</u>

<sup>1/</sup> Program Support Costs of \$18,758,506 and \$750,361 have been eliminated as per Note 28.

## 20. Special Fund for Income from Services

This Fund was established with the aim of providing medical research laboratories, institutions, and the general public with quality-assured research supplies and information services and publications. Income is derived from charging for the services provided.

The status of the Fund is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	2 090 650	3 028 919
Income for services rendered	7 243 117	7 193 846
	<hr/>	<hr/>
Subtotal	9 333 767	10 222 765
Less: Expenditure	7 690 789	8 132 115
	<hr/>	<hr/>
Balance as of 31 December	<u>1 642 978</u>	<u>2 090 650</u>

## 21. Nonproject Fund for Sale of Vaccine at PANAFOTSA

This Fund was established by the Director under the authority of Financial Regulation 9.3 (originally 6.7). Income earned from the sale of vaccine produced at PANAFOTSA is credited to the Fund and used to help finance the Center's expenditure. The low level of income reflects the Center's decision to cease the production and sale of vaccines.

The status of the Nonproject Fund for Sale of Vaccine at PANAFOTSA is as follows:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	1 469	96 825
Income		(1 227)
Less: Expenditure	<u>1 469</u>	<u>94 129</u>
Balance as of 31 December		<u>1 469</u>

This fund is now closed; the remaining balance was fully utilized during the 2008-2009 biennium.

## 22. 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. The Fund is also used to provide funds for the Organization's Centers pending receipt of their assessed quota contributions.

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.

In February 1979 the Director of the Organization, under the authority vested in him by Resolution CE81.R1 of the 81st Session of the Executive Committee, signed a contract with the Inter-American Development Bank (IDB) to guarantee a new loan of \$5 million to PAHEF for the Textbook and Instructional Materials Program. Under this PAHO/IDB contract, PAHO agreed that during the 30-year period of the amortization of the loan, its Working Capital Fund would be maintained at a level not less than the balance owed on the loan plus interest. PAHEF commenced repayment of the loan in August 1989.

The Directing Council noting that the Working Capital Fund served as a guarantee for the loan from the IDB, approved the allocation from the Working Capital Fund of a reserve amount equal to the outstanding loan balance, which would be reduced as the loan is paid. The unencumbered level of the Working Capital Fund would increase accordingly. The amount of the loan outstanding as of 31 December 2009 was \$1,589,992.

The status of the Working Capital Fund including the current portion of the IDB loan as of 31 December 2009 is as follows:

	Unencumbered Balance	Allocated for Guarantee of Loan	<b>Total</b>
Balance as of 1 January 2008	18 076 675	1 923 325	<b>20 000 000</b>
Reduction for guarantee of loan	333 333	(333 333)	
Funds available	18 410 008	1 589 992	<b>20 000 000</b>
Plus: Transfer from Expanded Program on Immunization	3 000 000		<b>3 000 000</b>
Surplus from 2008-2009 biennium (Statement I)	11 216 656		<b>11 216 656</b>
Less: Transfer to Expanded Program on Immunization	10 000 000		<b>10 000 000</b>
Transfer to Holding Account (Note 29)	4 216 656		<b>4 216 656</b>
Balance as of 31 December 2009	<u>18 410 008</u>	<u>1 589 992</u>	<u><b>20 000 000</b></u>

### **23. Disclosure as to Participation in the United Nations Joint Staff Pension Fund**

PAHO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the Organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the 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 Fund as of the valuation date. At the time of this report the United Nations General Assembly has not invoked this provision.

### **24. WHO Regular Budget and Other Funds**

PAHO serves as the World Health Organization's Regional Office for the Americas. Under this arrangement, WHO provided PAHO with Regular Budget funding of \$80,674,568 in 2008 – 2009. These funds have been used for providing technical support to the Member States in the Americas Region.

In 2008-2009, WHO provided funding for non-Regular Budget projects totaling \$74,268,140. These funds are established by WHO for specific purposes, the majority of which is spent on health promotion. During the biennium PAHO implemented \$63,708,511 (per Statement 1.4).

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

The Organization experienced eight cases of financial fraud and ten cases of other losses (thefts) within the 2008-2009 biennium for a total of \$179,199. Of this total, the amount of \$41,864 was recovered as of 31 December 2009. Five cases were credit card frauds executed by parties not associated with the Organization.

The PALTEX Program of the Pan American Health and Education Foundation (PAHEF) experienced two cases of fraud for a total of \$20,795 and \$1,407 was recovered. PAHO supports the PALTEX Program through the provision of administrative and technical services at the country office level.

### **26. Amounts Written Off and Administrative Waivers**

In accordance with Financial Regulation 13.6, a total of \$23,136 was written off during the biennia 2008-2009.

As of 31 December 2009, a total of \$226,819 was recorded as administrative waivers reflecting seminars and courses given by the governments.

### **27. Ex-gratia Payments**

In accordance with Financial Regulation 13.5, the Director has the authority to make such ex-gratia payments that he/she deems necessary in the interests of the Organization. These payments amounted to \$14,814 during the 2008-2009 biennia.

### **28. Eliminations on Consolidations of the Various PAHO funds**

Every biennium PAHO has internal transactions, not involving the use of cash, within funds and between the different funds. These internal transactions are included in income and in expenditure in the relevant funds. Because these are only internal transactions, their inclusion in income and expenditure results in an over-statement (duplication) of both income and expenditure by the same amount. Income and expenditure should only reflect the transactions of PAHO with external entities.

The "Eliminations" column in the "Statement of Income and Expenditure and Changes in Fund Balances" allows for the elimination.



The internal transactions involving income and expenditure are as follows:

Account	Reference	2008-2009	2006-2007
<b>INCOME</b>			
Non-PAHO program activities			
Service charge for procurement on behalf of Member Governments	Note 19	750 361	1 101 093
INCAP - Staff Provident Fund (INCAP's Note 17)		398 428	385 622
CAREC - Terminal Entitlements Fund (CAREC's Note 11)		338 003	450 402
CAREC - Staff Provident Fund (CAREC's Note 11)		357 617	494 988
Subtotal		1 844 409	2 432 105
Revenue-producing activities			
Program Support Costs earned on Trust Funds Projects	Note 19	18 758 506	14 504 589
INCAP - Special Funds Services (INCAP's Note 17)		105 201	152 999
CAREC - Program Support Costs earned on Trust Funds Projects (CAREC's Note 11)		55 088	544 811
Subtotal		18 918 795	15 202 399
Allocations from other funds			
Provision for Staff Entitlements	Note 13	8 202 350	
INCAP - Provision for Personnel Entitlements (INCAP's Note 17)		671 875	610 137
Subtotal		8 874 225	610 137
Income for services rendered			
Administrative Support Charge 3% to Strategic Fund	Schedule 4	937 546	818 847
Administrative Support Charge 3% to Revolving Fund for the Expanded Program on Immunization	Schedule 3	17 440 244	10 187 480
Provision for Termination & Repatriation Entitlements	Note 12	5 970 171	5 488 485
INCAP - Program Support Costs (INCAP'S Note 17)		64 497	59 067
Subtotal		24 412 458	16 553 879
Total Income Eliminations		54 049 887	34 798 520
Expenditure			
International health program			
Program Support Costs earned on Trust Funds Projects	Note 19	18 758 506	14 504 589
CAREC - Program Support Costs earned on Trust Funds Projects (CAREC's Note 11)		55 088	544 811
INCAP - Special Funds Services (INCAP's Note 17)		105 201	152 999
INCAP - Program Support Costs (INCAP'S Note 17)		64 497	59 067
Subtotal		18 983 292	15 261 466
Other purposes			
Service charge for procurement on behalf of Member Governments	Note 19	750 361	1 101 093
Administrative Support Charge 3% to Strategic Fund	Schedule 4	937 546	818 847
Administrative Support Charge 3% to Revolving Fund for the Expanded Program on Immunization	Schedule 3	17 440 244	10 187 480
Provision for Termination & Repatriation Entitlements	Note 12	5 970 171	5 488 485
Provision for Staff Entitlements	Note 13	8 202 350	
CAREC - Terminal Entitlements Fund (CAREC's Note 11)		338 003	450 402
CAREC - Staff Provident Fund (CAREC's Note 11)		357 617	494 988
INCAP - Staff Provident Fund (INCAP's Note 17)		398 428	385 622
INCAP - Provision for Personnel Entitlements (INCAP's Note 17)		671 875	610 137
Subtotal		35 066 595	19 537 054
Total Expenditure Eliminations		54 049 887	34 798 520

## 29. Holding Account

In accordance with Financial Regulation 4.4, any balance of the appropriation not obligated by the end of the current financial period, shall be used to replenish the Working Capital Fund to its fixed level after which any residual balance will be placed in a Holding Account for subsequent use as decided by the Directing Council in September 2010.

Status of the Holding Accounts as of 31 December 2009 is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January		
	33 051 197	
Add : Surplus for 2008-2009 biennium (Note 22)	4 216 656	33 051 197
Subtotal	37 267 853	33 051 197
Less: Transfer to Governing Bodies Authorized Fund (Note 30)	6 380 000	
Transfer to Master Capital Investment Fund - Resolution CSP27		
R.19 of the 27 <sup>th</sup> Pan American Sanitary Conference:		
a.) Real Estate and Equipment Subfund (Note16)	1 818 745	
b.) Information Technology Subfund (Note16)	5 927 434	
Balance as of 31 December	<u>23 141 674</u>	<u>33 051 197</u>

## 30. 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 recurrent costs and are sustainable within normal operations and for which other funding resources are scarce or unavailable.

Status of the Governing Bodies Authorized Fund as of 31 December 2009 is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January		
Plus: Transfer from Holding Account, Resolution CD48.R1 (Note 29)	6 380 000	
Subtotal	6 380 000	
Less: Expenditure	1 103 664	
Balance as of 31 December	<u>5 276 336</u>	

## 31. Change in Accounting Policy

The new expenditure recognition policy (note 2) agreed by PAHO's governing bodies constitutes a change in accounting policy. This change was introduced in the previous biennium for expenditures excluding Trust Funds. The policy has been extended to cover Trust Fund expenditures in 2008-2009. The effect of this change is to increase Trust Fund expenditures by \$9 million.

## 32. Goods and Services Contractually Due to be Delivered in Subsequent Financial Period

In accordance with Financial Regulation 4.6, any claims for goods and services contractually due to be delivered in a subsequent financial period that exist against the Organization at the end of a financial period shall be established as obligations against regular budget appropriations established for the relevant subsequent financial period and shall be disclosed as a note to the Financial Statements. The amount attributable to 2010-2011 totals \$612,129.

**Pan American Health Organization  
Statement of Assessed Quota Contributions Due from  
Member and Participating States and Associate Members  
Financial Period 2008-2009 and Prior Years**

*(expressed in US dollars)*

<b>Member and Participating States and Associate Members</b>	<b>Year</b>	<b>Amount Due</b>	<b>Collected</b>	<b>Balance Due 31 December 2009</b>
Antigua and Barbuda	2008-2009	36 014	36 014	
		<u>36 014</u>	<u>36 014</u>	
Argentina	2008-2009	8 819 632	1 928 069	<b>6 891 563</b>
	2006-2007	8 488 072	8 488 072	
	2004-2005	6 913 290	6 913 290	
		<u>24 220 994</u>	<u>17 329 431</u>	<b>6 891 563</b>
Bahamas	2008-2009	126 046	126 046	
		<u>126 046</u>	<u>126 046</u>	
Barbados	2008-2009	144 052	144 052	
		<u>144 052</u>	<u>144 052</u>	
Belize	2008-2009	54 020	54 020	
		<u>54 020</u>	<u>54 020</u>	
Bolivia	2008-2009	126 046	126 046	
		<u>126 046</u>	<u>126 046</u>	
Brazil	2008-2009	15 388 440	15 388 440	
		<u>15 388 440</u>	<u>15 388 440</u>	
Canada	2008-2009	22 297 154	22 297 154	
		<u>22 297 154</u>	<u>22 297 154</u>	
Chile	2008-2009	972 356	972 356	
		<u>972 356</u>	<u>972 356</u>	
Colombia	2008-2009	1 692 620	1 692 620	
		<u>1 692 620</u>	<u>1 692 620</u>	
Costa Rica	2008-2009	234 086	205 620	<b>28 466</b>
		<u>234 086</u>	<u>205 620</u>	<b>28 466</b>
Cuba	2008-2009	1 314 482	1 060 676	<b>253 806</b>
	2006-2007	180 875	180 875	
		<u>1 495 357</u>	<u>1 241 551</u>	<b>253 806</b>

<b>Member and Participating States and Associate Members</b>	<b>Year</b>	<b>Amount Due</b>	<b>Collected</b>	<b>Balance Due 31 December 2009</b>
Dominica	2008-2009	36 014	173	<b>35 841</b>
	2006-2007	34 648	34 648	
	2004-2005	17 324	17 324	
		<b>87 986</b>	<b>52 145</b>	
Dominican Republic	2008-2009	324 118	324 118	
		<b>324 118</b>	<b>324 118</b>	
Ecuador	2008-2009	324 118	324 118	
		<b>324 118</b>	<b>324 118</b>	
El Salvador	2008-2009	126 046	94 535	<b>31 511</b>
		<b>126 046</b>	<b>94 535</b>	<b>31 511</b>
France	2008-2009	520 390	520 390	
		<b>520 390</b>	<b>520 390</b>	
Grenada	2008-2009	54 020		<b>54 020</b>
		<b>54 020</b>		<b>54 020</b>
Guatemala	2008-2009	234 086	233 959	<b>127</b>
		<b>234 086</b>	<b>233 959</b>	<b>127</b>
Guyana	2008-2009	36 014	35 926	<b>88</b>
	2006-2007	799	799	
		<b>36 813</b>	<b>36 725</b>	<b>88</b>
Haiti	2008-2009	126 046	126 046	
	2006-2007	121 260	121 260	
		<b>247 306</b>	<b>247 306</b>	
Honduras	2008-2009	126 046	63 023	<b>63 023</b>
		<b>126 046</b>	<b>63 023</b>	<b>63 023</b>
Jamaica	2008-2009	324 118	324 118	
	2006-2007	123 617	123 617	
		<b>447 735</b>	<b>447 735</b>	

<b>Member and Participating States and Associate Members</b>	<b>Year</b>	<b>Amount Due</b>	<b>Collected</b>	<b>Balance Due 31 December 2009</b>
Mexico	2008-2009	10 942 610	5 471 305	<b>5 471 305</b>
		10 942 610	5 471 305	<b>5 471 305</b>
Netherlands	2008-2009	162 060	162 060	
		162 060	162 060	
Nicaragua	2008-2009	126 046	126 046	
		126 046	126 046	
Panama	2008-2009	234 086	234 086	
	2006-2007	60 992	60 992	
		295 078	295 078	
Paraguay	2008-2009	324 118	324 118	
	2006-2007	37 097	37 097	
		361 215	361 215	
Peru	2008-2009	738 270	542 715	<b>195 555</b>
	2006-2007	707 285	707 285	
		1 445 555	1 250 000	<b>195 555</b>
Puerto Rico	2008-2009	199 874	199 874	
		199 874	199 874	
Saint Kitts and Nevis	2008-2009	36 014	36 014	
		36 014	36 014	
Saint Lucia	2008-2009	54 020	54 020	
		54 020	54 020	
Saint Vincent and the Grenadines	2008-2009	36 014	36 014	
		36 014	36 014	
Suriname	2008-2009	126 046	126 046	
	2006-2007	50 630	50 630	
		176 676	176 676	
Trinidad and Tobago	2008-2009	324 118	324 118	
		324 118	324 118	
United Kingdom	2008-2009	108 040	46 772	<b>61 268</b>
		108 040	46 772	<b>61 268</b>

<b>Member and Participating States and Associate Members</b>	<b>Year</b>	<b>Amount Due</b>	<b>Collected</b>	<b>Balance Due 31 December 2009</b>
United States of America	2008-2009	118 240 236	98 926 076	<b>19 314 160</b>
	2006-2007	18 686 320	18 686 320	
		<u>136 926 556</u>	<u>117 612 396</u>	<b>19 314 160</b>
Uruguay	2008-2009	468 172	468 172	
		<u>468 172</u>	<u>468 172</u>	
Venezuela	2008-2009	5 763 312	5 763 312	
		<u>5 763 312</u>	<u>5 763 312</u>	
<b>Total</b>		<u>226 741 209</u>	<u>194 340 476</u>	<b>32 400 733</b>
<hr/> Amounts consist of:				
Contributions for 2008-2009		191 319 000	158 918 267	<b>32 400 733</b>
Contributions for prior years		35 422 209	35 422 209	
		<u>226 741 209</u>	<u>194 340 476</u>	<b>32 400 733</b>

**Pan American Health Organization**  
**Statement of Advances from Governments and Institutions for Procurement**  
**Financial Period 2008-2009**

(expressed in US dollars)

This Statement 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. A 3% service charge is applied to the net cost of the items purchased. During the biennium the cumulative service charges amounted to \$750,361. 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>Balance 1 January 2008</b>	<b>Funds Received</b>	<b>Refunds and Transfers</b>	<b>Expenditure</b>	<b>Balance 31 December 2009</b>
Antigua and Barbuda	9 345				9 345
Argentina	5 433	5 105 537	(569 621)	1 500 798	3 040 551
Bahamas	1 053	348		257	1 144
Barbados	368				368
Belize	6 365	30 597		14 677	22 285
Bolivia	240 553	867 969	(113 436)	384 119	610 967
Brazil	1 895 381	8 712 641		8 615 017	1 993 005
Chile		5 055		4 555	500
Colombia	705 534	591 057	(3 221)	520 573	772 797
Costa Rica	18 490	8 697	(1 568)	14 209	11 410
Cuba	130 169	8 671 488		8 678 597	123 060
Dominican Republic	3 034				3 034
Ecuador	562 729	2 465 708		1 815 366	1 213 071
El Salvador	242	114 391		101 537	13 096
Grenada		32 449		25 778	6 671
Guatemala	3 105 540	3 231 598	(1 387 237)	3 563 712	1 386 189
Guyana	728 836	208 208	(90 512)	687 012	159 520
Haiti	13 331				13 331
Honduras	107 913	360 291	(10)	446 067	22 127
Jamaica	34 987	8 027		40 633	2 381
Mexico	403				403
Nicaragua	36 812	496 846	(2 792)	170 713	360 153
Panama	87 274	231 960	(185 260)	78 714	55 260
Paraguay	67 909	2 445		48 397	21 957
Peru	1 263	319 104		312 809	7 558
Suriname	756	17 476	(756)		17 476
Trinidad and Tobago	33 115	7 086	(754)	30 331	9 116
Uruguay	17 354	29 953		27 931	19 376
United States	1 301	3 479		2 478	2 302
Venezuela	48 214			40 513	7 701
<b>Total</b>	<b>7 863 704</b>	<b>31 522 410</b>	<b>(2 355 167)</b>	<b>27 124 793</b>	<b>9 906 154</b>

**Pan American Health Organization**  
**Statement of the Revolving Fund for the Expanded Program on Immunization**  
**Financial Period 2008-2009**

*(expressed in US dollars)*

The establishment of 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 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. In 2008-2009 the 3% service charge earned (\$17,440,244) and the valuation losses and other charges (\$198,013) were respectively credited and charged to the capitalization. The expenditure (\$627,337,198) allocated to countries is based on standard agreed-upon pricing of vaccines. The total difference between the standard and actual pricings in 2008-2009 was \$1,183,945 and it was debited to the capitalization of the Revolving Fund.

	Balance 1 January 2008	Expenditure	Income	Balance 31 December 2009
Country Summary Totals (see overleaf)	76 711 318	627 337 198	648 803 609	98 177 729
Capitalization of the Revolving Fund	44 876 353	1 183 945	17 242 231	60 934 639
Reserve Account Balance	100 000			100 000
Transfer to/from funds	3 000 000		7 000 000	10 000 000
<b>Closing Fund Balance</b>	<b>124 687 671</b>	<b>628 521 143</b>	<b>673 045 840</b>	<b>169 212 368</b>

**Funds available for future Revolving Fund purchases**

Revolving Fund Balance as of 31 December 2009 (per above)	169 212 368
Plus: Amount due to Fund from Member States/Institutions (Gross)	24 139 081
Less: Funds received in advance from Member States/Institutions (Gross)	<u>(122 857 011)</u>
	<b>(98 717 930)</b>
Amount Available for Future Purchases as of 31 December 2009	<b><u>70 494 438</u></b>



**Pan American Health Organization  
Statement of the Revolving Fund for the Expanded Program on Immunization  
Financial Period 2008-2009**

(expressed in US dollars)

Source of Funds	Balance Available/ (Balance Due) 1 January 2008	Expenditure	Reimbursements	Balance Available/ (Balance Due) 31 December 2009 <sup>1/</sup>
Anguilla	( 12 692)	60 245	72 766	(171)
Antigua and Barbuda	( 11 827)	86 938	78 551	(20 214)
Argentina	10 853 328	73 684 667	83 960 603	21 129 264
Aruba		129 479	80 383	(49 096)
Bahamas	( 44 537)	378 831	422 148	(1 220)
Barbados	( 55 613)	728 944	770 196	(14 361)
Belize	229 091	635 189	640 347	234 249
Bermuda	( 60 612)	159 666	205 256	(15 022)
Bolivia	( 294 421)	14 321 870	16 723 727	2 107 436
Brazil	27 666 317	119 114 619	103 684 657	12 236 355
British Virgin Islands	( 3 694)	70 461	54 567	(19 588)
Cayman Islands	( 38 882)	148 877	140 216	(47 543)
Colombia	36 297 488	73 602 897	83 078 451	45 773 042
Costa Rica	( 1 388 455)	18 355 296	18 515 468	(1 228 283)
Cuba	8 795			8 795
Dominica	( 19 894)	36 852	52 988	(3 758)
Dominican Republic	( 1 202 268)	6 621 414	6 629 321	(1 194 361)
Ecuador	416 754	38 159 460	50 317 619	12 574 913
El Salvador	( 3 072 373)	10 593 765	8 904 382	(4 761 756)
Grenada	( 8 057)	118 352	87 430	(38 979)
Guatemala	( 1 844 310)	13 396 327	13 995 432	(1 245 205)
Guyana	35 761	1 369 817	1 692 878	358 822
Haiti	( 248 732)		248 732	
Honduras	7 550 680	15 582 988	17 450 089	9 417 781
Jamaica	( 53 095)	1 648 362	1 753 021	51 564
Montserrat	( 1 659)	17 771	19 182	(248)
Netherlands Antilles	20 557	187 603	180 392	13 346
Nicaragua	( 1 247 702)	5 908 063	7 893 559	737 794
Panama	196 532	17 678 300	21 364 053	3 882 285
Paraguay	( 970 075)	11 549 555	10 774 313	(1 745 317)
Peru	6 662 430	108 880 409	108 185 303	5 967 324
Saint Kitts and Nevis		39 502	38 674	(828)
Saint Lucia	( 27 326)	100 944	146 801	18 531
Saint Vincent and The Grenadines	( 13 919)	104 586	97 820	(20 685)
Sint Maarten		55 991	40 876	(15 115)
Suriname	( 101 209)	432 448	485 721	(47 936)
Trinidad and Tobago	( 230 167)	2 058 101	1 633 592	(654 676)
Turks and Caicos Islands	( 18 918)	85 731	82 351	(22 298)
Uruguay	( 746 447)	9 605 306	8 310 830	(2 040 923)
Venezuela	( 1 509 531)	81 627 572	79 990 914	(3 146 189)
<b>Total</b>	<b>76 711 318</b>	<b>627 337 198</b>	<b>648 803 609</b>	<b>98 177 729</b>

<sup>1/</sup> These balances are shown as net of total receivables and total advances from the Member States/Institutions.

**Pan American Health Organization**  
**Statement of the Regional Revolving Fund for Strategic Public Health Supplies**  
**Financial Period 2008-2009**

(expressed in US dollars)

This 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 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 \$1,871,610 at the end of biennium. As of 31 December 2009 twenty Member States had indicated their commitment to participate in the Fund through an exchange of letters.

<b>Member States</b>	<b>Balance as of 1 January 2008</b>	<b>Funds Received</b>	<b>Expenditure</b>	<b>Balance as of 31 December 2009</b>
Argentina		2 379 585	572 776	<b>1 806 809</b>
Belize	100 002	347 955	350 357	<b>97 600</b>
Bolivia	346 139	193 251	343 192	<b>196 198</b>
Brazil	3 607 132	27 048 780	21 544 052	<b>9 111 860</b>
Dominican Republic		2 925 278	518 751	<b>2 406 527</b>
Ecuador	430 024	9 608 920	4 856 297	<b>5 182 647</b>
El Salvador	312 538	2 905 929	1 992 732	<b>1 225 735</b>
Guatemala	2 199 945	1 597 044	1 248 384	<b>2 548 605</b>
Haiti	107 335		49 928	<b>57 407</b>
Honduras	385 169	1 568 055	1 621 720	<b>331 504</b>
Nicaragua	127 959	145 000	255 760	<b>17 199</b>
Panama		185 260	184 830	<b>430</b>
Paraguay		629 954	511 766	<b>118 188</b>
Suriname	2 478	(2 478)		
Venezuela		6 000	5 819	<b>181</b>
<i>Subtotal</i>	7 618 721	49 538 533	34 056 364	<b>23 100 890</b>
<i>Capitalization</i>	934 064	937 546		<b>1 871 610</b>
<b>Total</b>	<b>8 552 785</b>	<b>50 476 079</b>	<b>34 056 364</b>	<b>24 972 500</b>

**Pan American Health Organization**  
**Statement of Voluntary Contributions Special Fund for Natural Disaster Relief**  
**Financial Period 2008-2009**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>I. Government Financing</b>					
<i>Canada</i>					
Support to Hurricane Jeanne Floods in Gonaives Haiti	026113		( 1 530)	( 1 530)	
Peru Earthquake 2007 Flash Appeal: Health Cluster	026131	49 567	( 7 310)	42 257	
Hurricane Felix Nicaragua Flash Appeal 2007: Health and Water Sanitation	026132	42 884	( 3)	42 881	
Tropical Storm Noel Flash Appeal 2007	026134	184 092	( 400)	183 692	
Bolivia Floods PAHO Flash Appeal 2008	026135		150 590	150 590	
Haiti Flash Appeal, Health Sector Response 2008	026137		218 209	213 719	4 490
El Salvador Floods and Landslides, PAHO Emergency Health Sector Response, UN Flash Appeal 2009	026139		282 859	113 571	169 288
<i>Subtotal</i>		276 543	642 415	745 180	173 778
<i>Chile</i>					
Hurricane IDA Flooding in El Salvador - November - 2009	064016		100 000		100 000
<i>Subtotal</i>			100 000		100 000
<i>Paraguay</i>					
Yellow Fever Outbreak Paraguay 2008	080020		99 902	99 902	
<i>Subtotal</i>			99 902	99 902	
<i>Principality of Monaco</i>					
Emergency Relief for Victims of Hurricane Stan	442001	428		428	
<i>Subtotal</i>		428		428	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>South Korea</b>					
Yellow Fever Outbreak Paraguay 2008	080019		49 773	49 773	
<i>Subtotal</i>			49 773	49 773	
<b>Spain</b>					
Emergency Response Fund for the Americas (AECID)	230112		1 365 203	1 273 067	92 136
Response to the Swine Influenza A (H1N1) in Latin American and the Caribbean	230128		5 696 800	5 195 149	501 651
<i>Subtotal</i>			7 062 003	6 468 216	593 787
<b>Sweden</b>					
Hurricane Stan/United Nations Appeal for Guatemala 2005	163126		( 52)	( 52)	
Hurricane Stan/United Nations Appeal for Guatemala 2005	163128		( 1 340)	( 1 340)	
Earthquake in Peru August 2007 - Health Projects	163131	1 081 552	( 3)	1 081 549	
Support to UN Flash Appeal Nicaragua 2007	163132	618 022	( 318)	617 704	
Support to UN Flash Appeal Dominican Republic 2007	163133		657 454	657 454	
Support to UN Flash Appeal Haiti 2008	163138		610 982	605 561	5 421
<i>Subtotal</i>			1 699 574	1 266 723	5 421
<b>United Kingdom</b>					
Hurricane Ike Emergency Health Assistance to Turks and Caicos	140060		156 583	156 583	
<i>Subtotal</i>			156 583	156 583	
<b>United States of America</b>					
Dengue Outbreak Medical Response in Paraguay 2007	002118	( 464)	464		
Hurricane Dean in Jamaica - Health Emergency Needs	002119	39 931	39 999	79 930	
Hurricane Felix in Nicaragua - Appeal for Health Emergency Needs	002120	6 039	19 999	26 038	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Tropical Storm Noel / Health Emergency Needs in Dominican Republic	002123	( 66 256)	199 999	133 743	
Yellow Fever Outbreak in Paraguay 2008	002124		49 775	49 775	
Health Assistance in the Aftermath of Heavy Floods in Ecuador - February 2008	002125		49 955	49 955	
Emergency Health Assistance to the Storms & Flood Victims - Haiti - September 2008	002128		484 307	484 307	
Response to the Swine Influenza A (H1N1)	002132		2 285 000	2 399 821	( 114 821)
<i>Subtotal</i>		( 20 750)	3 129 498	3 223 569	( 114 821)
<b>Total - Government Financing</b>		1 955 795	12 506 897	13 704 527	758 165

**II. International Organizations***European Community*

Emergency Public Health Intervention after Floods in Bolivia	049057	( 38 552)	38 038	( 514)	
Reduce the Health Risks on the Most Affected Population in Nicaragua after Hurricane Felix	049058	( 83 037)	83 037		
Reduce the Health Risks after Hurricane Dean on the Most Affected Population in Jamaica	049059	303 234	91 294	394 528	
Reduce the Health Risks of the Affected Population in Dominican Republic after Tropical Storm Noel	049062	7 420	5 681	13 101	
Disease Prevention and Control Activities and Disaster Preparation & Mitigation Activities in the Areas of the RAAN Region Impacted by Hurricane Felix, Nicaragua	049064	390 223	106 232	496 455	
Humanitarian Aid to Minimize the Health Impact on the Population Affected by the Floods in Ecuador	049065		151 685	151 685	
Minimize the Health Impact on the Elderly Population Affected by Hurricanes Ike and Gustav in Cuba	049070		454 688	560 498	( 105 810)

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Minimize the Health Impact on the Population Affected by the Floods in Honduras	049071		233 986	284 896	( 50 910)
Dengue Outbreak Control in Guatemala	049075		176 017	212 646	( 36 629)
<i>Subtotal</i>		579 288	1 340 658	2 113 295	( 193 349)
<b>Total - International Organizations</b>		579 288	1 340 658	2 113 295	( 193 349)
<b>III. Private and Public Sector</b>					
<i>Income from Project Services</i>					
Haiti: Sale of Fuel	099000	185,563		117 415	68 148
<i>Subtotal</i>		185 563		117 415	68 148
<i>Pan American Health and Education Foundation (PAHEF)</i>					
Purchase Health Kits to Assist Hurricane Victims in Haiti	144027		10 203	10 203	
<i>Subtotal</i>			10 203	10 203	
<b>Total - Private and Public Sector</b>		185 563	10 203	127 618	68 148
<i>Special Fund for Natural Disaster Relief</i>					
	215000	2 424 866	202 399		2 627 265
<b>Total - Special Fund</b>		2 424 866	202 399		2 627 265
<b>Total</b>		5 145 512	14 060 157	15 945 440	3 260 229
Balance at 31 December 2009 is represented by:					
Receipts in excess of expenditure accumulated on projects held in trust by PAHO					3 568 399
Expenditure funded by PAHO in excess of receipts incurred on projects					( 308 170)
<b>Total</b>					3 260 229

<sup>1/</sup> Funds Received are shown net of refunds to Donors.<sup>2/</sup> The 2008 2009 financial period reflects the conversion of the Trust Fund financial report from a cash basis to an accrual basis of reporting. Therefore, the project expenditure amounts include an end-of-year accrual.

**Pan American Health Organization  
Statement of Trust Funds  
Financial Period 2008-2009**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>I. Government Financing</b>					
<b>(External Projects)</b>					
<i>Argentina</i>					
Reference Center for Epidemiological Surveillance, Entre Rios (Phase II)	059016	11 511			11 511
Contribution of Government to INPPAZ	059018	( 219 715)			( 219 715) <sup>3/</sup>
<i>Subtotal</i>		( 208 204)			( 208 204)
<i>Brazil</i>					
Contribution of the Government to PANAFTOSA	063001	1 544 974	3 333 049	3 393 096	1 484 927
Government Contribution to BIREME	063004		1 781 204	1 711 939	69 265
Library for Adolescent Health and Public Health	063122	78 878	1 967 577	2 045 104	1 351
Development of Animal Health Programs	063181	13 943	3 039 750	2 924 299	129 394
Government Contribution to BIREME	063186		48 532	48 532	
Government Contribution to BIREME	063189		115 597	115 597	
Government Contribution to BIREME	063196		46 784	46 784	
SCIELO Books\ E-Publication Books of Academic Presses	063197		93 934		93 934
<i>Subtotal</i>		1 637 795	10 426 427	10 285 351	1 778 871
<i>Canada</i>					
Prevention and Control of Communicable Diseases in South America	026101	4 069	( 4 305)	( 236)	
Canadian International Immunization Initiative/CIII-Phase II	026109	1 587 981	1 052 973	2 335 540	305 414
Prevention and Control of Communicable Diseases in South America	026120	1 402 938	3 411 880	3 570 756	1 244 062
Consultant Trust Fund for Human Resources Mobilization	026122	167 965	198 413	332 089	34 289
Strengthening Emergency Disaster Response in Haiti - Phase II	026124	1 659	( 1 682)	( 23)	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Programme for Emergency Preparedness and Disaster Relief	026125	1 168 007	777 520	1 941 772	3 755
Support to PAHO Health Program	026126	2 783 162	8 874 825	9 003 429	2 654 558
Support to Bolivia for the Purchase of Vaccines and Syringes	026127		39	( 639)	678
Free Obstetric Care for Poor Pregnant Women	026128	4 459 373		2 578 643	1 880 730
Support to a Vaccination Expansion Program in Haiti (PAPEV) PAHO/UNICEF	026129	519 233	2 776 628	1 769 446	1 526 415
Improved Health for Colombian Internally Displaced Persons (IDPs) - Phase IV	026130	319 875	( 4 154)	315 721	
Strengthening Emergency Disaster in Haiti Disaster Risk Reduction in the Health Sector of CARICOM Member States	026133	576 265	( 13 250)	563 015	
Improved Health for Internally Displaced Persons (IDPs) in Colombia and Refugees 2009	026138		405 055	185 203	219 852
Regional Workshop of Sustainable Use of Water in Urban Areas - 2006	109034	129	( 129)		
Caribbean Eco-Health Programme: Public and Environmental Health Interactions in Food and Water-born Illnesses	109035		223 758	127 614	96 144
Improvement of Reproductive Health in Haiti	278008		1 849 246	13 945	1 835 301
Strengthening Capacity to Implement FCTC and Smoke Free Environments in the Americas	281038	15 120	( 4 158)	10 962	
"Tobacco and Public Health: From Theory to Practice" Adaptation of the Online Course	281039		130 338	87 602	42 736
Support Cost of ICDRA Meeting in Geneva, September 2008	281040		11 416	11 416	
Proposal to Support CARICOM Summit of Heads of Government on Chronic Disease Prevention and Control and Assess the Applicability to Other Regions	435002	134 443	295 658	430 101	
Environmental Scan of Diabetes Strategies and Approaches	435003		18 200	18 200	
Strengthening Policy and Partnership Process for Prevention and Control of Chronic Diseases in Central and South America	435004		686 859	427 115	259 744
Counter - Terrorism Capacity Building in Support to the "Cricket World Cup" (CWC)	452001	192 909	( 1 396)	189 410	2 103
Panama Access	452002		8 159	8 159	
Counter Terrorism Capacity Building Program	452003		429 109	134 386	294 723
F&M BETA Version Modeling Workshop - December 2008	462001		12 078	12 078	



(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<i>Subtotal</i>		13 333 128	22 114 802	24 519 913	10 928 017
<b>Colombia</b>					
Letter of Understanding no. 11 between Instituto Colombiano Agropecuario (ICA) and PANAFTOSA	066065		294 635	246 865	47 770
<i>Subtotal</i>			294 635	246 865	47 770
<b>Denmark</b>					
PLAGSALUD III - Exposure to Pesticides in Central America	284007		( 11 437)	( 11 437)	
Scientific Forums / Therapeutic Abortion - March 2007	284009	89	( 89)		
<i>Subtotal</i>		89	( 11 526)	( 11 437)	
<b>France</b>					
Expert Assistance by Reg. Advisor of Health & Social Development	247021	22 533	( 22 533)		
Etiology of Parkinson's Disease and Quality Control of Beaches and other Swimming Areas	247022	14 514	( 14 514)		
Implementation of Training French Language to PAHO Employees	247023	5 291	( 5 291)		
Caribbean Network of Cancer Registries/Cervical Cancer Program	247024	226	( 226)		
Staff Support to the PAHO HIV Caribbean Office	247025		3 314	3 314	
<i>Subtotal</i>		42 564	( 39 250)	3 314	
<b>Germany</b>					
Men's Participation in Reproductive Health Programs in Central America	217037		( 302)	( 302)	
Improving Water and Sanitation in Indigenous Communities	217044	74	( 74)		
Promotion of Youth and Violence Prevention	217045	2 878	102 728	105 606	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Strengthening the Country Coordinating Mechanism, 2004-2006 GFTAM Bolivia	217048	30 509	( 30 509)		
<i>Subtotal</i>		33 461	71 843	105 304	
<b>Italy</b>					
Support to National Health System/ Uruguay	261025	293 501	( 1 818)	291 683	
Functional Improvement of the Hospital of Chalchuapa and Development of the Integrated Network of Health Services of El Salvador	261027		248 398	143 290	105 108
Support to National Health System (PROSEPU II)	261028		575 183	182 094	393 089
Network Collaboration between Europe and Latin American/Caribbean (LAC) Countries to spread know-how in Scientific Writing and Provide the Best Tools to Exploit Open Access Information for the Safeguard of Public Health (NECOBELAC)	261029		111 619		111 619
<i>Subtotal</i>		293 501	933 382	617 067	609 816
<b>Mexico</b>					
Health Promotion and Disease - Risk Prevention in North Mexican Border	076019	156 400	1 655 601	1 800 375	11 626
<i>Subtotal</i>		156 400	1 655 601	1 800 375	11 626
<b>Netherlands</b>					
Netherlands' Deployment of Young Professionals in the Health Sector	077081	303 821	( 205 499)	98 322	
Preparation of Health Status Analysis of Women and their Health	077088		19 961	19 961	
PAHO Institutional Strengthening of MINSAs - Nicaragua	077089		829 940		829 940
<i>Subtotal</i>		303 821	644 402	118 283	829 940
<b>Norway</b>					
Socioeconomic Development of Health and Equity (2002-2005)	251028	42 726	( 42 726)		
Women Health and Development: Gender Equity	251029	3 395	( 3 395)		
HIV/AIDS Prevention in Young People	251031	106	( 694)	( 588)	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Development of Human Resources in Health	251032	233	( 233)		
Norwegian Technical Exchange	251033	67 764	( 26 179)	41 585	
Promotion of Gender Equity for the Eradication of Violence Against Women in Nicaragua	251034	958 806	967 012	1 492 841	432 977
HIV Prevention in Young People using a Human Rights Framework in Central America and the Caribbean	251035		1 465 982	715 776	750 206
<i>Subtotal</i>		1 073 030	2 359 767	2 249 614	1 183 183
<b>Peru</b>					
Pan American Center for Sanitary Engineering and Environmental Sciences (CEPIS)	081001	577 319	643 664	467 348	753 635
Conservation of Nonhuman Primates	081009	964	( 964)		
<i>Subtotal</i>		578 283	642 700	467 348	753 635
<b>Spain (Including Provincial Governments)</b>					
Spain Holding Account	230001	9 950 531	8 742 987		18 693 518 <sup>4/</sup>
Tenth Plan - AIDS and Sexually Transmitted Diseases	230069		( 407)	( 407)	
Health in Ibero-America/Communicable Diseases and HIV/AIDS	230087	25 491		15 560	9 931
Health in Ibero-America/Family and Community Health	230088	16 465		15 857	608
Health in Ibero-America/Technologies in Health	230089	63 006		62 043	963
Health in Ibero-America/Strengthening Public Health Systems	230090	105 373		99 794	5 579
Support to the Master in Tropical Medicine (IV Edition/2006)	230091	2 737	( 2 737)		
Virtual Health Library: Spain and Scientific Electronic Library Online (SciELO)	230092		85 208	85 208	
Health in Ibero-America/Communicable Diseases and HIV/AIDS - Years 2 & 3	230093	802 117		789 128	12 989
Health in Ibero-America/Family and Community Health - Years 2 & 3	230094	456 531		455 569	962

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Health in Ibero-America/Technologies in Health - Years 2 & 3	230095	897 741		684 518	213 223
Health in Ibero-America/Strengthening Public Health Systems - Years 2 & 3	230096	1 386 074		1 315 208	70 866
Rapid Response for the Americas in Disaster Situations	230097	344 286	(1 364)	342 922	
Improvement of Sanitary Conditions of Rural Areas in Choco and Buenaventura "Valle" - Colombia	230098	332 526	(1 876)	330 650	
Mobil Health Care Assistance - Bolivia	230099	8 105 380		7 645 751	459 629
Spanish Fund 2007 Contribution - Haiti	230100	808 223	965	800 764	8 424
Support to the Master in Tropical Medicine - 2008 Edition	230101	21 125	3 144	19 620	4 649
Promotion of Access to Essential Medicines in Haiti	230102		647 949	646 628	1 321
"Spanish Fund Development 2007" Human Resources Health in Haiti	230103		651 398	101 080	550 318
"Spanish Fund Development 2007" Gender Equity and Health from an Ethnic-Racial Perspective	230104		82 769	81 036	1 733
"Spanish Fund Development 2007" Primary Health Care in Bolivia	230105		4 138 486	3 901 797	236 689
"Spanish Fund Development 2007" Special Strategies and Control of Chagas in Andean Region	230106		551 799	513 626	38 173
"Spanish Fund Development 2007" Regional Program of Dengue Control	230107		551 799	531 967	19 832
Elaboration of Health Agenda Dominican Republic and Central America Spanish Funds 2007	230108		68 975	67 893	1 082
Strengthening of Access to Essential Medications Dominican Republic and Central America, Spanish Funds 2007	230109		482 823	448 726	34 097
Reconstruction Project after Earthquake - Peru	230110		2 069 243	1 814 730	254 513
"Spanish Fund Development 2007" Primary Health Care Program/ Affected POP Hurricane Felix - Nicaragua	230111		689 748	680 443	9 305
Strengthening of the Response Capacity of the Health Sector to Disasters in Central America, Dominican Republic and Haiti	230113		1 138 148	769 775	368 373

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Improvement of the Sanitary Conditions and Access to Health for Populations Displaced and Vulnerable in the Departments of CHOCO, NARINO and VALLE CAUCA	230114		500 480	499 845	635
Recovery of Operating Capacity and Reduction of Vulnerability to Disasters in the Health Sector in Dominican Republic	230115		757 714	624 387	133 327
Institutional Strengthening of Public Health Systems	230116		1 057 768	308 240	749 528
Improvement of the Basic Health Services	230117		2 977 814	708 196	2 269 618
Improvement to the Access to Essential Drugs and other Health Products	230118		1 042 614	308 293	734 321
Strengthening of Human Resources in the Health System	230119		315 209	136 330	178 879
Improvement of Health and Sexual and Reproductive Rights	230120		1 160 873	200 848	960 025
Child Health Improvement	230121		454 628	142 181	312 447
Fight Against the Prevalent and Forgotten Diseases (including HIV, Malaria and Tuberculosis)	230122		5 510 093	1 225 900	4 284 193
Strengthening of Research and Development in Health	230123		704 674	383 361	321 313
Guarantee the Model of Health Care in Accordance with the Multicultural and Multi-ethnic needs in the Municipalities of WASPAN and SAHSA of the Autonomous Region of the North Atlantic (RANN) Nicaragua	230124		757 714	276 732	480 982
Contribute and Support the Access to Essential Drugs in Haiti	230125		1 212 342	1 202 424	9 918
Maintain Haiti Polio-free, Measles and Rubella, in addition Dispense Vitamin A to children from 1 to 5 years	230126		1 060 799	198 556	862 243
Spanish Fund Coordination - 2008	230127		178 820	27 039	151 781
Safe Health Institute Hospital "Heroes de Baire" Cuba	230129		1 515 427	3 687	1 511 740
Integration of Ecosystems Adaptable to Climate Change in the Colombian Massif	191066		110 000	13 690	96 310
Intercultural Policies Program Inclusiveness & Creation Opportunities (MDGF-1829)	191070		123 162	71 910	51 252
Integration of Climate Change Adaptation and Mitigation Measures (MDGF-1747)	191071		241 667	179 593	62 074
Gender Equality and Empowerment of Women through Participation and Gender Practices in Public Budgets (MDGF-1725)	191072		243 960	152 114	91 846

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Local Environmental Management for Natural Resources Management and Provision of Environmental SER in Bosawas (NSGF-1751)	191073		76 826	74 546	2 280
Economic Governance of Water and Sanitation Honduras (MDGF-1782)	191075		419 378	122 423	296 955
Access to Safe Drinking Water and Sanitation (MDGF - 1920)	191076		702 945	34 122	668 823
Manage Environmental Resources and Climatic Risks Peru (MDGF-1691)	191077		152 689	34 261	118 428
Strengthen Effective Management of Water & Sanitation (MDGF-1816)	191080		107 107	18 944	88 163
Strengthening the Ability to Define and Apply Drinking Water and Sanitation Policies	191081		320 465	172 448	148 017
National Capacity Building: Economic, Water and Sanitation	191082		485 031		485 031
Strengthening Peace in Guatemala through Violence Prevention and Management of Conflict	191083		88 810		88 810
Strengthen Women's Institutions in Guatemala	191084		283 721	92 664	191 057
Improving Nutrition and Food Security for the Peruvian Child: A Capacity Building Approach	191087		480 395	7 803	472 592
Promoting Food Security and Nutrition for Indigenous Children in Brazil	191088		897 553	5 038	892 515
Protecting Children: Towards a Coordinated Food Security and Nutritional Programme for El Salvador	191089		18 000	13 843	4 157
Program Governance of the Water and Sanitation Sector in Ecuador within the Framework of the Millennium Development Goals	191090		161 570		161 570
The Indigenous Communities and Afro-Colombians of CHOCO promote Nutrition and Food Security	191091		260 385		260 385
National Capacity Building: Intercultural Conflict Prevention and Management	191092		20 000	4 275	15 725
Building Social Capital to Reduce Violence in El Salvador	191093		207 580	9 434	198 146
Local Response Capacity: Inter-Sectorial Implementation PMD-C	191094		371 625		371 625
Improving the Situation of Children, Food Safety, and Nutrition in Guatemala	191095		389 480		389 480
Supporting the Fight Against Anemia Vulnerable Groups - Cuba	191096		356 845		356 845
Strengthening Banana Value Chain/Growth Inclusive Markets - Dominican Republic	191097		153 235		153 235

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Childhood Nutrition and Food Safety	191099		67 239		67 239
Strengthening of Health Promotion Strategy in Latin American Schools	438001	3 707	( 4 177)	( 470)	
Alcohol Consumption, Partners and Response	457001		509 486	90 490	418 996
<i>Subtotal</i>		23 321 313	46 351 003	29 563 033	40 109 283
<b>Sweden</b>					
Temporary Holding Account - Swedish Contribution	163001	11 155	( 11 155)		
Integral Model of Health Development with Social Participation	163117	1 215 018	3 669 676	4 699 275	185 419
Health Development Programmes in Central America 2005-2007 Social Protection in Health	163122	495 352	82 331	577 683	
Health Development Programmes in Central America 2005-2007 Gender and Ethnic Inequities	163123	395 443	( 33 036)	362 407	
Health Development Programmes in Central America 2005-2007 Family and Community Health	163124	1 340 723	( 125 208)	1 215 515	
Health Development Programmes in Central America 2005-2007 Secondment of Swedish Expert	163125	332 558	( 66 048)	266 510	
Support to Health Systems Development Course in Latin and Central America - 2007	163130	21 524	( 21 709)	( 185)	
Harmonization and Alignment Resource in the Health Sector - 2008	163134		58 240	58 240	
Support to SIDA-PAHO Strategic Partnership on the Regional Health Programme in Central America 2008-2010 - Social Protection in Health	163135		731 290	432 759	298 531
Support to SIDA-PAHO Strategic Partnership on the Regional Health Programme in Central America 2008-2010 - Family and Adolescent Health	163136		877 548	444 940	432 608
Support to SIDA-PAHO Strategic Partnership on the Regional Health Programme in Central America 2008-2010 - Gender Equality in Health	163137		219 387	150 957	68 430
<i>Subtotal</i>		3 811 773	5 381 316	8 208 101	984 988

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>Switzerland</b>					
Improvement of Sanitary Conditions of Rural Areas of Peru	246006	44 051	54 996	99 047	
<i>Subtotal</i>		44 051	54 996	99 047	
<b>United Kingdom</b>					
Communicable Disease Control Project	140033	122	( 8 810)	( 8 688)	
Prevention and Control of STI/HIV/AIDS	140046	35 298	( 35 298)		
Support to PAHO Member States for Prevention and Control of STI/HIV/AIDS	140050	67 069	270 384	337 453	
Emergency Preparedness and Disaster Relief Coordination Programme	140057	617 490	( 128)	617 362	
Tortola Workshop on the Management of Mass Fatalities after Natural Disasters - December 2006	140058	3 994		3 994	
Water and Sanitation Baseline Assessment and Hygiene Promotion in East Coast Demerara and West Coast Demerara, Including Preliminary Studies for a National Sanitation Strategy	140059	270 548	76 668	347 216	
Leadership and Health Workforce Development	218001	120 000		87 462	32 538
Strengthen the Development of Public Health Workforce	218002		238 332	26 481	211 851
<i>Subtotal</i>		1 114 521	541 148	1 411 280	244 389
<b>United States of America</b>					
Antimicrobial Resistance in the Americas	002081		( 385)	( 385)	
Strengthening the National Program for the Control of TB	002096	( 7 329)	1 000 738	993 409	
Inter-American Coalition for the Prevention of Violence	002101	( 10 005)	10 005		
Reduction of the Public Health Risk of Disasters	002102	15 596	1 195 991	1 211 587	
Program in Infectious Diseases Maternal/Neonatal and Health Systems	002108	( 204 034)	5 375 000	5 171 445	( 479)
Surveillance and Containment of Antimicrobial Resistance in Dominican Republic	002109	( 1 550)	59 982	58 432	
Expansion of Directly Observed Treatment Short-course Strategy for Tuberculosis	002116	( 8 136)	2 412 000	2 450 002	( 46 138)



(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
The Development of Hurricane Hazard Maps for the Caribbean Basin	002121		119 185	119 185	
Strengthen Health Systems and Services in Context of Primary Health Care	002122		2 418 000	2 420 497	( 2 497)
Avian and Pandemic Influenza Preparedness in the Caribbean	002126		910 000	917 323	( 7 323)
Health Support for Displaced and Vulnerable Populations in Priority Departments in Colombia: Huila, Putamayo Norte de Santander and Cauca	002127		864 500	858 272	6 228
Support the Amazon Malaria Initiative (AMI) and the South America Infectious Diseases Initiative (SAIDI) over a 3 year period	002129		1 750 000	1 784 330	( 34 330)
Capacity Development & System Strengthening Support, and Institutional Strengthening in the Technical Areas of ARV Services, TB Services and Strategic Information to the Ministry of Health 2008 - Guyana	002130		134 000	148 141	( 14 141)
A Secure and Disaster Resilient Health Sector in the Americas	002131		628 000	635 208	( 7 208)
Influenza Materials Printing	002133		14 979	14 979	
Elimination of Measles, Rubella and Congenital Rubella Syndrome (CRS) in the Americas - Year 4	028049	( 72 495)	1 535 574	1 463 079	
Elimination of Measles, Rubella and Congenital Rubella Syndrome (CRS) in the Americas - Year 5	028050		5 630 198	5 826 088	( 195 890)
Environmental Health in Latin America and the Caribbean - Year 5	028051	( 50 900)	62 220	11 320	
Health Promotion and Non- Communicable Disease and Injury Initiatives Prevention in Latin America and the Caribbean	028056	( 10 780)	10 780		
Health Promotion and Non-Communicable Disease and Injury Prevention Initiatives in Latin America and the Caribbean	028057	( 69)	225 640	225 571	
Health Promotion and Non-Communicable Disease and Injury Prevention Initiatives in Latin America and the Caribbean - Year 4	028058		438 629	438 629	
Coordination of Comprehensive Emerging Infectious Disease Plans - Year 4	028060	( 7 703)	8 136	433	
Coordination of Comprehensive Emerging Infectious Disease Plans - Year 5	028061	( 7 113)	1 463 993	1 465 305	( 8 425)

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Centers for Disease Control and Prevention (CDC) - Purchase Orders 06-07	028064	( 7 998)	7 998		
Central American Diabetes Initiative (CAMDI) Enhancing Capacity to Monitor Diabetes and Other Chronic Diseases	028065	( 409)	790	381	
Diabetes Prevention and Control in the Americas - The Central America Diabetes Initiative (CAMDI) III: Enhancing Capacity to Monitor Diabetes and other Chronic Diseases	028066	( 2 055)	58 944	56 889	
Diabetes Prevention and Control in the Americas - The Central America Diabetes Initiative (CAMDI) III: Enhancing Capacity to Monitor Diabetes and other Chronic Diseases - Year 3	028067		86 352	86 352	
Influenza Preparedness in the Americas Region - Year 1	028069	( 1 024)	( 572)	( 1 596)	
Influenza Preparedness in the Americas Region - Year 2	028070	( 11 530)	593 647	582 117	
Influenza Preparedness in the Americas Region - Year 3	028071		2 018 608	2 057 407	( 38 799)
Influenza Preparedness in the Americas Region - Year 4	028072		85 000	129 584	( 44 584)
U.S. Mexico Border Diabetes Prevention and Control - Phase II	028075	( 8 347)	168 720	160 373	
Phase II: U.S. Mexico Border Diabetes Prevention and Control Project	028076		368 000	389 850	( 21 850)
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas - Year 1	028077		657 170	657 170	
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas - Year 2	028078		127 000	137 877	( 10 877)
Improving Capacity to Monitor the HIV/AIDS Epidemic in the Caribbean	028082		112 249	112 249	
Strengthening Immunization Programs in the Americas - Year 1	028085		2 556 545	2 739 754	( 183 209)
US/Mexico Border Diabetes Prevention and Control Project (DPCP) Initiative	040015	9 306	( 11)	9 295	
US/Mexico Border Diabetes Prevention and Control Project (DPCP) Initiative	040023	281 101	( 8)	281 093	
Promoting Cross-National Research on Aging for Policy Formulation	040027	6 413		2 449	3 964
US/Mexico Border Diabetes Prevention and Control Project (DPCP) Initiative - Amendment 7	040030	14 263		14 263	
US/Mexico Border Diabetes Prevention and Control Project (DPCP) Initiative - Amendment 8	040033	38 099	( 142)	37 957	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Environmental Health in Latin America and the Caribbean	046007	( 1 797)	249 430	247 633	
Improving Environmental Public Health in the Americas	046008	( 3 244)	6 762	3 518	
Cardiovascular Disease Prevention and Control in the Americas	137016	188 258		151 567	36 691
Center for Reproduction and Conservation of Primates (PPP/CRPC)	137017	167 094		166 198	896
Support of Activities related to the Inter American Group for Eradication of Foot-and-Mouth Disease (GIEFA)	190006		14 999	14 999	
Internally Displaced People and Refugees of Colombia	374003		( 75)	( 75)	
Improved Health Response for Colombian Internally Displaced Population (IDPs)	374006	2 652	( 2 652)		
Health for Internally Displaced Population in Colombia and Refugees in Neighboring Countries	374007	( 36 146)	120 249	83 949	154
Improve Health Response for Internally Displaced Population in Colombia and Refugees in Neighboring Countries	374008		400 422	400 422	
Improved Health for Internally Displaced Population (IDPs) in Colombia and Refugees in Neighboring Countries	374009		60 000	40 341	19 659
Mental Health Research Development in Latin America	433002	( 7 488)	38 852	31 364	
<i>Subtotal</i>		262 630	33 995 442	34 806 230	( 548 158)
<b>Venezuela</b>					
The Final Stage of Rubella Elimination & Polio Eradication	089013			562 234	( 562 234)
<i>Subtotal</i>				562 234	( 562 234)
<b>Total - Government Financing (External Projects)</b>		45 798 156	125 416 688	115 051 922	56 162 922
<b>II. Government Financing (Internal Projects)</b>					
<b>Argentina</b>					
Managerial Support for National Health Development	059001	171 086	169 098	274 906	65 278
Communication Plan to Support Rubella Vaccination Campaign - 2006	059031	39 262		38 349	913

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Strengthen Management Capacity of Human Resources in Health - Chubut	059033		21 825	10 396	11 429
Support Ministry of Health in Development & Implementation of Management System	059034		254 320	147 390	106 930
Action Plan for the Strengthening of the Public Health in the Province "Entre Ríos"	059035		233 246	2 587	230 659
Improvement of Health Population of Cuenca Matanza Riachuelo	059036		609 055	124 535	484 520
Virtual Service Development (NACI)	059037		180 000	179 401	599
First World Fair of Healthy Municipals - 2009	059038		235 000	233 332	1 668
Intensified Surveillance ETI-IRAG in Argentina	059039		1 175 051		1 175 051
Improved Monitoring of Clinical and Epidemiological Viral Factors in the Immune Response to the Infection by New Influenza A H1N1	059040		86 335		86 335
<i>Subtotal</i>		210 348	2 963 930	1 010 896	2 163 382
<i>Bahamas</i>					
Technical Cooperation in Public Health Fund	380003		14 050	14 050	
<i>Subtotal</i>			14 050	14 050	
<i>Bolivia</i>					
Epidemiologic Shield to Support Health Sector Reform	062040	25 158	( 25 158)		
<i>Subtotal</i>		25 158	( 25 158)		
<i>Brazil</i>					
Integrated Network for Health Information	063084	1 781 935		1 307 447	474 488
Strategic Restructuring of Management in Ministry of Health	063103	2 342 176	1 591 022	1 903 619	2 029 579
Eradication of <i>Aedes aegypti</i>	063109	1 210 336	4 181 564	3 350 429	2 041 471
Municipal Organization for One Health System	063124	33 205 476	17 907 718	30 494 034	20 619 160
Improve Activities of the National Health Council	063134	8 343	858 862	458 995	408 210
Development of Pharmaceutical Assistance	063137	1 396 994	5 174 154	3 505 021	3 066 127
National Program Control of Tuberculosis	063151	5 026 124	4 327 486	4 644 646	4 708 964

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Epidemiological and Environmental Surveillance	063166	5 410 349	24 528 641	20 210 528	9 728 462
Optimization of Sanitary Surveillance Activities in the Health System	063167	47 050	( 2)	47 048	
Decentralized Management Qualification/"SUS"	063168	3 296 256		1 371 241	1 925 015
Reorganization of National System Sanitary Surveillance	063171	768 495	3 369 513	2 058 786	2 079 222
Program Qualification of Supplemental Health	063172	1 339 003		592 097	746 906
Development and Organization of Health Systems and Services	063173	1 901 809	20 538 963	10 196 437	12 244 335
Support of the Implementation of the Policy of Strategic and Participatory Management of "SUS"	063174	1 613 941	6 113 872	5 644 999	2 082 814
Economy of Health	063175	556 231	3 431 579	2 580 147	1 407 663
Development of Human Resources in Health	063177	5 632 598		3 080 965	2 551 633
Development of Management System of Technology in Health	063178	3 450 930	8 190 393	9 098 299	2 543 024
National Coordination of the Health in the Mercosur	063179	261 150	564 759	802 898	23 011
Family Health - Food and Nutrition	063180	3 599 130	16 958 942	11 276 192	9 281 880
Environmental Health / Institutional Strengthening and Training Human Resources for FUNASA	063182	401 352	4 513 893	2 245 953	2 669 292
Quality Program "Sistema Unico de Saude (SUS)"	063183	3 529 181	11 143 138	10 543 618	4 128 701
Implementation of National Policies on Blood	063184	911 791		171 303	740 488
Strength of Objectives and Directives SUS in Sao Paulo	063187		1 603 913	675 437	928 476
International Meeting on Access to High Cost Medicines Limited Source	063188		88 889	86 416	2 473
CANCER Network	063190		3 804 062	1 491 179	2 312 883
Health Surveillance, Promotion and Prevention	063191		2 524 768	1 488 244	1 036 524
Strengthening of Objectives and Directives of SUS in Bahia State	063192		538 031	209 191	328 840
Management of Work and Health Education	063194		21 810 261	5 015 173	16 795 088
Institutional Strengthening and Advisory Services of International affairs of the Ministry of Health - AISA	063195		1 518 375	308 195	1 210 180
<i>Subtotal</i>		77 690 650	165 282 796	134 858 537	108 114 909

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>Chile</b>					
Promotion of Bioethics	064004	460 905	99 937	442 293	118 549
<i>Subtotal</i>		460 905	99 937	442 293	118 549
<b>Colombia</b>					
Strengthening of Institutional Management / "Secretaria Distrital de Salud"	066058	209 175	( 29 722)	179 453	
Systematization Primary Health Care, Food Safety and Nutrition	066059	201 920	( 7 459)	194 461	
San Andrés Healthy Phase II	066061		1 366 311	839 071	527 240
Information and Diagnosis in the Health Status of Ethnic Groups in Colombia	066062		105 072	105 072	
Support to the National Public Health Plan Psychosocial Intervention and Reestablishment of Human Rights of Internally Displaced Population (IDP)	066063		422 545	415 708	6 837
Development Implementation and Evaluation of Actions and Strategies of the Components of the National Plan of Public Health of the Ministry	066064		100 648	100 648	
	066066		2 984 433	2 398 523	585 910
<i>Subtotal</i>		411 095	4 941 828	4 232 936	1 119 987
<b>Costa Rica</b>					
Commissioning of the Mexico Hospital Linear Accelerator	017002		22 702	22 702	
<i>Subtotal</i>			22 702	22 702	
<b>Cuba</b>					
Managerial Support for National Health Development	067001	500	( 500)		
<i>Subtotal</i>		500	( 500)		
<b>Ecuador</b>					
Develop Social Communication Program for Improved Access to Health Services	069020		692 000	635 725	56 275
<i>Subtotal</i>			692 000	635 725	56 275

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>Guatemala</b>					
Support for the Child Protection Fund	072010	116 647	( 80 646)	36 001	
Technical and Integral Development for Division of Record and Control of LUCAM	072012	365 893	( 272 233)	93 660	
Technical and Integral Development for the Division of Food and Drugs	072013	4 554	( 4 554)		
Multisectorial Initiative to Reduce Malaria in Five Priority Areas in Guatemala	072016	11 492	( 11 528)	( 36)	
Integrated Development Division Regulator, Surveillance and Health Control - Phase II	072017		361 358	282 796	<b>78 562</b>
<i>Subtotal</i>		498 586	( 7 603)	412 421	<b>78 562</b>
<b>Guyana</b>					
Animal Health Surveillance System	330005	16 773	( 92)	16 681	
<i>Subtotal</i>		16 773	( 92)	16 681	
<b>Mexico</b>					
International Conference HIV/AIDS, Mexico - August 2008	076018	859 070	288 026	1 147 096	
Purchase of Insecticides/Combating the Epidemiological Emergency in Honduras	076020		72 816	72 816	
Strengthening of Actions of Road Safety Promotion - 2008	076021		537 404	536 646	<b>758</b>
<i>Subtotal</i>		859 070	898 246	1 756 558	<b>758</b>
<b>Panama</b>					
Support to Management Infrastructure of the Ministry of Health	079012		( 367)	( 367)	
<i>Subtotal</i>			( 367)	( 367)	
<b>Paraguay</b>					
Strategic Plan Strengthening Epidemiology Surveillance and Dengue Control	080018	33 110	16 839	49 949	
<i>Subtotal</i>		33 110	16 839	49 949	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>Peru</b>					
Managerial Support for National Health Development	081003	419 418	765 238	668 704	515 952
Worldwide Survey on Mental Health	081039	28 735		28 735	
<i>Subtotal</i>		448 153	765 238	697 439	515 952
<b>Suriname</b>					
Implementation of HIV Related Behavioral Surveillance Surveys in Suriname	082006	54 594	17 123	71 717	
<i>Subtotal</i>		54 594	17 123	71 717	
<b>Uruguay</b>					
National Survey Risk Factor for NCD in Uruguay	087010	3 184	( 12)	3 172	
Animal Health Strategic Plan	087012		8 958	8 958	
<i>Subtotal</i>		3 184	8 946	12 130	
<b>Total - Government Financing (Internal Projects)</b>		80 712 126	175 689 915	144 233 667	112 168 374
<b>Total - Government Financing</b>		126 510 282	301 106 603	259 285 589	168 331 296
<b>III. International Organizations</b>					
<b>Caribbean Community (CARICOM)</b>					
<b>Secretariat</b>					
Public Health Program Support Cricket World Cup - 2007	018013	60 364		33 594	26 770
The Pan Caribbean Partnership Against HIV/AIDS Project	018015			107 071	( 107 071)
<i>Subtotal</i>		60 364		140 665	( 80 301)
<b>Caribbean Development Bank</b>					
Leaders Course/Development and Disasters/Focus on Health - 2005/06	021008	1 759		1 759	
<i>Subtotal</i>		1 759		1 759	



(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b><i>European Community</i></b>					
Strengthening Local Health Disaster Management in the Andean Region-Bolivia, Colombia, Ecuador, Peru and Venezuela	049054	( 83 168)	82 422	( 746)	
Safe Local Hospitals: Pilot Strategy to Promote and Improve Disaster and Emergency Health Preparedness - Bolivia, Ecuador and Peru	049060	427 686		533 876	( 106 190)
Strengthen the Colombian Health System's Capacity and Coordination to Meet IDP Needs in the Most Critical Departments with New Cases of Displacement	049061	292 220	45 353	336 901	672
Strengthening Communities through Safer Health Facilities in the Caribbean	049063	374 221		454 019	( 79 798)
Support Healthcare Response for Internally Displaced Persons in Colombia (IPD's)	049066		265 801	329 298	( 63 497)
Multi Antigen National Vaccination Campaign, Haiti	049067		565 720	693 042	( 127 322)
Strengthening the Integration of the British & Dutch OCT's in the Regional Response within the PANCAP Framework	049068		1 075 163	854 127	221 036
Strengthening of Communities through Safe Health Facilities in Central America: A Safe Hospital Programme with Local Perspective	049069		456 157	380 051	76 106
Preparedness for Emerging and Re-Emerging Infectious Diseases Outbreaks in Priority Countries of Latin America and the Caribbean (LAC)	049072		397 269	469 131	( 71 862)
Strengthening Health Response for Communities Affected by Acute Displacement in four Departments of Colombia	049073		225 839	88 561	137 278
Safe Hospitals: Strengthening Disaster Preparedness at the Local Level, Argentina, Colombia, Bolivia, Ecuador, Paraguay and Uruguay	049074		911 488	139 781	771 707
Response to Diphtheria Outbreak in Port-au-Prince, Haiti	049076		58 605	28 437	30 168
Development of a Disaster Information Network in the Andean Community (CAN) Region	447001	( 35 801)	76 542	40 741	
<b><i>Subtotal</i></b>		<b>975 158</b>	<b>4 160 359</b>	<b>4 347 219</b>	<b>788 298</b>

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b><i>Inter-American Development Bank</i></b>					
Early Implementation of a Comprehensive HIV/AIDS Care Program	091026	663	( 663)		
Prevention and Control of A H1N1 and Other Infectious Diseases in Latin America and the Caribbean	091028		1 500 000	3 791	1 496 209
<i>Subtotal</i>		663	1 499 337	3 791	1 496 209
<b><i>International Bank for Reconstruction and Development (World Bank)</i></b>					
Training Program towards Laboratory Environment	191039	20 036	( 10)	20 026	
Emergency Health Interventions in Haiti Prevention and Treatment of Communicable Diseases and Healthy Schools - Phase 2	199028	44 548	( 89 760)	( 45 212)	
<i>Subtotal</i>		64 584	( 89 770)	( 25 186)	
<b><i>Joint United Nations Program on AIDS (UNAIDS)</i></b>					
Program Acceleration Funds (FAP) - Dominican Republic - 2004/2005	191049	43 297	( 13 433)	29 864	
Program Acceleration Funds (FAP) - Belize	191051	2 723	( 48)	2 675	
Program Acceleration Funds (FAP/UNAIDS) - Venezuela	191056	467	( 467)		
Growing Feminization of the Epidemic and the Specific Vulnerability of Women to HIV	191060	6 617		6 617	
Program Acceleration Funds (FAP/UNAIDS) - Phase II	191062	46 075		46 075	
Strengthen Communication Techniques for People Living with HIV/AIDS	191063	67 046		66 229	817
Program Acceleration Funds (FAP/UNAIDS)	191064	4 915	( 13)	4 902	
Advocacy and Human Rights for Persons Living with HIV/AIDS and Engagement of Sex Workers and Men who have Sex with Men in the AIDS Response	191065		58 483	58 483	
OECS Global Funds Activities in Eastern Caribbean Countries (PAF/UNAIDS)	191067		230 298	138 448	91 850
HIV Epidemiology Surveillance (PAF/UNAIDS Funds 2007 - 2008)	191074		49 500	1 968	47 532

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Programme Acceleration Funds (PAF) Estimation of Risk Population for HIV in Argentina	191079		28 150	28 150	
Barbados Strengthening HIV/STI Prevention and UN Theme Group Joint Team (PAF/UNAIDS)	191085		61 740	15 795	45 945
Economic Governance in the Water and Sanitation Sector in the RAAN and RAAS - Nicaragua	191086		144 450	108 629	35 821
Programme Acceleration Funds (PAF funds)	191098		49 980	49 980	
Strengthening Comprehensive Sexuality Education and its Role in HIV Prevention in Latin America and the Caribbean	332074		147 125	124 922	22 203
<i>Subtotal</i>		171 140	755 765	682 737	244 168
<b>United Nations Children's Fund (UNICEF)</b>					
Cooperation in Disaster Preparedness	187078	14 047	( 10 470)	3 577	
Reimbursable Loan from PAHO/WHO and the United Nations Children's Fund (UNICEF)	187080		73 126	61 120	12 006
Infant Mortality at Caribbean Coast and Rio San Juan	187081		4 992	4 992	
Woman's Health Situation in Nicaragua	187082		7 957	7 957	
<i>Subtotal</i>		14 047	75 605	77 646	12 006
<b>United Nations Development Fund for Women (UNIFEM)</b>					
Key Components of Laws and Policies on Domestic Violence Against Women in Latin America and the Caribbean	421004	( 1 221)	2 000	779	
Publication of the Statistical Brochure "Gender, Health and Development in the Americas Basic Indicators 2007"	421005		9 241	9 241	
<i>Subtotal</i>		8 020	2 000	10 020	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>United Nations Development Program (UNDP)</b>					
Regulation and Access of Essential Generic Medicines	191045	( 24 135)	10 999	( 13 136)	
Joint Program for the Support of Human Security in Honduras	191058	146 663	151 169	292 797	5 035
National Disaster in Peru / Damage Limit to Risk Management and Prevention	191059	43 303	78 996	119 559	2 740
Hurricane FELIX Water and Sanitation Infrastructure Affected in the Health Units	191069		100 642	100 642	
<i>Subtotal</i>		165 831	341 806	499 862	7 775
<b>United Nations Environment Program (UNEP)</b>					
Regional Alternatives to DDT for Malaria Vector Control	195002	1 963 327	( 50 000)	1 633 356	279 971
<i>Subtotal</i>		1 963 327	( 50 000)	1 633 356	279 971
<b>United Nations International Strategy for Disaster Reduction (ISDR)</b>					
Collaboration in the Americas to Reduce Social and Health Impact of Disasters - II	368003	417 384	( 36 853)	380 531	
Global Facility for Disaster Reduction and Recovery	368005		1 647 965	1 325 353	322 612
Global Facility for Disaster Reduction and Recovery	368006		856 900	748 151	108 749
<i>Subtotal</i>		417 384	2 468 012	2 454 035	431 361
<b>United Nations Office for the Coordination of Humanitarian Affairs (OCHA)</b>					
Essential Drugs for Emergency Obstetric Care within the Free Obstetric Care Project	401002		129 067	129 067	
<i>Subtotal</i>			129 067	129 067	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>United Nations Population Fund (UNFPA)</b>					
Publication of the Statistical Brochure "Gender, Health and Development in the Americas Basic Indicators 2007"	278004	3 652	( 109)	3 543	
Strengthening Universal Health Systems	278007		34 500	34 500	
Woman's Health Situation in Nicaragua	278009		3 500	3 500	
Gender and Health Profile in the Americas	278010		17 500	15 130	2 370
<i>Subtotal</i>		3 652	55 391	56 673	2 370
<b>United Nations Trust Fund for Human Security (UNTFHS)</b>					
Strengthen Human Security in Three Municipalities - El Salvador	191078		102 008	68 211	33 797
Sustained Improvement of Human Security in the City of Sao Paulo thorough Humanization Actions in Public Schools, Health Services and Communities	399002		251 416	134 668	116 748
Human Security for the Adolescent: Empowerment and Protection against Violence, Early Pregnancy, Maternal Mortality and HIV/AIDS	399003		131 610	21 775	109 835
<i>Subtotal</i>			485 034	224 654	260 380
<b>Total - International Organizations</b>		3 845 929	9 832 606	10 236 298	3 442 237

**IV. Private and Public Sector****Albert B. Sabin Institute**

Elimination of Rubella and Congenital Rubella Syndrome in the Americas	397002	86 357	( 20 360)	65 997	
Guide on Surveillance on Diarrheal Diseases Caused by Rotavirus	397003	6 879	( 12)	6 867	
Support Workshop in Rotavirus Vaccine Virus Concentration Test - Venezuela - June 2006	397004	294	( 294)		
Introduction of the Rotavirus Vaccine in the Americas	397005	131 225	( 18 663)	112 562	
Surveillance of Human Papilloma Virus (HPV) Related Disease in Jamaica	397006		169 500	14 738	154 762
The Final Stage of Rubella and Congenital Rubella Syndrome Elimination in the Americas	397007		500 000	495 704	4 296

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Introduction of the Rotavirus Vaccine in the Americas	397008		180 800	3 404	177 396
Elimination of Neglected Diseases and other Poverty-Related Infections	397009		700 000	40 010	659 990
<i>Subtotal</i>		224 755	1 510 971	739 282	996 444
<b>American Thoracic Society</b>					
Donation to Promote the Practical Approach to Lung Disease in Low Tuberculosis Prevalence Countries in Latin America	449001	3 141		3 141	
<i>Subtotal</i>		3 141		3 141	
<b>CDC Foundation</b>					
Bloomberg Initiative to Reduce Tobacco Use (GATS)	460001		2 318 398	1 828 680	489 718
The Global Adult Tobacco Survey (GATS) Pretest and Implementation	460002		10 829	8 638	2 191
<i>Subtotal</i>			2 329 227	1 837 318	491 909
<b>Ford Foundation</b>					
Mainstreaming Gender Equity in Health Sector Reform	053001	14 803	( 14 803)		
National Observatory on Health Sector Reform in Chile	053002	975	( 975)		
<i>Subtotal</i>		15 778	( 15 778)		
<b>Global Alliance V. I. (GAVI)</b>					
Support to Immunization Activities in Haiti	387001	1 275	( 1)	1 274	
Injection Safety Project - Honduras	387002	54 111	2	54 113	
Injection Safety Project - Haiti	387003	2 224		2 224	
Injection Safety Project - Bolivia	387004	252 722	272 000	63 142	461 580
Injection Safety Project - Cuba	387005	144 489	189 500	123 767	210 222
Injection Safety Project - Nicaragua	387006	162 185	30 500	106 818	85 867
Strengthening of the Immunization Systems (ISS)	387007	24 230	46 500	70 723	7
Improvement of Cold Chain Transport Training, and Waste Disposal Units for Injection Safety	387008	105 556		93 756	11 800
Support the Immunization Services (ISS) of Bolivia 2007-2009	387009	71 875	71 875	73 904	69 846

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
Immunization Services Support Guyana 06-07	387010	15 000	15 000	29 646	354
New Vaccine Support for Introduction of Pneumococcal and Rotavirus Vaccines in Guyana	387011		200 000	143 148	56 852
New Vaccines for Immunization Services Support in Bolivia	387012		100 000	77 365	22 635
New Vaccine Support for Introduction of Pneumococcal and Rotavirus Vaccines in Honduras	387013		200 000	72 410	127 590
Contribution to Support the Introduction of new Vaccines and for Immunization Services Support in Nicaragua	387014		100 000	4 365	95 635
Health Systems Strengthening in Honduras	387015		607 000	541 824	65 176
<i>Subtotal</i>		833 667	1 832 376	1 458 479	1 207 564
<b>Global Forum Health Research</b>					
2008 Global Ministerial Forum on Research for Health	461001		50 000	49 394	606
<i>Subtotal</i>			50 000	49 394	606
<b>Income from Project Services</b>					
PROMESS: Sale of Vaccines and Essential Drugs	099020	756 003	2 843 620	3 110 673	488 950
<i>Subtotal</i>		756 003	2 843 620	3 110 673	488 950
<b>International Diabetes Federation</b>					
Support of the Study of the Cost of Diabetes in Latin America	345004	21 667		2 006	19 661
<i>Subtotal</i>		21 667		2 006	19 661
<b>International Life Sciences Institute</b>					
Healthy Lifestyles - Healthy People	302006	23 108	( 582)	22 526	
<i>Subtotal</i>		23 108	( 582)	22 526	

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>IPAS</b>					
Collaboration to include Abortion-related Variables in the Perinatal Information System	455001	50 000	55 171	105 171	
<i>Subtotal</i>		50 000	55 171	105 171	
<b>Johns Hopkins School of Public Health</b>					
Surveillance of Vaccine - Preventable Bacterial Diseases in the Region of the Americas: SIREVA II	366004	62 937	231 723	294 660	
ProVac Initiative to Develop Economic Evaluations to Countries Introducing Pneumococcal Vaccine in the Latin America and Caribbean Region	366005		141 695	141 695	
<i>Subtotal</i>		62 937	373 418	436 355	
<b>March of Dimes</b>					
Reduction of Vertical Transmission of Infectious Diseases in the Latin American and Caribbean Regions	353005	6 405	8 090	14 495	
<i>Subtotal</i>		6 405	8 090	14 495	
<b>Micronutrient Initiative</b>					
Iron Deficiency Anemia Control in Children under 2 Years of Age	436001	35 813	( 26 663)	9 150	
Fortification of Wheat Flour and Complementary Programs - Peru	436002		4 569	4 569	
<i>Subtotal</i>		35 813	( 22 094)	13 719	
<b>Mormon Church, Latter-Day Saints</b>					
Measles and Rubella Campaign in Guatemala	367003	184	( 184)		
Multi-Antigen Campaign in Haiti	367004	500 000	( 14 874)	485 126	
Measles and Rubella Campaign in Bolivia	367005	50 000	( 3 785)	46 215	
<i>Subtotal</i>		550 184	( 18 843)	531 341	



(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b><i>National Safety Council</i></b>					
XVII World Congress on Health & Safety at Work	440001		7 417	7 417	
<i>Subtotal</i>			7 417	7 417	
<b><i>Pan American Health and Education Foundation (PAHEF)</i></b>					
Prevention of Cervical Cancer in Latin America and the Caribbean	144001		( 12 716)	( 12 716)	
Prevention of Cervical Cancer in Latin America and the Caribbean - Phase II	144008	403 821	( 8 925)	394 896	
Expansion of Central American Diabetes Initiative to Belize & Panama	144010	28 308		24 789	3 519
Improving the Availability of Blood for Patients in Guatemala and Paraguay	144011	10 992	( 2 240)	8 752	
Healthy People: Live Healthy, Live Well	144013	6 842	( 6 842)		
Revista Ethos Gubernamental IV ETHOS IV	144019	19 720	( 16 745)	2 975	
The VIII Regional Meeting of the Observatories of Human Resources for Health	144020	41 515		41 515	
Gender Ethnicity and Reproductive Health Among Indigenous Population in the Colombian-Ecuadorian Frontier	144021	11 701	7 328	19 029	
Purchase of Equipment - Malaria Outbreak Severe Psychiatric Disorders in Indigenous Populations of Guatemala	144022	163	( 163)		
Capitalizing the PAHO Revolving Fund for Sustainable Vaccine Supply to the Americas	144024	378 000		378 000	
Specialization Program on Managing Health Programs and Services for Older Adults	144025		22 500	17 698	4 802
Sub Regional Workshop X-ray Equipment Maintenance and Repairs	144026		6 812	6 812	
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		1 167 830	212 485	955 345
Improving Surveillance and Characterization of Meningococcal Disease in the Latin American Region	144029		382 301		382 301
Technical Cooperation Project-School Takove Katu	144030		13 500	12 895	605

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
A Center of Excellence to Counter Chronic Disease on the U.S. Mexico Border	144031		113 228	15 432	97 796
<i>Subtotal</i>		922 319	1 664 331	1 142 282	1 444 368
<b>Program for Appropriate Technology in Health (PATH)</b>					
Assessing the Impact of a National Introduction of Rotavirus Vaccine in Reducing Severe Rotavirus Diarrhea Among Children in Nicaragua	375002	66 348	140 000	215 619	(9 271)
Assessing the Impact of a National Introduction of Rotavirus Vaccine in Reducing Severe Rotavirus Diarrhea Among Children in El Salvador	375003	75 000	215 000	299 255	(9 255)
Assess and Monitor Safety of Oral Rotavirus Vaccine in Mexico	375004		410 180	396 141	14 039
Post Marketing Safety Monitoring for Oral Rotavirus Vaccines in Brazil	375005		280 153	312 935	(32 782)
Hospital Based Surveillance Gastroenteritis - Honduras	419004	(28 902)	25 411	(3 491)	
<i>Subtotal</i>		112 446	1 070 744	1 220 459	(37 269)
<b>Rockefeller Foundation</b>					
Making the eHealth Connection: Global Partnerships, Global Solutions	156018		305 350	305 350	
<i>Subtotal</i>			305 350	305 350	
<b>Royal Commonwealth Society for the Blind</b>					
Prevention of Blindness for 2006-2008	203008	18 252	32 877	51 129	
Regional Program for the Prevention of Blindness 2009 - 2011	203009		25 391	24 198	1 193
<i>Subtotal</i>		18 252	58 268	75 327	1 193

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b><i>Texas Children's Hospital</i></b>					
Production of V TAG Meeting Report	459001		9 675	9 675	
Production of VI TAG Meeting Report	459002		15 000		15 000
Seventh Meeting (VII) of the Technical Advisory Group on " Integrated Management of Child Illnesses Strategy" IMCI	459003			8 301	(8 301)
<i>Subtotal</i>			24 675	17 976	6 699
<b><i>The Global Fund (GFATM)</i></b>					
Scaling up the Regional Response to HIV/AIDS through the PANCAP	018012	116 028	(120 799)	(4 771)	
Scaling up the Regional Response to HIV/AIDS through the Pan Caribbean Partnership (PANCAP) Against HIV/AIDS in the Caribbean	018014		1 743 906	1 632 803	111 103
<i>Subtotal</i>		116 028	1 623 107	1 628 032	111 103
<b><i>Various Grantors (Undesignated Contributions)</i></b>					
PAHO Award for Immunization	215017	47 480	2 409		49 889
Support to the Bioethics Program	215025	114 672		83 132	31 540
Regional Task Force for Maternal Mortality Reduction	215041	2 706	(6)	2 700	
Multiactivities Financed by Small Contributions to PAHO during 2004 - 2005	215042	2 791		2 791	
Multiactivities Financed by Small Contributions to PAHO during 2006 - 2007	215050	30 529	2 075	32 604	
Multiactivities Financed by Small Contributions to PAHO during 2008 - 2009	215052		92 423	79 450	12 973
Contribution by the Colombian Association of Hospitals and Clinics for the 8th Colombian Congress of Hospitals and Clinics	215053		18 361	18 361	
<i>Subtotal</i>		198 178	115 262	219 038	94 402

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b><i>Vision Mundial</i></b>					
Stop Tuberculosis - Strengthening of New DOTS Strategy in Guatemala	351002		119 644	119 644	
<i>Subtotal</i>			119 644	119 644	
<b><i>World Diabetes Foundation</i></b>					
Integrated Chronic Disease Management Model	418002	65 792	46 400	108 536	3 656
Diabetes E-learning for Health Professionals: Increasing Capacity of the Americas	418004	105 500	105 500	146 671	64 329
E-access to Diabetes Education and Information (EADEI)	418005	33 000	33 000	61 141	4 859
Guiding and Supporting National Quality Improvement Initiatives for Diabetes in less well served parts of the world: A Proof of Concept Project in the Caribbean	418006		150 000	80 278	69 722
<i>Subtotal</i>		204 292	334 900	396 626	142 566
<b>Total - Private and Public Sector</b>		4 154 973	14 269 274	13 456 051	4 968 196

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>V. Voluntary Contributions</b>					
Voluntary Contributions Priority Programs - Member States -Cayman Islands, Guatemala, Saint Kitts & Nevis, Venezuela and Trinidad & Tobago	444001	12 534	223 971	200 381	36 124
Bequest to PAHO from the Lydia Behm Trust	454001	196 401		140 000	56 401
<b>Total - Voluntary Contributions</b>		208 935	223 971	340 381	92 525
<b>Total</b>		134 720 119	325 432 454	283 318 319	176 834 254

Balance at 31 December 2009 is represented by:

Receipts in excess of expenditure accumulated on projects held in trust by PAHO	178 847 302
Expenditure funded by PAHO in excess of receipts incurred on projects	(2 013 048)
<b>Total</b>	<b>176 834 254</b>

<sup>1/</sup> Funds Received are shown net of refunds to Donors<sup>2/</sup> The 2008 2009 financial period reflects the conversion of the Trust Fund financial report from a cash basis to an accrual basis of reporting. Therefore, the project expenditure amounts include an end-of-year accrual.<sup>3/</sup> The Trust Fund balance as of 31 December 2009 does not include \$512,148 due from the Government of Argentina to PAHO for costs incurred by PAHO and charged to the Regular Budget on the Government's behalf in respect to INPPAZ<sup>4/</sup> Balance had not been allocated to any specific project as of 31 December 2009.

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**CARIBBEAN EPIDEMIOLOGY CENTER**

**Caribbean Epidemiology Center**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

	<b>Reference</b>	<b>Regular Budget and Working Capital Fund (Note 9)</b>	<b>Trust Funds (Schedule 8)</b>	<b>Other Funds (Statement V.1)</b>	<b>Subtotal CAREC</b>
<b>Income</b>					
<i>Assessed quota contributions</i>	Schedule 7	4 872 056			4 872 056
<i>Voluntary contributions</i>					
CAREC program activities	Schedule 8		710 105		710 105
Non-CAREC program activities				719 205	719 205
<i>Other income</i>					
Revenue - producing activities				275 042	275 042
Funds received under interorganization arrangements					
Interest income		6 168		133 542	139 710
Currency exchange differential		612			612
Other/Miscellaneous		66 029			66 029
<i>Total Income</i>		4 944 865	710 105	1 127 789	6 782 759
<b>Expenditure</b>					
International health program		4 711 089	526 894	389 390	5 627 373
Other purposes				1 453 185	1 453 185
<i>Total Expenditure</i>		4 711 089	526 894	1 842 575	7 080 558
<b>Excess (Shortfall) of Income Over Expenditure</b>					
		233 776	183 211	( 714 786)	( 297 799)
Provision for delays in the collection of assessed quota contributions	Schedule 7	(1 140 263)			(1 140 263)
Payment of assessed quota contributions for prior years	Schedule 7	1 651 234			1 651 234
<i>Net Excess (Shortfall) of Income Over Expenditure</i>		744 747	183 211	( 714 786)	213 172
Savings on or cancellation of prior periods' obligations		3 393			3 393
Other project adjustments					
Transfers to/from funds		( 80 870)		80 870	
<b>Total Changes in Fund Balances</b>		667 270	183 211	( 633 916)	216 565
<b>Fund Balance, 1 January 2008</b>		663 538	( 183 073)	2 315 529	2 795 994
<b>Fund Balance, 31 December 2009</b>		1 330 808	138	1 681 613	3 012 559

The accompanying notes and schedules are an integral part of the financial statements.



**Caribbean Epidemiology Center**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

Eliminations (Note 11)	PAHO	WHO	Total 2008-2009	Total 2006-2007	
					<b>Income</b>
			4 872 056	4 756 053	Assessed quota contributions
			710 105	4 688 371	Voluntary contributions
( 695 620)			23 585	750	CAREC program activities
					Non-CAREC program activities
( 55 088)			219 954	513 018	Other income
					Revenue - producing activities
	2 359 955	88 615	2 448 570	3 571 770	Funds received under interorganization arrangements
			139 710	178 311	Interest income
			612	9 008	Currency exchange differential
			66 029	3 574	Other/Miscellaneous
( 750 708)	2 359 955	88 615	8 480 621	13 720 855	<b>Total Income</b>
					<b>Expenditure</b>
	2 359 955	88 615	8 075 943	16 127 922	International health program
( 750 708)			702 477		Other purposes
( 750 708)	2 359 955	88 615	8 778 420	16 127 922	<b>Total Expenditure</b>
					<b>Excess (Shortfall) of Income Over Expenditure</b>
			( 297 799)	( 2 407 067)	
			( 1 140 263)	( 1 159 484)	Provision for delays in the collection of assessed quota contributions
			1 651 234	1 140 047	Payment of assessed quota contributions for prior years
					<i>Net Excess (Shortfall) of Income Over Expenditure</i>
			213 172	( 2 426 504)	
			3 393	19 742	Savings on or cancellation of prior periods' obligations
					Other project adjustments
					Transfers to/from funds
			216 565	( 2 406 762)	<b>Total Changes in Fund Balances</b>
			2 795 994	5 202 756	<b>Fund Balance, 1 January 2008</b>
			3 012 559	2 795 994	<b>Fund Balance, 31 December 2009</b>

**Caribbean Epidemiology Center**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Building Fund (Note 5)	Capital Equipment Fund (Note 7)	Special Fund for CAREC Services (Note 6)	Terminal Entitlements Fund (Note 10)	Staff Provident Fund (Note 4)	Total 2008-2009	Total 2006-2007
<b>Income</b>							
<i>Assessed quota contributions</i>							
<i>Voluntary contributions</i>							
CAREC program activities							
Non-CAREC program activities		23 585		338 003	357 617	719 205	946 140
<i>Other income</i>							
Revenue - producing activities			275 042			275 042	1 057 829
Funds received under interorganization arrangements							
Interest income	9 354				124 188	133 542	160 376
Currency exchange differential							
Other/Miscellaneous							
<i>Total Income</i>	9 354	23 585	275 042	338 003	481 805	1 127 789	2 164 345
<b>Expenditure</b>							
International health program			389 390			389 390	1 323 559
Other purposes	91 038	105		427 152	934 890	1 453 185	1 372 926
<i>Total Expenditure</i>	91 038	105	389 390	427 152	934 890	1 842 575	2 696 485
<b>Excess (Shortfall) of Income Over Expenditure</b>							
	( 81 684)	23 480	( 114 348)	( 89 149)	( 453 085)	( 714 786)	( 532 140)
Provision for delays in the collection of assessed quota contributions							
Payment of assessed quota contributions of prior years							
<i>Net Excess (Shortfall) of Income Over Expenditure</i>	( 81 684)	23 480	( 114 348)	( 89 149)	( 453 085)	( 714 786)	( 532 140)
Savings on or cancellation of prior periods' obligations							
Other project adjustments							
Transfers to/from funds				80 870		80 870	243 534
<b>Total Changes in Fund Balances</b>	( 81 684)	23 480	( 114 348)	( 8 279)	( 453 085)	( 633 916)	( 288 606)
<b>Fund Balance, 1 January 2008</b>	191 516	7 792	151 544	334 271	1 630 406	2 315 529	2 604 135
<b>Fund Balance, 31 December 2009</b>	109 832	31 272	37 196	325 992	1 177 321	1 681 613	2 315 529

The accompanying notes and schedules are an integral part of the financial statements.

**Caribbean Epidemiology Center**  
**Statement of Assets, Liabilities, and Reserves and Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Reference	2009	2007
<b>Assets</b>			
Cash and term deposits		1 618 945	2 169 699
Accounts receivable			
Assessed quota contributions due from Members	Schedule 7	3 834 917	4 345 888
Provisions for delays in collection of assessed quota contributions		(3 834 917)	(4 345 888)
Sundry debtors			
Balance due from the Pan American Health Organization for interorganization funding activities		1 572 397	721 919
<b>Total Assets</b>		<b>3 191 342</b>	<b>2 891 618</b>
<b>Liabilities, Reserves and Fund Balances</b>			
<i>Liabilities</i>			
Assessed quota contributions received in advance	Note 8	34 934	30 184
Unliquidated obligations	Note 2f	143 849	65 440
<i>Total Liabilities</i>		<b>178 783</b>	<b>95 624</b>
<i>Reserves and Fund Balances</i>			
Staff Provident Fund	Note 4	1 177 321	1 630 406
Capital Equipment Fund	Note 7	31 272	7 792
Building Fund	Note 5	109 832	191 516
Trust Funds	Schedule 8	138	(183 073)
Special Fund for CAREC Services	Note 6	37 196	151 544
Terminal Entitlements Fund	Note 10	325 992	334 271
Working Capital Fund	Note 9	1 330 808	663 538
<i>Total Reserves and Fund Balances</i>		<b>3 012 559</b>	<b>2 795 994</b>
<b>Total Liabilities, Reserves and Fund Balances</b>		<b>3 191 342</b>	<b>2 891 618</b>

The accompanying notes and schedules are an integral part of the financial statements.

**Caribbean Epidemiology Center  
Statement of Cash Flow  
Financial Period 2008-2009**

(expressed in US dollars)

	2008-2009	2006-2007
<b>Cash Flows from Operating Activities</b>		
Net excess (shortfall) of income over expenditure (Statement V)	213 172	(2 426 504)
(Increase) decrease in sundry debtors		11 967
Increase (decrease) in contributions or payments received in advance	4 750	( 156 205)
Increase (decrease) in unliquidated obligations	78 409	9 945
<i>Less</i> : Interest income	( 139 710)	( 178 311)
<i>Net Cash Flows from Operating Activities</i>	<u>156 621</u>	<u>(2 739 108)</u>
<b>Cash Flows from Investing and Financing Activities</b>		
(Increase) decrease in interorganization funding balance receivable	( 850 478)	2 600 048
<i>Add</i> : Interest income	139 710	178 311
<i>Net Cash Flows from Investing and Financing Activities</i>	<u>( 710 768)</u>	<u>2 778 359</u>
<b>Cash Flows from Other Sources</b>		
Savings on or cancellation of prior periods' obligations	3 393	19 742
Other project adjustments		
<i>Net Cash Flows from Other Sources</i>	<u>3 393</u>	<u>19 742</u>
<b>Net Increase (Decrease) in Cash and Term Deposits</b>	<u>( 550 754)</u>	<u>58 993</u>
<b>Cash and Term Deposits at 1 January 2008</b>	<u>2 169 699</u>	<u>2 110 706</u>
<b>Cash and Term Deposits at 31 December 2009</b>	<u><u>1 618 945</u></u>	<u><u>2 169 699</u></u>

**Caribbean Epidemiology Center**  
**Explanatory Notes to Financial Statements**  
**Financial Period 2008-2009**  
*(expressed in US dollars)*

**1. The Mission of the Caribbean Epidemiology Center**

The mission of the Caribbean Epidemiology Center (CAREC) is to improve the health status of Caribbean people by advancing the capability of member countries in epidemiology, laboratory technology, and related public health disciplines through technical cooperation, service, training, research, and a well-trained, motivated staff.

**2. Accounting Policies**

(a) The Center adheres to PAHO's Financial Regulations and the accounting policies applied to CAREC transactions are stated in the notes to the PAHO financial statements. Some key policies, or those which require further definition in the context of the CAREC statements, are indicated below.

(b) Capital Assets

All assets are charged to expenditure in the biennium of purchase. These assets (mainly non-expendable equipment and vehicles) are therefore not shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement VI). However, items of this nature are recorded in the project and office inventories of the Center.

(c) Income

CAREC's assessed quota contributions as well as PAHO Regular Budget funding (Statement V) are recorded on an accrual basis. All other income is recorded on a cash basis (i.e., when actually received).

(d) Expenditure

All expenditure against CAREC Regular Budget (Statement V) reflects goods and services that were delivered or contractually due to be delivered by 31 December 2009. Resolution CD47.R13 of the 47<sup>th</sup> PAHO Directing Council approved this change in expenditure recognition on 29 September 2006. This new expenditure recognition policy will provide a more direct alignment between the achievement of expected results and the expenditure reported. This basis of recording expenditure also applied to PAHO funds as included in the CAREC Statement of Income and Expenditure and Changes in Fund Balances (Statement V).

Trust Fund project costs (Schedule 8) are recorded on an accrual basis (i.e., in accordance with the Expenditure Recognition Policy).

(e) Fixed-term Deposits

Funds are invested by PAHO within the PAHO portfolio of investments. Interest is apportioned to the CAREC Staff Provident Fund and the CAREC Building Fund based on the balance of the fund during the course of the biennium.

(f) Unliquidated Obligations

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the Financial Period. In accordance with Financial Regulation 4.5 (as amended by Resolution CD47.R13 of the 47<sup>th</sup> Directing Council), appropriations for unliquidated obligations remain available for the following Financial Period to cover the costs of the activities set forth in Financial Regulation 4.2.

Liabilities shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances include unliquidated obligations charged against all CAREC funds.

**(g) Eliminations on Consolidation**

In order to reflect intra-organizational transactions, an Eliminations Column is included in Statement V. Further details are given in Note 11.

**3. Non-expendable Inventory**

The original cost of nonexpendable inventory items valued at \$500 or more held by CAREC as of 31 December 2009 totaled \$1,692,989. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared to maintain effective custody of the physical assets of the Center.

**4. Staff Provident Fund**

All full-time members appointed for one year or more participate in the Provident Fund. Each participating staff member contributes to the Fund an amount equal to 4% of his/her salary while the Center contributes 7%. Upon termination, the staff member receives a lump sum payment of the amounts accumulated in his/her account.

The position of the Staff Provident Fund is:

	<u>2008-2009</u>	<u>2006-2007</u>
Accounts of staff members as of 1 January	1 630 406	1 858 158
Add:		
Contributions of staff members and CAREC	357 617 <sup>1/</sup>	494 988
Interest on fixed-term deposits (Note 2e)	124 188	144 680
	<hr/>	<hr/>
Subtotal	2 112 211	2 497 826
Less:		
Withdrawals on separation	911 554	812 046
New loans to staff members	23 336	55 374
	<hr/>	<hr/>
Accounts of staff members as of 31 December	<u>1 177 321</u>	<u>1 630 406</u>

<sup>1/</sup> Contributions of staff members and CAREC of \$357,617 have been eliminated as per Note 11.

**5. Building Fund**

In 1991, in Resolution 4, the XVII CAREC Council approved the formal establishment of a Building Fund for the purposes of the physical renewal and redevelopment of the Center. To provide initial funding, a transfer from the Working Capital Fund of \$300,000 was approved by the Director of PAHO and the CAREC Council.

The position of the Building Fund is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	191 516	175 820
Add:		
Interest on fixed-term deposits (Note 2e)	9 354	15 696
Funds available	200 870	191 516
Less:		
Expenditure	91 038	
	<hr/>	<hr/>
Balance as of 31 December	<u>109 832</u>	<u>191 516</u>

## 6. Special Fund for CAREC Services

This Fund was established by the Director of PAHO under the authority of Financial Regulation 9.3 (Financial Regulations approved by Resolution CSP26.R3 of the 26th Pan American Sanitary Conference). Income earned from the sale of certain services provided by CAREC (together with the expenditure incurred in developing these services) and from program support costs which amounts to an ending balance of \$37,196 is recorded in this Fund.

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	151 544	417 274
Income Earned	275 042 <sup>1/</sup>	1 057 829
Other Adjustments		
Subtotal	<u>426 586</u>	<u>1 475 103</u>
Less: Expenditure	<u>389 390</u>	<u>1 323 559</u>
Balance as of 31 December	<u><u>37 196</u></u>	<u><u>151 544</u></u>

<sup>1/</sup> Program Support Costs of \$55,088 has been eliminated as per Note 11.

## 7. Capital Equipment Fund

The Capital Equipment Fund was established for the primary purpose of addressing the need to urgently replace essential equipment so that CAREC can continue to provide quality service in its core public health function. Approval was granted for the capital equipment replacement allocation contribution by the 2002 Caucus of Ministers with Responsibility for Health.

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	7 792	81 596
Income Earned	23 585	750
Subtotal	<u>31 377</u>	<u>82 346</u>
Less: Expenditure	<u>105</u>	<u>74 554</u>
Balance as of 31 December	<u><u>31 272</u></u>	<u><u>7 792</u></u>

## 8. Assessed Quota Contributions Received in Advance

Assessed quota contributions received in advance of \$34,934 (Statement VI) include, \$1,700 received from Grenada, \$5,758 received from Saint Vincent and the Grenadines, \$5,466 received from Guyana and \$22,010 received from Trinidad and Tobago as partial payments of their 2010 assessed quota contributions.

## 9. Working Capital Fund

In 1991, the XVII CAREC Council recommended that a target of \$800,000 be maintained in the Working Capital Fund. In 1992, the quota receipts and expenditures for 1991 were reviewed and the Director of PAHO increased the buffer level of the Working Capital Fund to \$1,000,000.

The position of the Working Capital Fund as of 31 December 2009 is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	663 538	672 687
Net surplus (deficit) from operations (Statement V)	<u>667 270</u>	<u>(9 149)</u>
Balance as of 31 December	<u><u>1 330 808</u></u>	<u><u>663 538</u></u>

## 10. Terminal Entitlements Fund

Under the Staff Rules, terminating staff members are entitled to terminal payments, such as payments for annual leave and separation indemnities. CAREC established the Termination Entitlements Fund in January 2004 and has followed the policy of setting aside funds to cover these costs. During 2008-2009, the rate of contribution to the provision was maintained at 10% of net base salaries.

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	334 271	71 287
Income Earned	338 003 <sup>1/</sup>	450 402
Other Adjustments	80 870 <sup>2/</sup>	243 534
Subtotal	<u>753 144</u>	<u>765 223</u>
Less: Expenditure	<u>427 152</u>	<u>430 952</u>
Balance as of 31 December	<u><u>325 992</u></u>	<u><u>334 271</u></u>

<sup>1/</sup> Fund income of \$338,003 has been eliminated as per Note 11.

<sup>2/</sup> Transfer from Working Capital Fund to cover severance payments.

## 11. Eliminations on Consolidations of the Various CAREC Funds

Every biennium CAREC has internal transactions, not involving the use of cash, within funds and between the different funds. These internal transactions are included in income and in expenditure in the relevant funds. Because these are only internal transactions, their inclusion in income and expenditure results in an over-statement (duplication) of both income and expenditure by the same amount. Income and expenditure should only reflect the transactions of CAREC with external entities.

The "Eliminations" column in the "Statement of Income and Expenditure and Changes in Fund Balances" allows for the elimination of these duplications.

The internal transactions involving income and expenditure are as follows:

<u>Account</u>	<u>Reference</u>	<u>2008-2009</u>	<u>2006-2007</u>
Program Support Costs earned on Trust Fund			
Projects	Note 6	<u>55 088</u>	<u>544 811</u>
Total		<u><u>55 088</u></u>	<u><u>544 811</u></u>
Staff Provident Fund	Note 4	<u>357 617</u>	<u>494 988</u>
Total		<u><u>357 617</u></u>	<u><u>494 988</u></u>
Terminal Entitlements Fund	Note 10	<u>338 003</u>	<u>450 402</u>
Total		<u><u>338 003</u></u>	<u><u>450 402</u></u>



**Caribbean Epidemiology Center**  
**Statement of Assessed Quota Contributions Due from Members**  
**Financial Period 2008-2009**

(expressed in US dollars)

Member	Year	Amount Due	Collected	Balance Due 31 December 2009
Anguilla	2009	7 308	7 308	
	2008	7 308	7 308	
		<u>14 616</u>	<u>14 616</u>	
Antigua and Barbuda	2009	16 565	16 565	
	2008	16 565	16 565	
		<u>33 130</u>	<u>33 130</u>	
Aruba	2009	32 643		<b>32 643</b>
	2008	32 643	32 643	
		<u>65 286</u>	<u>32 643</u>	<b>32 643</b>
Bahamas	2009	114 494	114 494	
	2008	114 494	114 494	
	2007	29 485	29 485	
		<u>258 473</u>	<u>258 473</u>	
Barbados	2009	144 456	144 456	
	2008	144 456	144 456	
	2007	6 538	6 538	
		<u>295 450</u>	<u>295 450</u>	
Belize	2009	26 065	24 887	<b>1 178</b>
	2008	26 065	26 065	
	2007	5 230	5 230	
		<u>57 360</u>	<u>56 182</u>	<b>1 178</b>
Bermuda	2009	36 540	36 540	
	2008	36 540	36 540	
	2007	26 250	26 250	
		<u>99 330</u>	<u>99 330</u>	
British Virgin Islands	2009	7 308		<b>7 308</b>
	2008	7 308		<b>7 308</b>
	2007	7 308	348	<b>6 960</b>
	2006	6 960	6 960	
		<u>28 884</u>	<u>7 308</u>	<b>21 576</b>
Cayman Islands	2009	16 321	16 321	
	2008	16 321	16 321	
	2007	3 622	3 622	
		<u>36 264</u>	<u>36 264</u>	

Member	Year	Amount Due	Collected	Balance Due 31 December 2009
Dominica	2009	16 565		16 565
	2008	16 565		16 565
	2007	16 565		16 565
	2006	15 776		15 776
	2005	15 025		15 025
	2004	14 275		14 275
	2003	13 467		13 467
	2002	12 708		12 708
	2001	7 707		7 707
		128 653		128 653
Grenada	2009	16 565	16 565	
	2008	16 565	16 565	
		33 130	33 130	
Guyana	2009	83 313	83 313	
	2008	83 313	83 313	
	2007	8 260	8 260	
		174 886	174 886	
Jamaica	2009	319 363		319 363
	2008	319 363		319 363
	2007	319 363		319 363
	2006	304 156		304 156
	2005	289 672		289 672
	2004	275 218		275 218
	2003	259 627		259 627
	2002	245 003		245 003
	2001	245 003		245 003
	2000	226 855	59 565	167 290
	1999	226 855	226 855	
	1998	220 248	220 248	
	1997	220 248	220 248	
	1996	220 248	220 248	
	1995	10 925	10 925	
		3 702 147	958 089	2 744 058
Montserrat	2009	7 308	7 308	
	2008	7 308	7 308	
		14 616	14 616	
Netherlands Antilles	2009	81 363		81 363
	2008	81 363		81 363
	2007	81 363		81 363
	2006	77 489	3 645	73 844
	2005	73 799	73 799	
	2004	70 117	70 117	
	2003	66 144	66 144	
	2002	20	20	
		531 658	213 725	317 933

Member	Year	Amount Due	Collected	Balance Due 31 December 2009
Saint Kitts and Nevis	2009	16 565	16 565	
	2008	16 565	16 565	
		33 130	33 130	
Saint Lucia	2009	16 565		16 565
	2008	16 565		16 565
	2007	16 565	5 350	11 215
	2006	15 776	15 776	
	2005	12 004	12 004	
		77 475	33 130	44 345
Saint Vincent and the Grenadines	2009	16 565	16 565	
	2008	16 565	16 565	
		33 130	33 130	
Suriname	2009	112 057		112 057
	2008	112 057		112 057
	2007	112 057		112 057
	2006	106 721		106 721
	2005	101 639		101 639
	2004	96 568	96 568	
	2003	91 097	91 097	
	2002	85 966	85 966	
	2001	85 966	85 966	
			904 128	359 597
Trinidad and Tobago	2009	1 340 791	1 340 791	
	2008	1 340 791	1 340 791	
		2 681 582	2 681 582	
Turks and Caicos Islands	2009	7 308	7 308	
	2008	7 308	7 308	
		14 616	14 616	
<b>Total</b>		9 217 944	5 383 027	3 834 917
Amounts consist of:				
		4 872 056	3 731 793	1 140 263
		4 345 888	1 651 234	2 694 654
		9 217 944	5 383 027	3 834 917

**Caribbean Epidemiology Center  
Statement of Trust Funds  
Year Ending 31 December 2009**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>I. Government Financing</b>					
<i>Canada</i>					
HIV/AIDS Prevention and Control	026099	( 288 639)	295 664	7 025	
<i>Subtotal</i>		( 288 639)	295 664	7 025	
<i>Netherlands</i>					
Leprosy Elimination	077086	29 070	( 30 433)	( 1 363)	
<i>Subtotal</i>		29 070	( 30 433)	( 1 363)	
<i>United States of America</i>					
Enhancing TB/HIV Collaborative Programs in Selected Caribbean Countries	002117	17 354	241 509	258 863	
Response to the HIV/AIDS Epidemic in the Caribbean Region - Year 5	028068	( 5 414)	218 525	213 111	
<i>Subtotal</i>		11 940	460 034	471 974	
<b>Total - Government Financing</b>		( 247 629)	725 265	477 636	
<b>II. International Organizations</b>					
<i>International Bank for Reconstruction and Development (World Bank)</i>					
Scaling Up the Regional Response to HIV/AIDS through the Pan Caribbean Partnership Against HIV/AIDS in the Caribbean	018011	15 156	( 15 160)	( 4)	
<i>Subtotal</i>		15 156	( 15 160)	( 4)	

Source of Funds	PAHO Project ID	Cash Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>United Nations Population Fund</b>					
Cervical Cancer Prevention and Control	278003	2 222		2 222	
<i>Subtotal</i>		2 222		2 222	
<b>Total - International Organizations</b>		17 378	( 15 160)	2 218	
<b>III. Private and Public Sector</b>					
<b>University of Maryland</b>					
Training in Public Health Capacity Building	405001	47 178		47 040	138
<i>Subtotal</i>		47 178		47 040	138
<b>Total - Private and Public Sector</b>		47 178		47 040	138
<b>Total</b>		( 183 073)	710 105	526 894	138
<b>Balance at 31 December 2009 is represented by:</b>					
Receipts in excess of expenditure accumulated on projects held in trust by CAREC					138
Expenditure funded by CAREC in excess of receipts incurred on projects					
<b>Total</b>					138

<sup>1/</sup>Funds Received are shown net of refunds to Donors

<sup>2/</sup>The 2008/2009 financial period reflects the conversion of the Trust Fund financial report from a cash basis to an accrual basis of reporting. Therefore, the project expenditure amounts include an end-of-year accrual.

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**CARIBBEAN FOOD AND NUTRITION INSTITUTE**

**Caribbean Food and Nutrition Institute**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Reference	Regular Budget and Working Capital Fund (Note 7)	Trust Funds (Schedule 10)	Special Funds (Note 4)	Subtotal CFNI
<b>Income</b>					
<i>Assessed quota contributions</i>	Schedule 9	766 568			766 568
<i>Voluntary contributions</i>					
CFNI program activities	Schedule 10		608 038		608 038
<i>Other income</i>					
Revenue-producing activities				90 396	90 396
Funds received under interorganization arrangements					
<i>Total Income</i>		766 568	608 038	90 396	1 465 002
<b>Expenditure</b>					
International health program		580 415	523 605	83 567	1 187 587
<i>Total Expenditure</i>		580 415	523 605	83 567	1 187 587
<b>Excess (Shortfall) of Income over Expenditure</b>					
		186 153	84 433	6 829	277 415
Provision for delays in the collection of assessed quota contributions	Schedule 9	( 305 355)			( 305 355)
Payment of assessed quota contributions for prior years	Schedule 9	455 105			455 105
<i>Net Excess (Shortfall) of Income over Expenditure</i>		335 903	84 433	6 829	427 165
Savings on or cancellation of prior periods' obligations					
<b>Total Changes in Fund Balances</b>		335 903	84 433	6 829	427 165
<b>Fund Balances, 1 January 2008</b>		( 504 276)	131 664	41 293	( 331 319)
<b>Fund Balances, 31 December 2009</b>		( 168 373)	216 097	48 122	95 846

The accompanying notes and schedules are an integral part of the financial statements.



**Caribbean Food and Nutrition Institute**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

PAHO	WHO	Total 2008-2009	Total 2006-2007	
		766 568	730 067	<b>Income</b>
		608 038	1 093 943	Assessed quota contributions
		90 396	86 170	Voluntary contributions
				CFNI program activities
				Other income
				Revenue-producing activities
				Funds received under
				interorganization arrangements
2 353 121	492 454	2 845 575	2 191 579	
2 353 121	492 454	4 310 577	4 101 759	<b>Total Income</b>
				<b>Expenditure</b>
2 353 121	492 454	4 033 162	4 424 418	International health program
2 353 121	492 454	4 033 162	4 424 418	<b>Total Expenditure</b>
		277 415	(322 659)	<b>Excess (Shortfall) of Income over Expenditure</b>
		(305 355)	(309 742)	Provision for delays in the collection of assessed quota contributions
		455 105	76 571	Payment of assessed quota contributions for prior years
		427 165	(555 830)	<b>Net Excess (Shortfall) of Income over Expenditure</b>
				Savings on or cancellation of prior periods' obligations
		427 165	(555 830)	<b>Total Changes in Fund Balances</b>
		(331 319)	224 511	<b>Fund Balances, 1 January 2008</b>
		95 846	(331 319)	<b>Fund Balances, 31 December 2009</b>

**Caribbean Food and Nutrition Institute**  
**Statement of Assets, Liabilities, and Reserves and Fund Balances**  
**Financial Period 2008-2009**

(expressed in US dollars)

	Reference	2009	2007
<b>Assets</b>			
Cash on hand and in banks		6 740	6 681
Accounts receivable			
Assessed quota contributions due from Members	Schedule 9	1 474 713	1 624 463
Provision for delays in collection of assessed quota contributions		(1 474 713)	(1 624 463)
Balance due from Pan American Health Organization for interoffice funding activities		95 839	
Building	Note 6	714 572	714 572
<b>Total Assets</b>		<b>817 151</b>	<b>721 253</b>
<b>Liabilities and Reserves and Fund Balances</b>			
<i>Liabilities</i>			
Assessed quota contributions received in advance	Note 5	4 799	
Unliquidated obligations		1 934	434
Balance due to Pan American Health Organization for interoffice funding activities			337 566
<i>Total Liabilities</i>		<b>6 733</b>	<b>338 000</b>
<i>Reserves and Fund Balances</i>			
Trust Funds	Schedule 10	216 097	131 664
Special Fund for CFNI Services	Note 4	48 122	41 293
Working Capital Fund	Note 7	(168 373)	(504 276)
<i>Total Fund Balances</i>		<b>95 846</b>	<b>(331 319)</b>
Equity in building	Note 6	714 572	714 572
<i>Total Reserves and Fund Balances</i>		<b>810 418</b>	<b>383 253</b>
<b>Total Liabilities and Reserves and Fund Balances</b>		<b>817 151</b>	<b>721 253</b>

The accompanying notes and schedules are an integral part of the financial statements.

**Caribbean Food and Nutrition Institute**  
**Statement of Cash Flow**  
**Financial Period 2008-2009**

*(expressed in US dollars)*

	2008-2009	2006-2007
<b>Cash Flows from Operating Activities</b>		
Net excess (shortfall) of income over expenditure (Statement VIII)	427 165	( 555 830)
Increase (decrease) in unliquidated obligations	1 500	434
Increase (decrease) in contributions or payments received in advance	4 799	( 3 091)
	<hr/>	<hr/>
<i>Net Cash Flows from Operating Activities</i>	433 464	( 558 487)
	<hr/>	<hr/>
<b>Cash Flows from Investing and Financing Activities</b>		
Increase (decrease) in interorganization funding balance payable	( 433 405)	561 526
	<hr/>	<hr/>
<i>Net Cash from Investing and Financing Activities</i>	( 433 405)	561 526
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Cash and Term Deposits</b>	59	3 039
<b>Cash Cash and Term Deposits as of 1 January 2008</b>	6 681	3 642
	<hr/>	<hr/>
<b>Cash Cash and Term Deposits as of 31 December 2009</b>	6 740	6 681
	<hr/> <hr/>	<hr/> <hr/>

**Caribbean Food and Nutrition Institute**  
**Explanatory Notes to Financial Statements**  
**Financial Period 2008-2009**  
*(expressed in US dollars)*

**1. The Mission of the Caribbean Food and Nutrition Institute**

The mission of the Caribbean Food and Nutrition Institute (CFNI) is to work with Caribbean Governments to enhance their ability to describe, manage, or prevent the key nutritional problems and to increase their capacity to provide effective nutritional services.

**2. Accounting Policies**

(a) The Institute adheres to PAHO's Financial Regulations, and the accounting policies applied to CFNI transactions are stated in the Notes to the PAHO financial statements. Some key policies or those which require further definition in the context of the CFNI statements are also disclosed below.

(b) Capital Assets

All assets are charged to expenditure in the biennium of purchase. These assets (mainly non-expendable equipment and vehicles) are not therefore shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement IX). However, items of this nature are recorded in the project and office inventories of the Institute.

The value of the building is shown as the cost at the time of construction during 1986-1987, with an equal amount shown as "Equity in Building."

(c) Income

CFNI's assessed quota contributions, as well as PAHO and WHO Regular Budget funding (Statement VIII), are recorded on an accrual basis. All other income is recorded on a cash basis (i.e., when actually received).

(d) Expenditure

All expenditure against the CFNI Regular Budget and Special funds (Statement VIII) reflects goods and services that were delivered or contractually due to be delivered by 31 December 2009. Resolution CD47.R13 of the PAHO 47th Directing Council approved this change in expenditure recognition on 29 September 2006. This new expenditure recognition policy will provide a more direct alignment between the achievement of expected results and the expenditure reported. This basis of recording expenditure is also applied to the PAHO and WHO Regular funds disclosed in the CFNI Statement of Income and Expenditure and Changes in Fund Balances (Statement VIII).

Trust Fund project costs (Schedule 10) are recorded on an accrual basis (i.e., in accordance with the Expenditure Recognition Policy).

(e) Unliquidated Obligations

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the financial period. In accordance with Financial Regulation 4.5 (as amended by Resolution CD47.R13 of the 47<sup>th</sup> Directing Council), appropriations for unliquidated obligations remain available for the following Financial Period to cover the costs of the activities which were completed or were contractually due to be completed by 31 December 2009.

Liabilities shown in the Statement of Assets, Liabilities, and Reserves and Fund Balance include unliquidated obligations charged against PAHO funds.

### 3. Nonexpendable Inventory

The original cost of nonexpendable inventory items valued at \$500 or more held by CFNI as of 31 December 2009 totaled \$486,403. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared to maintain effective custody of the physical assets of the Institute.

### 4. Special Fund for CFNI Services

This fund was established by the Director of PAHO under the authority vested in him by Financial Regulation 9.3 (approved by Resolution CSP26.R3 of the 26th Pan American Sanitary Conference). Income earned from the sale of certain services provided by CFNI (together with the expenditure incurred in developing these services) is recorded in this Special Fund.

### 5. Assessed Quota Contributions Received in Advance

Assessed Quota Contributions received in advance of \$4,799 (Schedule 9) include \$56 received from Cayman Islands and \$4,743 received from Guyana as partial payments of their 2010 assessed quota contributions.

### 6. Land and Building

The building was constructed in 1987 at a cost of \$714,572 on lands provided by the University of the West Indies. The University holds a lease over the lands from the Government of Jamaica for a period of 99 years commencing 11 January 1967 and has permitted the Organization to erect a building thereon and to grant the Organization an under-Lease of said lands for the remainder of the period of the Head Lease.

### 7. Working Capital Fund

The accumulated deficit of \$168,373 in the Working Capital Fund has been met in part by advances from PAHO funds. The position of the accumulated deficit is:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	(504 276)	(363 606)
Net results from operations transferred from Statement VIII	335,903	(140 670)
	<hr/>	<hr/>
Balance as of 31 December	(168 373)	(504 276)

**Caribbean Food and Nutrition Institute**  
**Statement of Assessed Quota Contributions Due from Members**  
**Financial Period 2008-2009**

*(expressed in US dollars)*

<b>Member</b>	<b>Year</b>	<b>Amount Due</b>	<b>Collected</b>	<b>Balance Due 31 December 2009</b>
Anguilla	2009	1 202	1 202	
	2008	1 144	1 144	
		<u>2 346</u>	<u>2 346</u>	
Antigua and Barbuda	2009	3 591	3 591	
	2008	3 420	3 420	
		<u>7 011</u>	<u>7 011</u>	
Bahamas	2009	18 456	18 456	
	2008	17 577	17 577	
	2007	17 159	17 159	
		<u>53 192</u>	<u>53 192</u>	
Barbados	2009	37 750	37 750	
	2008	35 952	35 952	
		<u>73 702</u>	<u>73 702</u>	
Belize	2009	3 591	3 591	
	2008	3 420	3 420	
	2007	162	162	
		<u>7 173</u>	<u>7 173</u>	
British Virgin Islands	2009	744	744	
	2008	708	708	
		<u>1 452</u>	<u>1 452</u>	
Cayman Islands	2009	744	744	
	2008	708	708	
	2007	34	34	
		<u>1 486</u>	<u>1 486</u>	
Dominica	2009	3 591		3 591
	2008	3 420		3 420
	2007	3 420		3 420
	2006	3 258		3 258
	2005	2		2
		<u>13 691</u>		<u>13 691</u>

Member	Year	Amount Due	Collected	Balance Due 31 December 2009
Grenada	2009	3 591	3 591	
	2008	3 420	3 420	
		<u>7 011</u>	<u>7 011</u>	
Guyana	2009	49 795	49 795	
	2008	47 423	47 423	
	2007	1 934	1 934	
		<u>99 152</u>	<u>99 152</u>	
Jamaica	2009	148 604		148 604
	2008	141 527		141 527
	2007	141 527		141 527
	2006	134 788		134 788
	2005	134 788		134 788
	2004	134 788		134 788
	2003	134 787		134 787
	2002	125 970		125 970
	2001	125 970		125 970
	2000	125 970		125 970
	1999	125 970	25 182	100 788
	1998	119 970	119 970	
	1997	119 970	119 970	
	1996	119 970	119 970	
	1995	46 566	46 566	
		<u>1 881 165</u>	<u>431 658</u>	<u>1 449 507</u>
Montserrat	2009	1 202		1 202
	2008	1 144	1 144	
	2007	54	54	
		<u>2 400</u>	<u>1 198</u>	<u>1 202</u>
Saint Kitts and Nevis	2009	3 591	3 591	
	2008	3 420	3 420	
		<u>7 011</u>	<u>7 011</u>	
Saint Lucia	2009	3 591		3 591
	2008	3 420		3 420
	2007	3 302		3 302
		<u>10 313</u>		<u>10 313</u>
Saint Vincent and the Grenadines	2009	3 591	3 591	
	2008	3 420	3 420	
	2007	3 420	3 420	
	2006	684	684	
		<u>11 115</u>	<u>11 115</u>	
Trinidad and Tobago	2009	108 376	108 376	
	2008	103 215	103 215	
		<u>211 591</u>	<u>211 591</u>	

<b>Member</b>	<b>Year</b>	<b>Amount Due</b>	<b>Collected</b>	<b>Balance Due 31 December 2009</b>
Turks and Caicos Islands	2009	625	625	
	2008	595	595	
		1 220	1 220	
<b>Total</b>		2 391 031	916 318	1 474 713
<b>Amounts consist of:</b>				
Contributions for 2008-2009		766 568	461 213	305 355
Contributions for prior years		1 624 463	455 105	1 169 358
		2 391 031	916 318	1 474 713



Source of Funds	PAHO Project ID	Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>III. International Organizations</b>					
<i>Food and Agriculture Organization</i>					
Assessment of Food Security and Vulnerability Analysis	051015	7 242	( 8 427)	( 1 185)	
<i>World Food Programme</i>					
Integrating Nut Therapy into Medical Management	202002		199 445	5 965	<b>193 480</b>
<b>Total - International Organizations</b>		<b>7 242</b>	<b>191 018</b>	<b>4 780</b>	<b>193 480</b>
<b>IV. Private and Public Sector</b>					
<i>Sagicor Financial Corporation</i>					
Improving Health and Nutrition in the Caribbean through Competition	426001	71	( 420)	( 349)	
<i>World Diabetes Foundation</i>					
Preventing Diabetes & Other Chronic Diseases through a School-Based Behavioural Intervention in Four Caribbean Countries	418003	1 221	165 100	152 801	<b>13 520</b>
<b>Total - Private and Public Sector</b>		<b>1 292</b>	<b>164 680</b>	<b>152 452</b>	<b>13 520</b>
<b>Total</b>		<b>131 664</b>	<b>608 038</b>	<b>523 605</b>	<b>216 097</b>
<b>Balance at 31 December 2009 is represented by:</b>					
Accumulated receipts in excess of expenditure held in trust by CFNI					<b>216 097</b>
Project expenditure incurred and funded by CFNI in excess of receipts					
<b>Total</b>					<b>216 097</b>

<sup>1/</sup> Funds received are shown net of refunds to Donors.

<sup>2/</sup> The 2008-2009 financial period reflects the conversion of the Trust Fund financial report from a cash basis to an accrual basis of reporting. Therefore, the Project Expenditure amount includes an end-of-year accrual.

**Caribbean Food and Nutrition Institute**  
**Statement of Trust Funds**  
**Financial Period 2008-2009**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure <sup>2/</sup>	Balance 31 December 2009
<b>I. Government Financing</b>					
<b>(External Projects)</b>					
<i>Canada</i>					
Nutrition and HIV/AIDS in the Caribbean	026105	535	( 535)	( 1 596)	1 596
<b>Total - Government Financing</b> <b>(External Projects)</b>		535	( 535)	( 1 596)	1 596
<b>II. Government Financing</b>					
<b>(Internal Projects)</b>					
<i>Guyana</i>					
Nutrition Training Components, Basic Nutrition Program	330008	114 867	200 922	314 295	1 494
<i>Jamaica</i>					
Household Surveys in Support of Food Security Assessments	075014	7 728	( 876)	6 852	
Review of the Poverty Food Basket	075015		5 301		5 301
<i>Subtotal</i>		7 728	4 425	6 852	5 301
<i>Trinidad and Tobago</i>					
Evaluation School Meals Option	085010		47 528	46 822	706
<b>Total - Government Financing</b> <b>(Internal Projects)</b>		122 595	252 875	367 969	7 501
<b>Total - Government Financing</b>		123 130	252 340	366 373	9 097



National Audit Office

The National Audit Office (NAO), headed by the Comptroller and Auditor General of the United Kingdom, provides an external audit service to the Pan American Health Organization (PAHO). The External Auditor has been appointed by the Directing Council in accordance with the Financial Regulations. In addition to certifying the accounts of the PAHO, he has authority under the mandate to report to the Directing Council on the economy, efficiency and effectiveness with which the PAHO has used its resources.

The aim of the audit is to provide independent assurance to the Directing Council; to add value to PAHO's financial management and governance; and to support the objectives of the PAHO's work.

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2008-2009

External Auditor's Report

Audit of the Pan American Health Organization (PAHO) Financial Statements

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## EXECUTIVE SUMMARY

*We have provided an unqualified audit opinion on the 2008-2009 financial statements - which present fairly in all material respects and confirm that our audit revealed no weaknesses or errors which we considered to be material to the accuracy, completeness and validity of the financial statements.*

*In addition to comments on PAHO's financial performance our audit report focuses on other areas of financial and governance interest:*

***On IPSAS implementation*** - PAHO is making good progress in preparing for IPSAS, but there will be additional pressure on finance staff during the period of implementation, which emphasizes the need for continued project planning and the early preparation of draft pro forma statements and disclosures. We have emphasised the need to ensure that IPSAS is seen as an opportunity to improve and enhance financial reporting more generally and that consideration should be given to transitioning to an annual IPSAS based budget once IPSAS has been introduced to allow the alignment of budgetary and financial information..

***On financial information systems*** – in previous years we have reported on the risks associated with PAHO's existing financial systems. In our opinion these risks have increased; and the systems do not provide the level of functionality to meet current and future business reporting needs.

***On governance matters*** – We have made recommendations to strengthen governance and internal control, in particular we have recommended that PAHO should identify key business risks, and subsequently develop a systematic process of risk management. We have recommended that the Executive Council should specifically review and consider an Annual Report summarizing the Auditor-General's opinion on internal controls and of the work of the Office of Internal Oversight and Evaluation. Given the developments in financial reporting and internal audit we consider that it is opportune for PAHO to consider the preparation of a Statement on Internal Control to provide a focus for the transparent disclosure of the assurances which the Director receives in respect of the system of internal control and to provide greater comfort to member states.

***Other matters*** - We have made observations on the oversight and audit arrangements of the WHO Staff Health Insurance Fund and in respect of controls within country offices where we have seen continued improvement, although there remains scope to improve aspects of control such as local risk management and business continuity. In respect of PAHO Administered Centers we have identified risks in respect of the level of reserves and the impact of uncertainty on the project income pipelines.

## DETAILED FINDINGS

### Overall results of the audit

1. We have audited the financial statements of the Pan American Health Organization (PAHO) in accordance with the Financial Rules and Regulations and in conformity with International Standards on Auditing.
2. The audit examination revealed no weaknesses or errors which we considered to be material to the accuracy, completeness and validity of the financial statements. In our opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2009 and the results of operations and cash flows for the period then ended. They have been prepared in accordance with United Nations System Accounting Standards and PAHO's stated accounting policies and in all material respects, the transactions have been made in accordance with the financial regulations and applied to the purposes intended by the legislative authority.
3. The audit included a review of PAHO's accounting procedures; an assessment of internal controls; and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. Our audit procedures are designed primarily for the purpose of forming an audit opinion. Consequently, the work did not involve a detailed review of all aspects of PAHO's budgetary and financial information systems, and the results should not be regarded as a comprehensive statement on them. Finally, an examination was carried out to ensure that the financial statements accurately reflected PAHO's accounting records and were fairly presented.
4. The main observations and recommendations from our audit are set out below. Our recommendations are summarised in **Annex A**. Action taken by management in response to our recommendations, for 2006-2007, is set out at **Annex B**.

## Financial Results

### Financial Overview

5. The Director's Report on the Financial Statements provides a comprehensive analysis of the financial performance of the Organization for 2008-2009. The analysis includes comments on income and expenditure as well as the assets and liabilities of the Organization, we review this analysis for consistency with the financial statements. From our audit of the financial statements we have identified a number of issues that we feel it is appropriate to highlight in this report:
  - The Financial Statements showed a surplus of income over expenditure, an excess of assets over liabilities and a positive cash flow for the period. The overall financial position was sound, with the Organization managing its funds through the global financial crisis without loss of capital;
  - As at 31 December 2009, there are sufficient funds available to meet reported liabilities as they fall due;
  - PAHO has collected 83 per cent of contributions due for the biennium, which is broadly consistent with the previous period's performance of 85 percent and no PAHO contributions are outstanding for the period prior to 2008-09;

- PAHO continues its rapid growth in overall activity, a trend also seen in the previous biennium. The key driver of this growth in monies provided to PAHO to purchase vaccinations and equipment on behalf of member states and demonstrates the value which countries place in their participation in the revolving fund;
- There are a number of healthcare projects and other activities which are financed by voluntary contributions from either member states or other international bodies, a growing and significant part of these fund comprises the projects financed by the Brazilian government. Voluntary contributions from Brazil amounted to US\$165 million (US\$149 million 2008-09) and were received for projects to be implemented in Brazil; and
- In response to global financial instability PAHO made improvements to its Investment Committee to supervise the management of funds. The Committee implemented a well developed investment policy, which sets out restrictions on certain types of investments and limits exposure to any one institution. These arrangements, and the consultation with external experts, have prevented any loss of capital over the period. For example, the Committee approved a reduction in the exposure to mortgage backed securities and recommended that all investments were held in US Treasury instruments.

### **Future Liabilities in Respect of employee Benefits and Staff Health Insurance**

6. In common with others in the UN system sizable liabilities in respect of employee benefits are not reflected in the financial statements under UNSAS. The current reported financial position therefore significantly understates the level of liabilities which have been incurred by PAHO. Although a fund has been set aside to provide resource for some of these liabilities, a sizable sum remains un-funded. In the case of health insurance, these liabilities extend into the period beyond the employees retirement as a condition of their employment after a qualifying period. Therefore, as at 31 December 2009, PAHO had an obligation to make future payments to existing and former staff for which an actuarial estimation can be made.
7. With the introduction of International Public Sector Accounting Standards (IPSAS), PAHO will be required to report employee benefits and after service healthcare costs in its Statement of Financial Position. In preparation for this transition, PAHO engaged an independent actuarial firm to review the likely future payments, and provide an estimate of the total value of this liability. Overall, the actuaries identified a potential liability of US\$181 million in relation to PAHO staff as at 31 December 2009. This is an independent estimate, underpinned by a number of key assumptions, and until our audit of the 2010 IPSAS accounts it is not subject to the scrutiny of our external audit. We understand that PAHO and WHO are still discussing responsibilities in respect of those staff employed by PAHO but whose salaries are met from WHO funds. We understand that WHO have accepted responsibility for these staff, but this has not yet been confirmed in writing.
8. Employee benefit liabilities will have a significant impact on the overall presentation of the financial position of PAHO, where total reserves and fund balances may show a deficit. The size of the liability reflects both the increasing longevity of staff who are qualifying for this benefit and rapidly increasing health care costs. A similar increase is being recognized throughout the United Nations System, and greater attention is being paid to making an adequate provision to set aside funds to meet these future costs. PAHO will need to engage member states in the funding of these liabilities.

## Cases of fraud and presumed fraud, other losses and ex-gratia payments

9. The Organization informed us that there were eight cases of financial fraud and ten cases of theft detected during the biennium. These cases amounted to a financial loss with a value of US\$ 179,199. Of this amount, \$41,864 has been recovered as of 31 December 2009. We have noted that the Asset Protection and Loss Prevention Committee has been established to monitor and coordinate the response to detected frauds throughout PAHO, and this has strengthened arrangements. We have commented further on this in **Annex B**. We have not identified any additional frauds directly as a result of our audit.
10. The Organization notified us of write offs to the value of US\$23,136 and further waivers of amounts due in respect of the provision of courses or seminars to the value of US\$226,819. Further details are provided in note 26 of the financial statements. The Organization reported that ex-gratia payments were made totalling US\$14,814 in 2008-2009.

## Implementing International Public Sector Accounting Standards

11. The 27<sup>th</sup> Pan American Conference which convened in October 2007 endorsed the proposal to adopt International Public Sector Accounting Standards (IPSAS) by 2010. We are pleased to note that PAHO is making good progress towards achieving this goal. However, the project is now entering a critical phase and it will be important that the transition is managed carefully, with the finance function being provided with the necessary support to ensure the successful adoption of these accounting standards.

### Timetable and Benefits of adopting IPSAS

12. PAHO will replace the existing accounting framework, the United Nations System Accounting Standards (UNSAS) with International Public Sector Accounting Standards (IPSAS). The objective of this major change programme is to prepare, and present for audit, a full set of IPSAS compliant financial statements for the year ending 2010. This was in line with the original time frame recommended by the United Nation's High Level Committee on Management for the United Nations to adopt IPSAS in November 2005. We are pleased to report that PAHO remains on track to meet this deadline, despite other organizations experiencing slippages.
13. A key benefit of IPSAS is that member states will be receiving financial information more frequently. Accordingly, 2008-09 represents the last presentation of financial statements on a biennium basis, from 2010 member states will receive an annual audited financial statement. In addition financial information will be of a higher quality, and produced under more rigorous standards. The financial statements will set out a complete and up to date position of the Organization, showing how funds have been spent, what assets have been purchased, and quantify the impact of financial liabilities incurred by the organisation. Much of this information is lacking under the current UNSAS regime, and consequently prevents member states from having a more fulsome picture of the assets and liabilities of the Organization.
14. The benefits go further than just an improvement in the presentation of financial statements. To comply with the new standards, PAHO also needs to improve and strengthen existing financial and inventory systems to capture relevant information. This work provides a good platform on which to further develop the quality of internal management reporting and the good stewardship of resources.

15. The ultimate aim is that the introduction of IPSAS, by improving transparency over PAHO's activities and more frequent reporting, will provide a basis for more informed decision making and strategic planning.

### **Project Work Completed**

16. To achieve the proposed timetable a project team was set up to oversee the implementation of IPSAS, and the team has been supported by technical input from an experienced external consultant. The profile of the project was raised by a number of organizational wide training initiatives for both non-financial staff and Country Offices. This has helped raise the awareness of IPSAS and provided people with a better understanding of the changes. Overall, we have been encouraged by the proactive work of the team and the positive approach shown by all staff involved. This enthusiasm has maintained the momentum of the project and ensured that PAHO is still on target to meet the initial deadline for adoption.
17. During 2008-2009, we have worked closely with the IPSAS project team to ensure proposed revisions to the Financial Regulations are both appropriate and sufficient. These changes were approved by the Directing Council at its meeting in October 2009. An accounting manual has now been drafted by PAHO, which will provide the framework with which to prepare the financial statements, and we have provided observations to management in respect of its completeness.

### **Project Work in 2010**

18. 2010 will be critical to the success of the project. There are a number of key factors which will need to be carefully managed, including:
  - the restatement of opening balances to reflect the changes in accounting standards;
  - the coordination of independent experts and Country Offices; and
  - the preparation of financial statements for audit.
19. The next stage of implementation should be supported by a detailed project plan, with a clear allocation of responsibilities and deadlines for work required on each area within the financial statements. It is important not to underestimate the impact on the existing finance team of the additional workload that this project will require and we anticipate significant resource pressure around the 2010 closure process. PAHO will need to ensure that sufficient skills and resources are in place to manage this.
20. The presentation and format of the financial statements will change significantly. To minimise the risks involved in the changes we have discussed the benefits of preparing a full set of IPSAS compliant financial statements part way through the year. This "dry run" exercise may help to highlight any issues or points of contention on a timely basis and form a good foundation for the year end closure process, but will not be published.

***Recommendation 1: We recommend that PAHO produces a full set of IPSAS compliant financial statements as at 30 September 2010, populated with appropriate disclosures and present these to External Audit for an initial assessment during our November interim audit. These proforma statements should include the adjustments that are to be made to opening balances as at 1 January 2010.***



### Key Changes to the Financial Statements

21. Under IPSAS, financial statements will provide a complete account of assets and liabilities under the control of the Organization, and reflect the true costs of completing activities during any one year. The transition from UNSAS to IPSAS will therefore introduce a number of significant changes to the way financial information is presented. It is important that users of the information fully understand what these mean. We have outlined some of the key changes for the benefit of member states in **Annex D**.
22. We understand that PAHO staff are preparing a communication strategy by way of introducing the changes to member states, and explaining their impact and meaning. We fully support this proposal and will also use our Report in 2010 as a way of helping to interpret the changes and revised presentation.
23. An observation, arising from comparison with other international organisations, is the way in which PAHO's financial statements have, over time, grown in length because of the increasing complexity of the underlying projects and funds that are reported within them. In our view, the introduction of IPSAS provides a unique opportunity for PAHO to critically appraise financial reports and consider areas where information or funds are redundant or could be more efficiently merged with others. It is the intention of good financial statements to provide an overview of the financial position of the organisation, and not as a mechanism for exploring the fine detailed analysis of individual funds.
24. In our view the additional disclosures of IPSAS should not become an additional layer of information; rather the IPSAS requirements should be sufficient to produce a set of financial statements that meet member states needs. A streamlined document will encourage greater overall engagement in the financial results and performance of PAHO. Further information on individual projects and funds could always be made available as a supplementary document which is reconciled to the overall balances reported in the financial statements, and the level of audit assurance provided would remain the same.

***Recommendation 2: We recommend that PAHO continues to engage member states in highlighting the potential changes to the financial statements and the significant changes to presentation resulting from the adoption of IPSAS.***

***Recommendation 3: We recommend that PAHO critically appraise the content and format of the new IPSAS compliant financial statements and exclude any information which is not specifically required by IPSAS. This should include consideration of the detailed fund analysis, which in our opinion should be provided in a supplementary reporting document.***

### Budgetary Reporting

25. IPSAS will impact directly on the way that PAHO reports against its approved budget. The budget is currently prepared on a modified cash basis for a biennial period. As the financial statements will be prepared on the annual accruals basis, there will need to be a full reconciliation between the reported income and expenditure under IPSAS and the approved budget for the corresponding period.
26. IPSAS does not prescribe on what basis an organization should prepare budgets, nor does it require a budget to be prepared on an annual basis. However, we recommend that PAHO

consider aligning its budgeting cycle and practices with its financial reporting. In our view, an annual accruals based budget process would bring better financial discipline and improved financial oversight. Performance against budget would be monitored more frequently and budgets would include the true costs of activities.

27. We recognize that although there are changes required to the way the budget is prepared and presented to the member states, it is important to ensure that the integrity of underlying budget systems and processes are maintained. This includes the need to preserve flexibility of decision making to allow response to rapidly changing situations.

***Recommendation 4: We recommend that when preparing for the next budget cycle PAHO considers using an annual accruals and IPSAS basis of preparation of the budget to ensure alignment with financial reporting.***

#### **PAHO's Control of Centers Administered by PAHO**

28. IPSAS requires organizations to look closely at their business and workflows in order to determine the appropriate accounting treatment. In many instances, this is highlighting issues that need further analysis before a decision is made. One particular IPSAS requirement is that PAHO should only account for those activities and arrangements over which it has control.
29. PAHO helps administer the activities of a number of Centers and Sub-Regional Centers throughout the Americas, such as the Caribbean Epidemiology Center (CAREC), the Caribbean Food and Nutrition Institute (CFNI), and the Latin American and Caribbean Center on Health Services Sciences Information (BIREME). These arrangements are supported by contributions from PAHO and some participating member states. Their annual work plans are often determined by their own oversight board and governance arrangements, set out in the founding agreements of the Centers.
30. It is important that PAHO systematically review all these types of arrangement to determine whether they are under the control of PAHO to determine the appropriate accounting treatment. Control is deemed to exist where one entity has the power to govern the financial and operating policies of the other entity and the controlling entity is able to benefit from their activities. A review will involve consideration of legal agreements in place and consideration of the substance of any arrangement. The results of this review may mean that some Centers are no longer reported within PAHO's financial statements. If this is the case, new arrangements may need to be established for the presentation and audit of their financial position.

***Recommendation 5: We recommend that PAHO review all its Centers, Sub-Regional Centers and similar arrangements to determine whether they are under the control of PAHO and whether they should be included within its financial statements prepared under IPSAS.***

***Recommendation 6: We recommend that where the activities of centres currently included in the annual financial statements of PAHO are not consolidated within the IPSAS account, PAHO considers the requirement for any financial information to be subject to external audit.***

## Financial and Information Systems

31. The ability of the Organization to successfully embed IPSAS within its financial reporting depends on the core finance function having sufficient capacity to manage the initial additional workload associated with the transition, and having adequate financial systems. Current systems are not sufficient to support the business and the demands of enhanced financial reporting.
32. The benefits of an IT system upgrade go further than ensuring that PAHO comply with the requirements of IPSAS. Improved financial and inventory systems provide a good platform on which to further develop the quality of management reporting, and support more frequent and timely analysis. A complete and up-to-date picture of the position and the performance of the Organization will strengthen management of the business

### Current Weaknesses

33. In our view, the current financial system is not sufficient to sustain IPSAS in the longer term for the following reasons:
  - The existing array of systems used are outdated and there is limited technical support or software updates available;
  - The current financial module does not have the functionality to support accruals accounting without manual work-arounds;
  - The system does not have the capability and functionality to record and track fixed assets information, in particular changing asset values and depreciation;
  - The reporting functions are limited, and do not produce the full range of analysis which will be needed to meet the disclosure requirements of IPSAS; and
  - The headquarters system is not fully integrated with Country Offices, which maintain their own databases, and information does not transfer freely between all operational units within the Organization. A significant amount of manual input and reconciliation is required to upload, validate and report data from Country Offices.
34. There is a significant resource effort invested at headquarters to check and reconcile the data in the system. Consequently, the current process of preparing financial information is both time consuming and requires a high level of manual intervention to work around shortfalls in the system.
35. Information required for more regular and effective decision making and reporting needs to be processed quickly, checked and validated with a minimum of manual intervention. Such information should be consistently produced across the Organization, credible and in a format which is easily useable for decision making.
36. Delays in addressing the underlying Information Technology requirements of the Organization could undermine the IPSAS project. We commented on this issue in our previous report, while a working group has been set up, no firm decisions have been taken. The matter is now becoming more urgent as PAHO moves through the transition period and the risk of system failure is increasing.

## IT Specifications

37. In assessing any new system we would recommend that PAHO should take the following into consideration, namely that:
- Any new system should be a commercially available package which meets PAHO's information needs and is able to produce the financial information required under IPSAS;
  - There should be minimum customisation of the system to enable ongoing systems support from the provider and to control costs;
  - The system should have the functionality for integrated modules for procurement, payroll, fixed assets and the core finance function;
  - The core system should be capable of being rolled out to PAHO's Country Offices and enable the real time exchange of data and information for more efficient information management and reporting if the benefits are deemed to outweigh cost;
  - Where possible the system should also provide functionality for the budgeting aspects of the business but not be driven by these; and
  - Data should be capable of being electronically transferable to WHO systems.
38. We note the potential cost implications of introducing a new system. Nevertheless, there is a self evident business risk with the state of existing systems and we encourage PAHO to take the necessary steps to update their information technology systems as a matter of priority. As PAHO's business grows there is a risk that existing systems will be unable to provide the requisite information for financial reporting and decision making and this could have an adverse impact on financial control environment.

***Recommendation 7: We recommend that PAHO addresses IT risks within its financial systems and establishes a timetable and allocation of resources to implement a new IT solution to ensure that essential business and reporting needs are met.***

## Governance Matters

39. Effective governance arrangements are an integral part of providing assurance over the operation of internal controls. We have made a number of observations and suggestions about these arrangements and the level of progress achieved in what we consider to be key areas of governance, such as the effectiveness of audit committee arrangements, risk management processes and internal oversight.
40. Our audit strategy is to review and test the internal controls within PAHO in order to support our audit of the financial statements. We seek to place reliance on these where they are operating effectively. To support further strengthening of the control environment, we report directly to the management of PAHO at the conclusion of each of our audit visits, recommending ways that this could be improved.

## Audit Committee

41. We welcome the progress made by PAHO in establishing the structure for an audit committee in line with our previous recommendations. The planned composition of the audit committee is for three independent members who will work on a pro bono basis. This is very much aligned with good practice which requires an audit committee to have a minimum of three independent members, so as to work efficiently and respond to changes swiftly. We would expect the first committee meeting to review its terms of reference to identify any areas that need updating to reflect best practice and the scope and timing of its work. Following this the Committee would advise the Directing Council of its recommendations.
42. The introduction of IPSAS presents PAHO with the significant challenge of overhauling its financial reporting framework, and strengthening the underlying systems and processes. The establishment of the audit committee is timely and there is the opportunity for the audit committee to play a significant role in overseeing this transition, and provide assurance to member states that the changes are introduced correctly.
43. We also believe that the timing of audit committee meetings should be aligned with the annual audit cycle. The Committee should meet at suitable times to examine external and internal audit plans and then at the conclusion of the audit to consider both the draft financial statements and the audit findings prior to signature by the Director.

***Recommendation 8: We recommend that the audit committee begins its work promptly after appointment of the independent members in June 2010 to become fully engaged with the implementation of IPSAS, and to provide guidance and observations to support management and give confidence to member states in line with the internal/external audit cycle of assurances.***

## Risk Register

44. A good internal control environment should be supported by an effective risk management system, which would highlight any significant weaknesses that need to be addressed. Risk management should be embedded into the routine work of an organization. These disciplines help management identify risk early and adopt an appropriate response.
45. We believe that PAHO should work towards producing an overall strategic risk register focusing on a small number of critical external and internal risks. This should include an evaluation of the potential impact and likelihood of these occurring, and proposed options for responding. This would provide an initial and practical first step towards a more systematic process of risk management.
46. The risk assessments that are used to underpin this exercise should be an extension of existing business planning processes. These take place whenever PAHO considers its major programme activities and before embarking on any significant organizational change. As the process develops the risk register should also collate and evaluate individual Country Office's assessment of risk, which will help to identify common themes associated with front line delivery and management of projects. The risk register would capture and consolidate the information in a suitable format, presenting a systematic analysis of the situation. The process should be an effective management tool, rather than an additional administrative task.

47. In our view, it is the primary responsibility of executive management to put together and to maintain this risk register; responsibility for keeping this up to date should sit outside the Office of Internal Oversight and Evaluation Services. The risk register, and mitigating strategies, will then be used to inform and assist decision making by senior management, governing bodies and the newly established audit committee. We believe that as the Audit Committee is established in 2010 this would be an opportune moment for PAHO to prepare a risk register to obtain feedback on its content and format utilising the experience of Committee members.

***Recommendation 9: We recommend that PAHO establish an overall risk register to identify and manage the most significant risks facing the organization. This preliminary risk register should be owned and discussed by senior management and made available to the audit committee for their consideration.***

### Office of Internal Oversight and Evaluation Services

48. We continue to stress the important role that an internal audit function plays in ensuring that internal controls remain robust and in operation throughout the year. In the previous biennium, we commented on the difficulties that PAHO had in recruiting the necessary resources to maintain this function. However, during 2008-2009, PAHO has been able to recruit a full time Auditor General to manage the Office. Additional staff members were recruited to support this Office on a temporary basis throughout the biennium and a recruitment process is now underway to find suitable permanent staff for the Office.
49. We welcome the commitment to build up an effective Internal Oversight function and will aim to use their reports and findings to help inform our own audit work, and to provide us with assurances on which we can rely. In particular, we will take into account the Office's schedule of regional visits when we plan our own Country Office visits.
50. In particular, we emphasise the following good practices that we would expect of a fully operational internal audit:
- A work plan supported by a clear risk assessment, providing a benchmark for monitoring progress throughout the year;
  - Staff with suitable training and qualifications to ensure that they are equipped to work alongside the IPSAS financial reporting regime;
  - Attendance and engagement with the Audit Committee; and
  - An open and active channel of communication with the respective Chairs of the Sub-Committee on Programme, Budget and Administration and the Executive Committee.
51. We would usually expect the Auditor General to prepare an annual report, summarising the work programme and the recommendations made during the period, concluding with an overall opinion on the internal control environment. This opinion would be presented each year to the governing bodies of the organization. This would provide both management and member states with assurance over the operation of control during the financial period.

***Recommendation 10: We recommend that once suitable oversight arrangements have been established that the Auditor General prepare an Annual Report to the Director and Member States. This should provide details of audit coverage, a statement in respect of compliance with international standards and an assessment and opinion on the framework of internal controls.***

### Statement on Internal Control

52. Following a number of highly visible corporate failings, there has been increasing emphasis on the risk of internal control failures and greater emphasis on those at the top of an organization for taking personal responsibility for maintaining a strong internal control environment.
53. One aspect of this is the publication of a Statement on Internal Control (SIC). The SIC is a public accountability document that describes the effectiveness of internal controls within an organization. It is included as part of the audited financial statements and its publication is now considered best practice for the public and private sectors. It is personally signed by the executive head of the organization.
54. As PAHO moves towards greater transparency in its financial statements, it is important that it is able to demonstrate clearly to member states that the resources that have been provided are effectively controlled and managed. Member states need to understand that the system of internal control is of sufficient quality and proportionate to the risks of failure. The SIC should provide a record of the Director's assessment of internal control and the basis on which this judgement is made. It will also include disclosure of any significant internal control weaknesses or emerging issues which affect the control environment, and what measures are being taken to address these.
55. The SIC would usually include the following topics:
  - Scope of responsibility, outlining the Director's responsibility in maintaining a sound system of financial control;
  - Purpose of the system of internal control, explaining that it is designed to manage the risk of control failure throughout the year;
  - Capacity to handle risk, setting out how the organization is equipped to manage changing risk profiles;
  - Risk and control framework, describing the key elements of the control framework and risk management strategy;
  - Review of effectiveness, identifying what assurances have been received in forming the conclusion; and
  - Control weaknesses, and the actions taken to address them.
56. The primary responsibility for the preparation of the SIC would rest with the Director, based on assurances and support from members of senior management. The Office of Internal Oversight and Evaluation Services would play an important role in allowing the Director to form an overall conclusion, by providing an independent assessment of the control environment.

57. The Audit Committee would also play a key role in the production of the SIC, by assessing the level of assurances that the Director receives to make the statement and in advising any matters that need to be tackled within the SIC. There is scope for the newly established Committee to engage with this at an early stage.
58. There is no mandatory requirement either under IPSAS or under its current reporting standards for PAHO to produce a SIC. Neither are we, in our capacity as External Auditors, required to provide a specific opinion on the Statement on Internal Control although we would usually report any material inconsistency between the Statement and our own assessment of the internal control environment.
59. However, it is an effective means of ensuring PAHO remains accountable to both member states and donors for the funds for which they are responsible. In our view, it would be a very positive step for PAHO to produce a SIC and in line with other measures taken to strengthen governance and oversight arrangements, such as the introduction of IPSAS and the establishment of an audit committee.

***Recommendation 11: We recommend that PAHO should produce a Statement on Internal Control (SIC) alongside the 2010 financial statement, after seeking sufficient assurances from senior management and the Office of Internal Oversight and Evaluation Services that internal controls are operating effectively. We encourage PAHO to support the SIC with appropriate evidence on the operational effectiveness of internal controls.***

### **Business Continuity Arrangements**

60. Given the frequency of events such as emergencies, disasters and adverse weather conditions during the last two years within the region of the Americas, business continuity arrangements are vital to provide continuity of daily operations.
61. We note that PAHO has made an effort in developing and improving business continuity arrangements, with particular emphasis on the Country Offices and Centers, where 50 percent now have an agreed Business Continuity Plan in the format issued by PAHO. We recognise the work that went into training staff through the use of electronic training sessions and taking part in benchmarking sessions with UNICEF in order to adopt a best practice format.
62. There has been some work undertaken to develop a business contingency plan for PAHO headquarters in Washington D.C. to largely deal with emergencies. The plan reflects the on-going contingency preparations and remedies and provides some details on actions required both during the emergencies and in the immediate aftermath to sustain a minimal level of operations.
63. However, this plan does not appear to have been widely distributed, is not fully comprehensive and not been updated to reflect staff changes and contact details. It does not appear to have been regularly tested and does not include the level of detail required to ensure all key systems are able to operate remotely. The recent adverse weather conditions in Washington DC highlighted how different parts of the organisation were more prepared than others. Although PAHO continued operations during the adverse weather, the impact of these external events highlighted the need regularly testing and the need for plan revisions. Without mitigating actions PAHO could be susceptible to the risk of a failure in its continuity processes.



***Recommendation 12: We recommend that PAHO establish a timetable for developing business continuity plans for the remaining Country Offices on a risk basis.***

***Recommendation 13: We recommend that the headquarters business continuity plan is updated and rolled out across the headquarters divisions so that all staff are fully apprised of the agreed business continuity arrangements and that this is tested and reviewed periodically. Testing should include an assessment of the ability to recover and retain the functionality of all key systems in the event that the main buildings are inaccessible.***

## Staff Health Insurance

64. As part of our review of IPSAS issues we requested confirmation of the rules and regulations relating to the WHO Staff Health Insurance scheme (SHI). The regulations dated 1 March 2009 refer only to WHO employees, and make no reference to PAHO staff as members. The regulations also do not appear to provide for any mechanism to demonstrate how the assets, liabilities and administrative costs of the scheme should be apportioned between the participating organisations. There is a need for PAHO to review the adequacy of these regulations to ensure they provide sufficient detail to protect its interests in the scheme and to reflect its share of the underlying assets and liabilities.
65. At present PAHO does not receive any specific or detailed independent assurance about the operation of Staff Health Insurance. The existing Staff Health Insurance Rules do not provide for any specific oversight arrangements such as the preparation of an audited financial statement. The Fund is currently accounted for within the financial statements of WHO, and is audited as a component part of the WHO biennium audit. In our view these arrangements do not provide PAHO member states with sufficient assurance over the operations of the fund, or that contributions, assets and liabilities are accurately recorded or disclosed.
66. There are presently some areas of ambiguity around the operation of the fund. Unlike WHO, PAHO administrative costs (currently estimated at US\$1.4 million) are not currently charged against the assets of the SHI, and there are differences in the rates of contribution which make it difficult to assess the levels of assets attributable to PAHO.
67. In our view, in addition to ensuring the proper stewardship of PAHO resources, the move towards IPSAS makes it necessary for PAHO to obtain an annual and independently assured report on the activities and financial position of the SHI and to clarify the governance structures to ensure that PAHO's interests in the Fund are properly represented. Other UN organisations have moved towards these new arrangements, most notably the International Labour Organization/International Telecommunications Union Staff Health Insurance Fund, which now produces annual audited financial statements.

***Recommendation 14: We recommend that PAHO open discussions with WHO about the governance of the WHO Staff Health Insurance (SHI). This should include ensuring that reference to PAHO and its discreet interest in the SHI are reflected in the Fund's rules and regulations. These regulations should also provide for an effective mechanism for the presentation of annual financial statements and an independent audit opinion.***

***Recommendation 15: We recommend that PAHO obtains confirmation of its share of underlying assets as well as liabilities from the WHO SHI, and explore the potential savings available by booking the administrative costs directly to the SHI, to reflect the treatment adopted by WHO.***

## Internal Controls in Country Offices

68. Our work at Country Offices has identified an improvement in the control environment for the majority of locations we visited. This reflects better oversight and compliance arrangements and closer cooperation between Country Offices and headquarter teams. There are, however, still a number of areas in which improvements could be made, particularly in standardising and sharing good practice between Offices.

### Background

69. PAHO operates throughout the Americas and project implementation at a country level is managed by its network of Country Offices and Centers. This network is responsible for the direct administration of US\$320 million of disbursed funds and assets with a recorded value of approximately US\$20 million. This is a significant component of PAHO's reported activity and we routinely visit a number of locations over the course of a biennium to obtain assurance on controls over locally managed funds and expenditures.

70. Our selection of Country Offices is determined by a detailed risk assessment which takes account of the level of expenditure, the length of time since our previous visit and discussions with Headquarters staff. We also take into consideration the recent visits and findings from the Office of Internal Oversight and Evaluation Services, and we aim to ensure that duplication of effort is avoided. During 2008-2009, we visited the following Country Offices: El Salvador, Colombia, Argentina, Venezuela, Honduras, Eastern Caribbean Countries and Caribbean Programme Coordinator, Bolivia, Brazil and the Regional Center in Sao Paulo (BIREME).

71. Our work in the Country Offices involved testing internal systems and controls over procurement, payroll, banking and asset management. We selected a sample of individual transactions to verify that internal controls operate effectively. In instances where we found control weaknesses, we increased the number of transactions tested so as to compensate for the increased level of risk. Overall we concluded that the results of our visits were satisfactory and there were no matters of concern that would have a material impact on our audit opinion on the financial statements of PAHO.

### Financial Control in the field

72. At the conclusion of each visit we have presented the management team of the Country Office with a detailed report, which outlines our specific findings and recommendations. Management has been encouraged to reply to our report and set out a clear action plan to implement or follow up on the points that we have raised. **Annex C** sets out the common audit findings that have arisen, and compares these to the previous biennium.

73. PAHO has been strengthening the oversight arrangements in place over Country Office activity, introducing a framework of compliance monitoring, a system of spot checks and clear guidance on how to maintain a segregation of duties in the finance and budget system. It is clear from the analysis in **Annex C** that these new arrangements have enhanced internal control.

74. However, despite these improvements, there are areas where we continue to identify weaknesses. The most significant of these common observations surrounded the procurement process, where we continue to emphasise the need to retain offers on file and to fully document the decisions made as evidence that correct procedures have been followed. In instances where we found the documentation held on procurement files to be inadequate, we conducted additional transaction testing to provide ourselves with the level of necessary assurance.
75. It is important the PAHO has a process to monitor the implementation of recommendations at a Country Office level and to make sure other Offices not visited during the period comply with the procurement guidelines in full. We have found that in some Country Offices, the application of standard checklists is proving an effective tool to ensure that requirements are met. This practice could be shared more widely between Offices.

### **Risk Management**

76. Each Country Office can face their own specific set of operational and strategic challenges in meeting their area's health care needs and priorities. Rapidly changing political and economic circumstances often present a challenge to effective programme implementation and timely delivery, which can result in unused funds being returned to the donor. In our discussions with management of each Country Office, we have emphasised the importance of effective risk management as a means of addressing these challenges. In November 2007 we presented guidance on risk management best practice to a gathering of Pan American and World Health Organization Representatives (PWRs) in Geneva. The aim of this presentation was to disseminate a common approach to embedding risk management in PWR Offices across the PAHO region.
77. During our visits we observed that there is little progress in formalising risk assessment and risk management processes and we have explored ways in which this could be implemented. It is important that any risk management process is more than just an administrative exercise and encourages active participation from both programme and non-programme staff. Risk identification and evaluation should become embedded as part of routine activities and aid in the prioritisation of risks.
78. In our experience, risk management is more effective when focused on a small and manageable number of high level strategic risks. This could be discussed in a suitable forum, such as the regular staff and management meetings which are commonly held. Good practice is for the results of these exercises to be recorded on a register which identifies the risks and the areas affected, and sets out the proposed mitigating action, taking into account existing controls and responsibilities.

***Recommendation 16: We recommend that Country Offices develop a risk register which is reviewed and updated by senior management on a regular basis. We encourage Country Offices to escalate key strategic risks to headquarters for inclusion in the Organization wide risk register.***

### **Project risk management**

79. During our visits to field operations over the biennium we could not find evidence that projects undertaken by PAHO were being subject to a full assessment of risk before project agreements were finalised, and activity commences. We also observed instances where the recipients of project support did not always provide PAHO with sufficient information or rights under the agreement to enable effective post project implementation reviews.

80. In some cases this has resulted in equipment assets delivered by PAHO remaining undistributed by the recipient government either due to insufficient resources or the necessary support to ensure that equipment can be put into operational use. This makes it difficult for PAHO or the donor to have the assurance that equipment is ultimately being used for the purposes originally intended or that the project has achieved value for money in accordance with PAHO's objectives. This makes the assessment of project risk essential.

***Recommendation 17: We recommend that PAHO obtains a clear commitment from project beneficiaries to receive and utilise equipment or supplies for the purposes intended; and that project agreements provide for the right of inspection. Additionally, we would recommend that before accepting a project PAHO undertakes an assessment of operational and reputational risk.***

## Centers Administered by PAHO

81. During the course of our audit, we have visited the Sub-Regional Centers: the Caribbean Epidemiology Center (CAREC) and the Caribbean Food and Nutrition Institute (CFNI). These Centers are based in Trinidad and Tobago and Jamaica respectively. We also visited the Institute of Nutrition of Central America and Panama (INCAP) based in Guatemala.

### Financial Overview of CAREC and CFNI

82. The financial results of CAREC are disclosed separately in PAHO's Financial Report and show total income of US\$8.4 million, total expenditure of US\$8.7 million and funds and reserve balances of US\$3 million. These results are consolidated, after eliminations for inter-organizational transactions, within the financial results of PAHO.
83. There has been a significant fall in the level of activity and funding for CAREC from the previous biennium, in which US\$13.7 million of total income was reported. With member's assessed contributions remaining constant, there has been a significant reduction in voluntary funding, with US\$1 million less from PAHO and a US\$4 million reduction in voluntary contributions for specific programmes.
84. The financial results of CFNI are disclosed separately in PAHO's Financial Report and show total income of US\$4.3 million, total expenditure of US\$4 million and funds and reserve balances of US\$96,000. These results are consolidated, after eliminations for inter-organizational transactions, within the financial results of PAHO and are comparable with the previous biennium.
85. CFNI has a low level of reserves set aside, and both Centers are experiencing a decline in voluntary contributions. They are very much dependent on the assistance of PAHO to guarantee their ongoing financial viability, and without this support or additional contributions from other sources there could be risk over their ability to operate as going concerns.
86. Furthermore, both Centers have large balances of overdue quota contributions, many of which relate to previous years. Out of a total balance of US\$3.8 million owed to CAREC, an amount of US\$2.7 million is from the prior biennium. Correspondingly, out of a total balance of US\$1.5 million owed to CFNI, an amount of US\$1.2 million arose prior to 2008-2009. These are significant relative to the scale and scope of their operations and it is important to maintain efforts to collect the amounts due.

### **Separation of the CAREC and CFNI from PAHO**

87. In July 2007, a plan was put forward to consolidate five regional health institutions, including CAREC and CFNI, into one single Caribbean Health Agency (CARPHA). As part of this process, both Centers were to separate their governance and administrative structures from PAHO and become a separate entity. The separation was originally expected to take place in 2008-09.
88. However, we understand that the timetable for separation has been extended, with the intention of beginning the process of separation in 2011. The detailed timeline for this transition has not yet been fully developed. To facilitate the process PAHO agreed to extend administrative support to these Centers for at least another two years until 31 December 2011.
89. It is important to establish a clear transition plan, outlining dates and required actions. Uncertainty affects both staff morale and donor confidence, with staff leaving to find more secure positions and donors potentially being reluctant to commit any long term project funding. Ultimately this could affect the Centers ability to operate on a day to day basis. Greater certainty will help shape both Center's strategic goals and work plans over the transition period.

### **Financial Overview of INCAP**

90. The financial results of INCAP are disclosed separately in PAHO's Financial Report and show total income of US\$7.1 million, total expenditure of US\$9.9 million and funds and reserve balances of US\$3 million.
91. We have been engaged to audit the financial statements of INCAP and have produced a separate report on these.

### **The Separation of INCAP from PAHO**

92. INCAP separated its governance and administrative structures from PAHO as at 21 January 2010 and is now a separate entity. Accordingly, PAHO has consolidated, after eliminations for inter-organizational transactions, the financial results of INCAP up until the point of separation. We are satisfied that the transactions for the additional 21 days after the end of the INCAP biennium are correctly reported in both the financial statements of PAHO and INCAP.
93. Overall we concluded that the reported position of INCAP as at 21 January 2010 and the performance for the period were fairly presented and in line with the stated accounting policies. In our report, we made a number of forward looking observations that INCAP should consider the:
  - Need to address the fall in voluntary contributions if it is to continue as a going concern;
  - Importance of strengthening internal financial controls and developing sound policies for key processes, such as procurement;
  - Establishing monthly reporting arrangements and improved oversight structures, including the development of risk management and business continuity planning.
94. Despite the transfer of administration of the Institute to the participating member states under the supervision of the newly appointed Director, INCAP will continue to remain a recipient of PAHO funding. PAHO has agreed to provide financial assistance of US\$1.9 million of funds per biennium for the next two biennia, subject to certain conditions being met by INCAP.


95. Given the financial commitment that has been made, it is important for PAHO, through its role on the INCAP Directing Council, to satisfy itself that internal control processes and that the governance arrangements are satisfactory, to obtain the necessary assurance over the use of PAHO funds and their delivery

## Follow up of Previous Audit Recommendations

96. In our report for 2006-2007, we made a number of recommendations on financial matters, such as such as transition to IPSAS; the use of Letters of Agreement, staff vacancies, financial controls at regional offices and the separation of the Sub-Regional Centers CAREC and CFNI from PAHO. As part of our work we have followed up the progress that PAHO has made in implementing these. The detailed follow up, including both the response from PAHO and our comments thereon, is set out in **Annex B**.
97. Overall we are of the opinion that PAHO has responded appropriately to our previous recommendations and are taking steps to address the issues raised. We concluded that PAHO has responded positively to our recommendations regarding the management of the IPSAS project, improved the process by which letters of agreements are managed, and strengthened the financial controls at Country Offices. A number of these responses have only been partially implemented to date as they are currently in progress. We also note that some recommendations have been superseded by events and are no longer as pressing, such as the separations of the Centers and consideration of whether the Internal Audit function should be outsourced.

## Acknowledgement

98. We wish to record our appreciation for the co-operation and assistance provided by the Director and the staff of the Organization during the course of our audit.

  
Amyas C E Morse 12 April 2010  
Comptroller and Auditor General, United Kingdom  
External Auditor

## ANNEX A

## Summary of Audit Recommendations for 2009

<b>Audit Recommendation</b>	<b>Management Response</b>
<b>Recommendation 1</b> - We recommend that PAHO produces a full set of IPSAS compliant financial statements as at 30 September 2010, populated with appropriate disclosures and present these to External Audit for an initial assessment during our November interim audit. These proforma statements should include the adjustments that are to be made to opening balances as at 1 January 2010	
<b>Recommendation 2</b> - We recommend that PAHO continues to engage member states in highlighting the potential changes to the financial statements and the significant changes to presentation resulting from the adoption of IPSAS.	
<b>Recommendation 3</b> - We recommend that PAHO critically appraise the content and format of the new IPSAS compliant financial statements and exclude any information which is not specifically required by IPSAS. This should include consideration of the detailed fund analysis, which in our opinion should be provided in a supplementary reporting document.	
<b>Recommendation 4</b> - We recommend that when preparing for the next budget cycle PAHO considers using an annual accruals and IPSAS basis of preparation of the budget to ensure alignment with financial reporting.	
<b>Recommendation 5</b> - We recommend that PAHO review all its Centers, Sub-Regional Centers and similar arrangements to determine whether they are under the control of PAHO and whether they should be included within its financial statements prepared under IPSAS.	
<b>Recommendation 6</b> - We recommend that where the activities of centres currently included in the annual financial statements of PAHO are not consolidated within the IPSAS account, that PAHO considers the requirement for any financial information to be subject to external audit.	
<b>Recommendation 7</b> - We recommend that PAHO addresses IT risks within its financial systems and establishes a timetable and allocation of resources to implement a new IT solution to ensure that essential business and reporting needs are met.	
<b>Recommendation 8</b> - We recommend that the audit committee begins its work promptly after appointment of the independent members in June 2010 to become fully engaged with the implementation of IPSAS, and to provide guidance and observations to support management and give confidence to member states in line with the internal/external audit cycle of assurances..	
<b>Recommendation 9</b> - We recommend that PAHO establish an overall risk register to identify and manage the most significant risks facing the organization. This preliminary risk register should be owned and discussed by senior management and made available to the audit committee for their consideration.	

<p><b>Recommendation 10</b> - We recommend that once suitable oversight arrangements have been established that the Auditor General prepare an Annual Report to the Director and Member States. This should provide details of audit coverage, a statement in respect of compliance with international standards and an assessment and opinion on the framework of internal controls.</p>	
<p><b>Recommendation 11</b> - We recommend that PAHO should produce a Statement on Internal Control (SIC) alongside the 2010 financial statement, after seeking sufficient assurances from senior management and the Office of Internal Oversight and Evaluation Services that internal controls are operating effectively. We encourage PAHO to support the SIC with appropriate evidence on the operational effectiveness of internal controls.</p>	
<p><b>Recommendation 12</b> - We recommend that PAHO establish a timetable for developing business continuity plans for the remaining Country Office on a risk basis</p>	
<p><b>Recommendation 13</b> - We recommend that the headquarters business continuity plan is updated and rolled out across the headquarters divisions so that all staff are fully apprised of the agreed business continuity arrangements and that this is tested and reviewed periodically. Testing should include an assessment of the ability to recover and retain the functionality of all key systems in the event that the main buildings are inaccessible.</p>	
<p><b>Recommendation 14</b> - We recommend that PAHO open discussions with WHO about the governance of the WHO Staff Health Insurance (SHI). This should include ensuring that reference to PAHO and its discreet interest in the SHI are reflected in the Fund's rules and regulations. These regulations should also provide for an effective mechanism for the presentation of annual financial statements and an independent audit opinion.</p>	
<p><b>Recommendation 15</b> - We recommend that PAHO obtains confirmation of its share of underlying assets as well as liabilities from the WHO SHI, and explore the potential savings available by booking the administrative costs directly to the SHI, to reflect the treatment adopted by WHO</p>	
<p><b>Recommendation 16</b> - We recommend that Country Offices develop a risk register which is reviewed and updated by senior management on a regular basis. We encourage Country Offices to escalate key strategic risks to headquarters for inclusion in the Organization wide risk register</p>	
<p><b>Recommendation 17</b> - We recommend that PAHO obtains a clear commitment from project beneficiaries to receive and utilise equipment or supplies for the purposes intended; and that project agreements provide for the right of inspection. Additionally, we would recommend that before accepting a project PAHO undertakes an assessment of operational and reputational risk.</p>	



## ANNEX B

## Follow up of Previous Audit Recommendations

Audit Recommendation	Management Response	External Auditor's Comments
<p><b>Recommendation 1</b></p> <p>We recommend that PAHO develop a project plan for full IPSAS adoption and assess whether the existing accounting systems will provide the functionality and capability for full accruals accounting under IPSAS. In doing so they should conduct a cost benefit analysis of upgrading the existing IT platform or purchasing a new IT system. Such an analysis should take account of the risks involved with either option</p>	<p>PAHO has formed a Committee on Modernizing the Corporate Management System (CMS). The purpose of the CMS is to chart a course for modernizing PAHO's Corporate Management System (CMS) in the context of WHO Global Management System (GSM) and present this to the Directing Council in 2010 for approval. One of the products of the CMS is a description of viable options for modernizing PAHO's CMS, including costs, cost-benefit analyses, and other pertinent information, to be presented to PAHO Governing Bodies for their consideration and approval.</p>	<p>PAHO have not sufficiently addressed the issue of a replacement IT system, and we have made recommendations in this report.</p> <p><b>Not Implemented</b></p>
<p><b>Recommendation 2</b></p> <p>We commend PAHO for adopting an incremental transition to IPSAS compliance and accruals accounting while remaining UNSAS-compliant. We recommend that PAHO perform similar amounts of testing on other systems designed to record information on a full accruals basis, to ensure that data is validated before being posted to the financial accounts system</p>	<p>The Area of Financial Resources Management (FRM) continues to lead the Organization towards full implementation of International Public Sector Accounting Standards by the target date of 1 January 2010. Cross-functional working groups have been created to define the organizational requirements and action plans for the major IPSAS thematic areas. Furthermore, the testing of PAHO's financial systems is an ongoing process as the gradual implementation of accruals proceeds towards our 2010 goal of being IPSAS compliant. As programs are being modified, they are tested and validated prior to being released into the production environment.</p>	<p>We have been very encouraged by the positive engagement of staff with IPSAS and the steps that are being taken to validate data throughout the process.</p> <p><b>Implemented</b></p>
<p><b>Recommendation 3</b></p> <p>We recommend that PAHO ensure that all government candidates for engagement on projects through letters of agreement are screened by the relevant health ministries to ensure that they are bona fide bodies. Criteria for screening may include obtaining confirmation of legal status and audited financial statements.</p>	<p>PAHO have developed a new policy for managing Letters of Agreement (LOA), included within this we have included a section covering issues of eligibility and no-eligibility of beneficiaries of a LOA, including the necessary requirements.</p>	<p>We have noted that a new policy has been designed and is now approved, with training being provided to relevant Country Offices. We will test the practical implementation of this during our 2010 audit cycle</p> <p><b>Partially Implemented (Ongoing)</b></p>

<p><b>Recommendation 4</b> We recommend that PAHO undertake a risk assessment to evaluate its appetite for accepting further extra-budgetary funds in future biennia.</p>	<p>This topic is not necessary related to LOAs, as this instrument is designed to spend rather than receive resources. Regarding voluntary contributions, PAHO has also approved a new policy that ensures that any additional resources are destined to fill the gap, and hence the objectives, defined in the Strategic Plan. For the last five years all voluntary contributions have been screened to ensure that they are fully aligned with our plans and policies. We do reject partnerships that are not fully aligned with our objectives, although typically such rejections take place before formal exchanges take place.</p>	<p>We agree that PAHO is taking actions to address this recommendation</p> <p><b>Implemented</b></p>
<p><b>Recommendation 5</b> We further recommend that PAHO seek a letter of comfort from each health ministry confirming that the third party to be engaged by letter of agreement is on the ministry's approved list. PAHO need to ensure that LOAs are not entered into without this confirmation from the ministry</p>	<p>When we designed the new LOA policy proposal, we kept in mind that any beneficiary entity must stand on its own, in other words, the documentation we request attests to the sustainability of a national institution. We did research if all Ministries of Health have such an approved list, and the answer is no. . Therefore, as noted above, in order to protect the Organization as well as the National authority, the Ministry of Health, we decided that any institution that would like to sign a LOA with PAHO must provide certain eligibility documents as set out in our policy</p>	<p>We have noted that a new policy has been designed and is now approved, with training being provided to relevant Country Offices. We will test the practical implementation of this during our 2010 audit cycle</p> <p><b>Partially Implemented (Ongoing)</b></p>
<p><b>Recommendation 6</b> We recommend that as part of the Organization's normal business processes PAHO undertake a risk assessment of post vacancies; and develop an appropriate and ongoing action plan to manage and mitigate the risks posed</p>	<p>While it is true that PAHO had approximately 184 vacant posts at the end of 2007, it first should be noted that the majority of those posts were actually occupied by temporary professional and administrative staff hired to ensure that critical functions assigned to those posts continued to be carried out in an efficient and timely manner. Although the posts were technically "vacant, the work assigned to those posts did not go undone. During 2008, Human Resources Management has filled 55 vacant posts to date. Of those, 39 were at the professional level and 17 at the general service level. In addition to these 56 posts, 43 professional posts have been advertised and are at different stages in the selection process. With respect to general service posts, 19 are also currently moving through the selection process. HRM believe that any risks posed by vacancies in the Organization are being adequately identified and addressed.</p>	<p>We acknowledge that progress have been made in filling vacant posts, and that gaps are supported by temporary and professional staff. However, use of temporary staff can increase risk, given their lack of awareness of PAHO processes.</p> <p><b>Partially Implemented (Ongoing)</b></p>

<p><b>Recommendation 7</b> We recommend that Internal Oversight undertake a risk based-review of country offices on an ongoing basis to assess the effectiveness of the controls checklist system. Further, PAHO should use the findings from IOS reports to determine whether further training and education is required for country office staff.</p>	<p>The Office of Internal Oversight and Evaluation Services (IES) intends to assess the effectiveness of the control check list system on an on-going basis when visiting field offices for scheduled audits under the IES approved audit plan. Furthermore, IES intends to conduct an overview of the control check list system process focusing on thoroughness, quality assurance and overall management of the process in 2009.</p>	<p>There has been some slippage in this work, and a specific report reviewing the controls checklist was not finalized in 2008-2009. However, this is to be addressed during 2010.</p> <p><b>Not implemented</b></p>
<p><b>Recommendation 8</b> We recommend that PAHO, CAREC and CFNI work together to ensure that an action plan is developed for the transition arrangements, which responds appropriately to the key risks identified above.</p>	<p>The process of the separation of CAREC and CFNI from PAHO is being driven by the Caribbean Governments and coordinated by the Caribbean Community (CARICOM) Secretariat with the support from PAHO. A final date for the separation has not been defined, although transition plans have been drafted</p>	<p>This process of separation has been delayed and we have commented on this further in this report</p> <p><b>Partially Implemented (Ongoing)</b></p>
<p><b>Recommendation 9</b> We recommend that PAHO consider the use of an external provider for internal oversight services. In doing so the Organization needs to assess the level of service required and draw up appropriate terms of reference to ensure that the service received meets the diverse needs of the Organization, to cover Headquarters, the country offices and the Centers.</p>	<p>The option of using an external provider is not being pursued by PAHO at this time. A dedicated and fully functional internal oversight office outweighs the option of an external provider</p>	<p>PAHO have been able to recruit a permanent Auditor General and is in the process of staffing this office.</p> <p><b>Superseded</b></p>
<p><b>Recommendation 10</b> We recommend that PAHO review the structure and operation of the SPBA to determine whether the role of an audit committee for the Organization is being met. We would be happy to provide further advice to management to this end.</p>	<p>The Office of Legal Counsel (LEG) undertook extensive internal and external consultations in order to prepare the draft Terms of Reference for an Audit Committee</p>	<p>PAHO has now established the structure of an Audit Committee and members are to be appointed in June 2010, we have commented further on this in the body of this report</p> <p><b>Implemented</b></p>
<p><b>Recommendation 11</b> We recommend that the Coordinating Committee of the ICMS schedules periodic meetings of all of its members to discuss common issues arising and the future strategy of the ICMS, so as to ensure that it benefits from the lessons learned from dealing with ongoing cases.</p>	<p>The Integrity and Conflict Management System (ICMS) has met to discuss common issues and the intention is to continue to have regular meetings with the entire group. However, while periodic meetings will take place, it is difficult to prepare a calendar of meetings in advance as many of the ICMS members travel regularly. As such, it is preferable to maintain some flexibility in the meeting dates and organize meetings at prescribed intervals when all or the majority of the members can be present.</p>	<p><b>Implemented</b></p>

<p><b>Recommendation 12</b> We further recommend that the Coordinating Committee of the ICMS forms a sub-group responsible for reporting, investigating and discussing the prevention of fraud against PAHO with appropriate terms of reference. This sub-group should meet regularly and consist of all PAHO units which encounter fraud during the course of their work (i.e. FRM, the Ethics Officer, IES and GSO). This sub-group should maintain a central fraud register and assign the investigation of frauds to the appropriate member of this group.</p>	<p>The composition and terms of reference for this committee have been established and were discussed with the External Auditors at a meeting on April 2009. This committee, called the Asset Protection and Loss Prevention Committee (APLPC), is not a sub-group of the ICMS but rather is a separate committee outside of the system.</p>	<p>The committee has been formally established and has held meetings during the biennium</p> <p><b>Implemented</b></p>
<p><b>Recommendation 13</b> We also recommend that the fraud sub-group should provide support and education to PAHO's country offices on the detection, prevention and reporting of fraud, to improve the effectiveness of internal arrangements in this area.</p>	<p>An effective communication and training strategy will be critical to help prevent and detect fraud and one of the main functions of the APLPC will be to disseminate information to PAHO personnel. This recommendation will be implemented once the APLPC is formally constituted and various strategies will be considered.</p>	<p>We note that this action is still in progress</p> <p><b>Partially Implemented (Ongoing)</b></p>

## ANNEX C

## Country Office Visit Findings

Issue	Issues for PAHO	Reports issue raised in 2008-2009	Reports issue raised in 2006-2007
<b>Risk Management *</b>	Country Offices do not have a formal approach to identifying key risks and monitoring them over time.	6	-
<b>Bank &amp; petty cash controls</b>	Failure to perform timely bank reconciliations and conduct spot checks on petty cash, increasing the risk of errors and fraud remaining undetected.	2	8
<b>Payments by Cheque *</b>	We made observations around the high volume of payments made by cheque and have recommended the Country Office explores the use of electronic payments.	7	-
<b>Controls over Property, Plant and Equipment</b>	Weaknesses in keeping up-to-date accurate asset registers with the risk of loss of assets remaining undetected and inaccurate reporting in the financial statements	5	8
<b>Local payroll controls</b>	Instances where monthly comparisons are not being performed, or the process involves a high level of manual calculations, increasing the risk of fraud or error occurring.	2	8
<b>Procurement Process</b>	Instances where the controls are not proportionate to the level of risk, there may be opportunity to reduce the level of checks required.	3	0
<b>Procurement controls</b>	Instances where the procurement files were incomplete and did not allow us to conclude whether procurement procedures had been followed in all instances. There is the risk that PAHO is not obtaining best value for money. We also made recommendations around controls over vendors set up on the database and have commented on these further in the body of this report	6	7
<b>Advances made to Third Parties or Travel Advances to Staff</b>	Control weakness which may result in staff travel advances or advances to third parties not being promptly cleared. This introduces the risk that advances are not being used appropriately.	6	6
<b>Accounting system (AMPES / OMIS) user roles</b>	Instances where former staff members still had access rights to the system.	4	5
<b>Letters of Agreement</b>	Observations on the effective management of LOAs	3	4

\*= Subject to review during 2008-09 audit visits only.

## ANNEX D

## IPSAS Implications

Potential Changes to Financial Statements	Significance of the Changes
<p><b>Accounting Boundaries.</b></p> <p>The accounting boundaries of PAHO may change. There are a number of partnership arrangements, which have an independent governing body overseeing their work.</p> <p>PAHO will need to review these and confirm that they are an independent legal entity and what level of control PAHO has over their activities.</p>	<p>This could mean that the financial statements no longer report all the income, expenditure and fund balances relating to these partnership arrangements. Instead, they will only report the amounts that PAHO have control over.</p> <p>The overall level of reported activities in the financial statements would decrease.</p>
<p><b>Consolidated Statements</b></p> <p>IPSAS will consolidate the results of all its funds and trust funds. There will, however, be supporting disclosures in the notes that report financial information by segment.</p>	<p>The financial statements will no longer be presented in columns for each type of funding arrangement. Instead, only one income and expenditure statement and one statement of assets and liabilities will be presented showing a summary of the organizations activities.</p> <p>This should make the overall picture much easier to understand quickly. If more detail is required, however, there will be supporting information in the notes to the financial statements.</p>
<p><b>Expenditure Analysis</b></p> <p>There will be a detailed analysis of how expenditure has been incurred during the year. This expenditure will include non cash items, such as depreciation and year end accruals.</p>	<p>This will be a very useful disclosure, as it outlines in more detail how PAHO has been spending the funds provided. It will also allow for direct comparison of costs year on year, indicating where these are rising or falling.</p> <p>The expenditure will reflect how assets of the organization are being consumed, and not just how much cash has been paid.</p>
<p><b>Comparative Statements</b></p> <p>There will be no comparative figures for the prior year. This is a transitional measure and will only occur once in 2010.</p>	<p>This will mean that the financial statements will only show information for 2010 and it will not be possible to easily make a comparison year on year of how the performance or the position of the organization has changed.</p> <p>However, for future periods, there will be a direct comparison of information year on year.</p>

<p><b>Fixed Assets</b></p> <p>The property occupied by PAHO in Washington and Country Offices will be valued on a periodic basis using an independent expert.</p>	<p>The financial statements give an up to date market value of assets belonging to the organization. The change may result in an increase in the value of reported assets.</p>
<p><b>Liabilities</b></p> <p>There will be a significant liability recognized for all employee benefits due in the future, where the employee has already earned the entitlement to these benefits.</p>	<p>This is a very important aspect of the financial statements and shows the full cost of employment decisions that have been taken. It will mean that PAHO reports a more accurate position in its funds and reserves</p> <p>There will be an element of the Staff Health Insurance investment portfolio available to off-set this liability. However, it has not yet been determined how this is to separated from those assets belonging to WHO employed staff.</p>
<p><b>Funds and Reserves</b></p> <p>These will only show the fund balances pertaining to participating member states. Other amounts due to specific donors will be accounted for as a liability</p>	<p>This will change the structure of the balance sheet, reducing reserves and fund balances.</p>

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## **Part II**

# **Institute of Nutrition of Central America and Panama**

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**INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA**

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### Certification of Financial Statements

The appended Statement XI to Statement XIII and Schedule 11 to Schedule 12 and supporting Explanatory Notes are approved:



Sharon G. Frahler

Area Manager

Financial Resources Management



Mirta Roses Periago

Director

6 April 2010

Note: PAHO was responsible for the administration of INCAP through the 21 January 2010. Since this date, PAHO continues to hold a seat on the Directing Council but is no longer responsible for INCAP's administration. The approval of the financial statements of INCAP is executed under the responsibilities that existed prior to and including 21 January 2010.

## OPINION OF THE EXTERNAL AUDITOR

### **To the Directing Council of the Pan American Health Organisation**

I have audited the accompanying financial statements of the Institute of Nutrition of Central America and Panama for the financial period ended 21 January 2010. These comprise Statements XI to XIII, Schedules 11 and 12 and the supporting Notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective Responsibilities of the Director and Auditor**

The Director of the Pan American Health Organisation is responsible for the preparation and fair presentation of the financial statements, in accordance with the requirements of the Financial Regulations and Rules as authorised by the Directing Council. This responsibility includes: designing, implementing and maintaining internal control; the fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

My responsibility is to issue a report on the audit of the financial statements, in accordance with Article XIV of the Financial Regulations and Rules. I am required to express an opinion as to whether the financial statements present fairly the financial position at the end of the period and the results of the operations for the period; and that the financial statements were prepared in accordance with the stated accounting policies. I also report to you whether, in all material respects, the transactions which I have tested as part of my audit have been made in accordance with the Financial Regulations and Legislative Authority.

I read the other information attached to the financial statements and consider whether it is consistent with the audited financial statements. This other information consists of the Director's Comment's. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Institute of Nutrition of Central America and Panama's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the transactions which I have tested as part of my audit have been made in accordance with the Financial Regulations and Legislative Authority and applied to the purposes intended by the Directing Council. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 21 January 2010 and the results of operations and cash flows for the period then ended in accordance with the Institute of Nutrition of Central America and Panama's stated accounting policies.

**Opinion on Regularity**

In my opinion, in all material respects, the transactions which I have tested as part of my audit have been made in accordance with the Financial Regulations and Legislative Authority and applied to the purposes intended by the Directing Council

**External Auditors' Report**

In accordance with Article XIV of the Financial Regulations, I have also issued an External Auditors' Report on my audit of the Institute of Nutrition of Central America and Panama's financial statements.

Amyas C E Morse

Comptroller and Auditor General

United Kingdom

National Audit Office  
London

12<sup>th</sup> April 2010

**Institute of Nutrition of Central America and Panama**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 1 January 2008 to 21 January 2010**

(expressed in US dollars)

Reference	Regular Budget and Working Capital Fund (Note 15)	Trust Funds (Schedule 12)	Special Funds (Statement XI.1)	Subtotal INCAP	
<b>Income</b>					
<i>Assessed quota contributions</i>	Schedule 11	857 400		857 400	
<i>Voluntary contributions</i>					
INCAP program activities	Schedule 12		2 026 131	2 026 131	
Non-INCAP program activities			398 428	398 428	
<i>Other income</i>					
Revenue-producing activities		491 962	304 067	796 029	
Funds received under interorganization arrangements					
Allocation from other funds			671 875	671 875	
Income for services rendered			979 674	979 674	
Interest income		57 988	184 814	242 802	
Currency exchange differential	Note 2 (h)	( 8 210)		( 8 210)	
Other/Miscellaneous		80 788		80 788	
<i>Total Income</i>		1 479 928	2 026 131	2 538 858	6 044 917
<b>Expenditure</b>					
International health program	Note 2 (g)	1 613 574	3 139 064	329 092	5 081 730
Other purposes				3 754 574	3 754 574
<i>Total Expenditure</i>		1 613 574	3 139 064	4 083 666	8 836 304
<b>Excess (Shortfall) of Income over Expenditure</b>					
		( 133 646)	(1 112 933)	(1 544 808)	(2 791 387)
Provision for delays in the collection of assessed quota contributions	Schedule 11	( 66 266)			( 66 266)
Payment of assessed quota contributions for prior years	Schedule 11	59 496			59 496
<i>Net Excess (Shortfall) of Income over Expenditure</i>		( 140 416)	(1 112 933)	(1 544 808)	(2 798 157)
Savings on or cancellation of prior periods' obligations					
Other project adjustments			( 355 660)		( 355 660)
Transfer to/from other funds					
<b>Total Changes in Fund Balances</b>		( 140 416)	(1 468 593)	(1 544 808)	(3 153 817)
<b>Fund Balances, 1 January 2008</b>		1 000 000	2 227 433	2 968 953	6 196 386
<b>Fund Balances, 21 January 2010</b>		859 584	758 840	1 424 145	3 042 569

The accompanying notes and schedules are an integral part of the financial statements.



**Institute of Nutrition of Central America and Panama**  
**Statement of Income and Expenditure and Changes in Fund Balances**  
**Financial Period 1 January 2008 to 21 January 2010**

(expressed in US dollars)

<b>PAHO</b>	<b>Sub-total</b> <b>1 January 2008</b> <b>21 January 2010</b>	<b>Eliminations</b> <b>(Note 17)</b>	<b>Total</b> <b>1 January 2008</b> <b>21 January 2010</b>	<b>Total</b> <b>2006-2007</b>	
	857 400		857 400	857 400	<b>Income</b>
	2 026 131		2 026 131	5 150 215	<i>Assessed quota contributions</i>
	398 428	( 398 428)			<i>Voluntary contributions</i>
					INCAP program activities
					Non-INCAP program activities
	796 029	( 105 201)	690 828	344 006	<i>Other income</i>
					Revenue-producing activities
					Funds received under
2 307 383	2 307 383		2 307 383	2 293 765	interorganization arrangements
	671 875	( 671 875)			Allocation from other funds
	979 674	( 64 497)	915 177	395 724	Income for services rendered
	242 802		242 802	275 022	Interest income
	( 8 210)		( 8 210)	( 8 809)	Currency exchange differential
	80 788		80 788	171 728	Other/Miscellaneous
2 307 383	8 352 300	(1 240 001)	7 112 299	9 479 051	<i>Total Income</i>
					<b>Expenditure</b>
2 307 383	7 389 113	( 169 698)	7 219 415	7 216 301	International health program
	3 754 574	(1 070 303)	2 684 271	529 290	Other purposes
2 307 383	11 143 687	(1 240 001)	9 903 686	7 745 591	<i>Total Expenditure</i>
	(2 791 387)		(2 791 387)	1 733 460	<b>Excess (Shortfall) of Income</b>
	( 66 266)		( 66 266)	( 59 496)	<b>over Expenditure</b>
	59 496		59 496	100 571	Provision for delays in the collection
					of assessed quota contributions
					Payment of assessed quota
					contributions for prior years
	(2 798 157)		(2 798 157)	1 774 535	<i>Net Excess (Shortfall) of</i>
					<i>Income over Expenditure</i>
					Savings on or cancellation of prior
					periods' obligations
	( 355 660)		( 355 660)	( 5 961)	Other project adjustments
					Transfer to/from other funds
	(3 153 817)		(3 153 817)	1 768 574	<b>Total Changes in Fund Balances</b>
	6 196 386		6 196 386	4 427 812	<b>Fund Balances, 1 January 2008</b>
	3 042 569		3 042 569	6 196 386	<b>Fund Balances, 21 January 2010</b>

**Institute of Nutrition of Central America and Panama**  
**Statement of Income and Expenditure and Changes in Fund Balances - Special Funds**  
**Financial Period 1 January 2008 to 21 January 2010**

(expressed in US dollars)

	<b>Staff Provident Fund</b> (Note 10)	<b>Endowment Fund</b> (Note 11)	<b>Special Fund for Program Support Costs</b> (Note 12)	<b>Special Fund for INCAP Services</b> (Note 13)
<b>Income</b>				
<i>Assessed quota contributions</i>				
<i>Voluntary contributions</i>				
INCAP program activities				
Non-INCAP program activities	398 428			
<i>Other income</i>				
Revenue-producing activities				304 067
Funds received under interorganization arrangements				
Allocation from other funds				
Income for services rendered	915 177		64 497	
Interest income	159 055	25 759		
Currency exchange differential				
Other/Miscellaneous				
<i>Total Income</i>	1 472 660	25 759	64 497	304 067
<b>Expenditure</b>				
International health program			32 535	296 557
Other purposes	2 960 190	2 402		
<i>Total Expenditure</i>	2 960 190	2 402	32 535	296 557
<b>Excess (Shortfall) of Income over Expenditure</b>				
	(1 487 530)	23 357	31 962	7 510
Provision for delays in collection of assessed quota contributions				
Payment of assessed quota contributions for prior years				
<i>Net Excess (Shortfall) of Income over Expenditure</i>	(1 487 530)	23 357	31 962	7 510
Savings on or cancellation of prior periods' obligations				
Other project adjustments				
Transfer to/from other funds				
<b>Total Changes in Fund Balances</b>	(1 487 530)	23 357	31 962	7 510
<b>Fund Balances, 1 January 2008</b>	1 503 913	407 304	11 384	22 135
<b>Fund Balances, 21 January 2010</b>	16 383	430 661	43 346	29 645

The accompanying notes and schedules are an integral part of the financial statements.

**Institute of Nutrition of Central America and Panama**  
**Statement of Income and Expenditure and Changes in Fund Balances - Special Funds**  
**Financial Period 1 January 2008 to 21 January 2010**

(expressed in US dollars)

Provision for Personnel Entitlements (Note 14)	Total 1 January 2008 21 January 2010	Total 2006-2007	
			<b>Income</b>
			<i>Assessed quota contributions</i>
			<i>Voluntary contributions</i>
	398 428	385 622	INCAP program activities
			Non-INCAP program activities
			<i>Other income</i>
	304 067	190 249	Revenue-producing activities
			Funds received under
			interorganization arrangements
671 875	671 875	610 137	Allocation from other funds
	979 674	454 791	Income for services rendered
	184 814	181 330	Interest income
			Currency exchange differential
			Other/Miscellaneous
671 875	2 538 858	1 822 129	<i>Total Income</i>
			<b>Expenditure</b>
	329 092	330 128	International health program
791 982	3 754 574	1 525 049	Other purposes
791 982	4 083 666	1 855 177	<i>Total Expenditure</i>
			<b>Excess (Shortfall) of Income</b>
			<b>over Expenditure</b>
			Provision for delays in collection
			of assessed quota contributions
			Payment of assessed quota contributions
			for prior years
			<i>Net Excess (Shortfall) of Income</i>
			<i>over Expenditure</i>
			Savings on or cancellation of prior
			periods' obligations
			Other project adjustments
		3 406	Transfer to/from other funds
( 120 107)	(1 544 808)	( 33 048)	<b>Total Changes in Fund Balances</b>
			<b>Fund Balances, 1 January 2008</b>
1 024 217	2 968 953	2 998 595	<b>Fund Balances, 21 January 2010</b>
904 110	1 424 145	2 968 953	

**Institute of Nutrition of Central America and Panama**  
**Statement of Assets, Liabilities, and Reserves and Fund Balances**  
**Financial Period As of 21 January 2010**

(expressed in US dollars)

	Reference	21 January 2010	31 December 2007
<b>Assets</b>			
Cash and term deposits	Note (3)	2 078 843	3 405 448
Accounts receivable			
Assessed quota contributions due from Members	Schedule (11)	66 266	59 496
Provision for delays in collection of assessed quota contributions	Schedule (11)	( 66 266)	( 59 496)
Sundry debtors	Note (5)	4 340	2 498
Balance due from the Pan American Health Organization for interorganization funding activities	Note (6)	1 338 836	2 830 382
Land	Note (7)	233 671	214 257
<b>Total Assets</b>		<b>3 655 690</b>	<b>6 452 585</b>
<b>Liabilities and Reserves and Fund Balances</b>			
<i>Liabilities</i>			
Assessed quota contributions received in advance	Note (8)	188	15 050
Accounts payable	Note (9)	379 262	26 892
<i>Total Liabilities</i>		<b>379 450</b>	<b>41 942</b>
<i>Reserves and Fund Balances</i>			
Staff Provident Fund	Note (10)	16 383	1 503 913
Endowment Fund	Note (11)	430 661	407 304
Trust Funds	Schedule 12	758 840	2 227 433
Special Fund for Program Support Costs	Note (12)	43 346	11 384
Special Fund for INCAP Services	Note (13)	29 645	22 135
Provision for Personnel Entitlements	Note (14)	904 110	1 024 217
Working Capital Fund	Note (15)	859 584	1 000 000
<i>Total Fund Balances</i>	Statement XI	<b>3 042 569</b>	<b>6 196 386</b>
Equity in Land	Note (7)	233 671	214 257
<i>Total Reserves and Fund Balances</i>		<b>3 276 240</b>	<b>6 410 643</b>
<b>Total Liabilities and Reserves and Fund Balances</b>		<b>3 655 690</b>	<b>6 452 585</b>

The accompanying notes and schedules are an integral part of the financial statements.

**Institute of Nutrition of Central America and Panama**  
**Statement of Cash Flow**  
**Financial Period 1 January 2008 to 21 January 2010**

(expressed in US dollars)

	1 January 2008 21 January 2010	1 January 2006 31 December 2007
<b>Cash Flows from Operating Activities</b>		
Net excess (shortfall) of income over expenditure (Statement XI)	(2 798 157)	1 774 535
(Increase) decrease in sundry debtors	( 1 842)	( 339)
(Increase) decrease in supplies inventory		2 194
Increase (decrease) in prior biennium reserves / Current unliquidated obligations		
Increase (decrease) in contributions or payments received in advance	( 14 862)	14 854
Increase (decrease) in accounts payable	352 370	892
Less: Interest income	(242 802)	(275 022)
<i>Net Cash Flows from Operating Activities</i>	<u>(2 705 293)</u>	<u>1 517 114</u>
<b>Cash Flows from Investing and Financing Activities</b>		
(Increase) decrease in interorganization funding balance receivable	1 491 546	(1 529 472)
Add: Interest income	242 802	275 022
<i>Net Cash from Investing and Financing Activities</i>	<u>1 734 348</u>	<u>(1 254 450)</u>
<b>Cash Flows from other Sources</b>		
(Increase) decrease in land	( 19 414)	( 42 543)
Savings on or cancellation of prior periods obligations		
Other project adjustments	( 355 660)	( 5 961)
Increase (decrease) in equity land	19 414	42 543
<i>Net Cash from other Sources</i>	<u>( 355 660)</u>	<u>( 5 961)</u>
<b>Net Increase (Decrease) in Cash and Term Deposits</b>	(1 326 605)	256 703
<b>Cash and Term Deposits at 1 January 2008</b>	<u>3 405 448</u>	<u>3 148 745</u>
<b>Cash and Term Deposits at 21 January 2010 (Note 3)</b>	<u><u>2 078 843</u></u>	<u><u>3 405 448</u></u>

**Institute of Nutrition of Central America and Panama**  
**Administered by the Pan American Health Organization**  
**Explanatory Notes to Financial Statements**  
**For the Financial Period 1 January 2008 to 21 January 2010**  
*(expressed in US dollars)*

As of 22 January 2010 INCAP will be administered by its own Directing Council as indicated in Resolution II of the LIX directing Council of INCAP, and the Resolution CD49.R16 of the 49<sup>th</sup> Directing Council of the Pan American Health Organization.

The members of Directing Council of INCAP are the Ministries of Health of Belize, Costa Rica, El Salvador, Dominican Republic, Guatemala, Honduras, Nicaragua, and Panama. The Director of the Pan American Health Organization is also a member of this Directing Council.

The Pan American Health Organization administered the Institute from the year 1949 through 21 January 2010.

## **1. Mission Statement**

INCAP is an institution specializing in food and nutrition, whose mission is to support the efforts of its Member Countries by providing them with technical cooperation in order to reach and maintain food and nutrition security for their populations, through its basic functions of Research, Information and Communication, Technical Cooperation, Training and Development of Human Resources, and Mobilization of Financial and Non-Financial Resources in support of its mission.

## **2. Accounting Policies**

- (a) The accounting policies applied reflect the requirements of the Institute's Financial Regulations and those of the Pan American Health Organization. This includes disclosing all amounts in U.S. dollars. (See note 2(h) for currency exchange).
- (b) The main accounting policies are compatible with those of the Pan American Health Organization. They are also compatible with the disclosure requirements of International Accounting Standard 1, "Disclosure of Accounting Policies," and the United Nations Common Accounting Standards, insofar as these are applicable to the operations of INCAP.
- (c) Period of Account

Due to the transfer of the Administrative duties from the Pan American Health Organization to the INCAP Directing Council on 22 January 2010, the financial period covered by these statements include 1 January 2008 through 21 January 2010.

- (d) Accounting Convention

The financial statements are prepared under the historical cost convention, except as modified in Policy (e).

- (e) Capital Assets

All capital assets, other than land and buildings, are charged to expenditure in the year of purchase. The Institute maintains an inventory of non-expendable equipment containing items equal to or greater than US\$ 1,000 in value. These assets are therefore not shown in the Statement of Assets and Liabilities (Explanatory Note 16). Land and Buildings are recognized and shown in the Statement of Assets, Liabilities and Reserves and Fund Balances, at appraised values. (See Note 7).

**(f) Income**

INCAP's assessed contributions as well as PAHO and WHO Regular budget funding, are recorded on an accrual basis. All other income is recorded on a cash basis (i.e., when actually received).

**(g) Expenditure**

All expenditure against INCAP's Funds (Statements XI and XI.1) reflects goods and services that were delivered or contractually due to be delivered by 21 January 2010.

Trust Fund project costs (Schedule 12) are recorded on a cash basis (i.e., when monies are paid for goods and services).

**(h) Currency exchange**

Income and expenditures in local currency are recorded in US dollars at the United Nations' rate of exchange at the date of transaction, except where grantors require conversion at the historical rate.

Where applicable, end of month local currency cash balances are revalued using the next month's United Nations' rate of exchange.

Local currency cash balances held at the end of the financial period are translated into US dollars using the rates prevailing at 21 January 2010.

The currency exchange differential resulting from translation of amounts into US dollars is shown in income on Statement XI.

**(i) Fixed-term Time Deposits**

Funds are invested by PAHO within the PAHO portfolio of investments. Interest is apportioned to the INCAP Staff Provident Fund and Working Capital Fund. PAHO also manages the investment of INCAP at the Central American Bank for Economic Integration, as explained in note 4.

**(j) Quota Contributions Receivable**

After reduction by an equal provision for uncollected contributions, amounts due on quota contributions (Schedule 11) are shown with a balance of zero in the Statement of Assets, Liabilities and Reserves and Funds Balances. The Institute adopts this approach in the interest of prudence.

The Statement of Assessed Quota Contributions Due from Members (Schedule 11) shows the established receivables for the years 2008 and 2009; however the amounts collected cover the period 1 January 2008 through 21 January 2010.

**(k) Sundry Debtors Reserve**

The Institute makes a provision for the non-collection of bad and doubtful amounts in the interest of prudence.

**(l) Unliquidated Obligations**

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the financial period. In accordance with Financial Regulation 4.5 (as amended by Resolution CD47.R13 of the 47th PAHO Directing Council), appropriations for unliquidated obligations remain available to discharge valid obligations for the financial period following the end of the financial period to which they relate.

Liabilities shown in the Statement of Assets and Liabilities include unliquidated obligations charged against INCAP regular budget appropriations. Trust Funds disclosed in Schedule 12 are reflected on a cash basis.

**(m) Accounts Receivable and Payable**

Accounts receivable and payable are maintained within the Institute's single set of accounts and are not segregated by source of funds.

**(n) Eliminations on consolidation**

In order to reflect intra-organizational transactions, an Eliminations Column has been included on Statement XI. Further details are given in Note 17.

### 3. Cash and term deposits

Balances are almost totally in US Dollars in fixed term deposits, and the main breakdown of this balance is as follows:

	<u>21 January 2010</u>	<u>31 December 2007</u>
Bank and fixed term deposits held by INCAP	1 201 317	900 228
Petty cash held by INCAP	1 559	1 307
Fixed term deposits held by PAHO on INCAP's behalf	<u>875 967</u>	<u>2 503 913</u>
Total	<u>2 078 843</u>	<u>3 405 448</u>

### 4. Investments Endowment Fund-BCIE (CABEI)

In February 2000, the Endowment Fund was invested by PAHO in a special trust fund with the Central American Bank for Economic Integration (CABEI-BCIE). This has been registered in INCAP's records as Investments. Interest earned, bank expenses and Trust Fund Administration Fee are monthly credited/debited on a special account established in the Dresdner Bank Lateinamerika, in Miami. For more information on the fund, see Note 11.

The status of this investment is:

	<u>1 January 2008</u> <u>21 January 2010</u>	1 January 2006 <u>31 December 2007</u>
Balance as of 1 January 2008 (2006)	403 897	371 191
Add:		
Transfer of surplus of Working Capital Fund	3 406	
Interest earned	<u>25 759</u>	<u>38 030</u>
Total	433 062	409 221
less: Bank expenses	<u>2 401</u>	<u>5 324</u>
Balance as of 21 January 2010 (31 December 2007)	<u>430 661</u>	<u>403 897</u>

### 5. Sundry Debtors

Sundry Debtors comprise:

	<u>21 January 2010</u>	<u>31 December 2007</u>
Miscellaneous receivables	<u>4 340</u>	<u>2 498</u>



## 6. Balance due from PAHO for inter-office funding activities

This figure gathers different accounts, receivable from and payable to the Pan American Health Organization, which are summarized as follows:

	<u>21 January 2010</u>	<u>31 December 2007</u>
Net balance due to INCAP	<u>1 338 836</u>	<u>2 830 382</u>

## 7. Land and Equity in Land

The amount of \$233,671 represents the appraised commercial value, as of November 2009, of 7,575 square meters of land donated to INCAP by the Pan American Health and Education Foundation (PAHEF) in 1989. The land is located 22.5 kilometers South East of Guatemala City. In recognizing the value of the gifted asset in the Statement of Assets, Liabilities and Reserves and Fund Balances, an Equity in Land reserve of US\$ 233,671 has been created. See accounting policy 2(e).

## 8. Quota Contributions Received in Advance

In addition to the quota collections shown in Schedule 11, some amounts for future periods were received in 2008-2009. An amount of \$188 was received in 2009 from the Government of Dominican Republic. This amount will be applied to quota payments in 2010.

## 9. Accounts Payable

There are some specific accounts payable, which have been recorded in the INCAP's ledger.

	<u>21 January 2010</u>	<u>31 December 2007</u>
Total	<u>379,262</u>	<u>26 892</u>

These payables include US\$ 378,981 for the terminal benefits and severance payments to three INCAP staff whose contracts were terminated as of 28 February 2010.

## 10. Staff Provident Fund

All full-time staff members appointed for one year or more participate in the Provident Fund. Each technical and service staff member contributes an amount equal to 9% of his or her salary, while the Institute contributed 12%. Upon termination, the staff member receives a lump sum payment of the entitlement accumulated in his/her account.

Staff members are entitled also to request specific loans for housing and/or other purposes, and proper guarantee for these loans is the balance of their Provident Fund. INCAP has also a complete set of rules to manage and administrate such kind of loans.

As a result of the transition of Administration, from PAHO to the Directing Council of INCAP, the balances of the Provident Fund as of 31 December 2009 were fully refunded to each participating staff member. The reimbursements of these balances were made on two different dates: The first payment, 50% of the net balance (savings less personal loans) was processed as of 31 December 2009; the second and final payment (the remaining balance including interest earned) was processed as of 21 January 2010.

Ending balance as at 21 January 2010 reflects the staff and INCAP contributions for the January 2010 payroll to the new Staff Provident Fund, which is to be administered by INCAP. The Staff Provident Fund will no longer be administered by PAHO as in previous biennia.

The position of the Staff Provident Fund as of 21 January is:

	<b>1 January 2008 21 January 2010</b>	1 January 2006 31 December 2007
Balance as of 1 January 2008 (2006)	1 503 913	1 633 787
Add Income:		
Contributions of staff members and INCAP	398 428 <sup>1/</sup>	385 622
Interests on fixed-term deposit	115 984	112 669
Repayment of loans by staff members	915 177	395 724
Interest on loans	43 071	30 630
Total Income	<u>1 472 660</u>	<u>924 645</u>
Less Expenditure:		
Withdrawals on separation	120 997	414 525
Withdrawals as advances previous to separation	97 354	176 902
Withdrawals as agreed per transaction of INCAP administrator	1 688 439	
New loans to staff members	1 040 674	446 625
Prior year interest paid to former staff members	12 726	16 467
Total Expenditure	<u>2 960 190</u>	<u>1 054 519</u>
Balance as of 21 January 2010 (31 December 2007)	<u>16 383</u>	<u>1 503 913</u>
This Balance is compound by:		
Provident Fund belonging to staff members	16 383	1 699 362
(-) Loans to staff for housing purposes		(145 137)
(-) Loans to staff for other purposes		(128 900)
(+) Interest income apportioned among staff members		78 588
Total	<u>16 383</u>	<u>1 503 913</u>

<sup>1/</sup>Contributions of staff members and INCAP of \$398,428 have been eliminated as per Note 17.

## 11. Endowment Fund

The Endowment Fund was created in accordance with Resolution V of the XLIII Meeting of the INCAP Directing Council in September 1992. Its purpose is to provide institutional strengthening to INCAP and ensure continuity in the delivery of technical cooperation programs to benefit the people of Central America. For more information on the funds investments, see Note 4.

The status of the Fund is:

	<b>1 January 2008 21 January 2010</b>	1 January 2006 31 December 2007
Balance as of 1 January 2008 (2006)	407 304	371 191
Add:		
Transfers from Working Capital Fund		3 406
Interest earned (Investments Fund-BCIE (CABEL))	25 759	38 031
Subtotal	<u>433 063</u>	<u>412 628</u>
Less:		
Bank expenses	2 402	5 324
Balance as of 21 January 2010 ( 31 December 2007)	<u>430 661</u>	<u>407 304</u>

## 12. Special Fund for Program Support Costs

This Fund was established by the Director during 1992 and confirmed by Resolution II of the 1993 INCAP Directing Council. Some trust fund projects are charged program support costs based on a percentage of the direct project cost incurred and this income is credited to the Fund. In accordance with Resolution II, the Fund is used to provide support for the Institute's administrative costs, such as utilities, building maintenance and renovation, purchasing of furniture, office equipment, computer equipment and salaries of administrative staff that support program activities.

Management has discretion over which administration costs are to be paid from this fund. In the current biennium, fewer staff and other costs have been paid from the fund than in the previous biennium, leaving a surplus of \$43,346 available to be utilized in future periods.

The status of the Fund is:

	<b>1 January 2008 21 January 2010</b>	1 January 2006 31 December 2007
Balance as of 1 January 2008 (2006)	11 384	82 377
Add:		
Income	64 497	59 067
Subtotal	<u>75 881</u>	<u>141 444</u>
Less: Expenditure	32 535	130 060
Balance as of 21 January 2010 ( 31 December 2007)	<u><u>43 346</u></u>	<u><u>11 384</u></u>

## 13. Special Fund for INCAP Services

This Fund was established in 1992 by the Director and confirmed by Resolution II of the 1993 INCAP Directing Council. Income earned from the sale of certain services provided by INCAP (together with expenditure incurred in developing these services) is recorded in this Special Fund.

INCAP has reclassified income and expenditure in relation to projects managed by FANCAP. In prior years these cash-flows were reported as part of Extra Budgetary Funds. However in 2009 it was decided to report these as part of Institutional Services within the Special Fund for INCAP Services. Under this circumstance there is a legal agreement between FANCAP and the donor, and INCAP acts solely as the administrator of the program and has an agreement with FANCAP to do so, earning an overhead in the process. This has resulted in increased income of \$203,071 and increased expenditure of \$182,766 in comparison with the prior biennium.

During 2008/09 the decision was taken to charge salaries associated with the administering of photocopying services to this special fund, previously they had been charged to regular funds. This has resulted in an increase in expenditure of \$25,819.

The status of the Fund is:

Account description:	Balance			Adjustments	Balance
	1 January 2008	Income	Expenditure		21 January 2010
Institutional services	2 267	203 071	185 033		20 305
Photocopying services (*)	16 684	50 074	63 881		2 877
Transportation services (*)	3 184	50 922	47 643		6 463
Total	<u>22 135</u>	<u>304 067</u>	<u>296 557</u>		<u>29 645</u>

(\*) These are internal services.

#### 14. Provision for Personnel Entitlements

INCAP has created and maintains four reserves for different personnel entitlements, which are described as follows:

##### *Reserve for Statutory and Termination Costs*

This reserve is contributed to by INCAP only and it is used for disbursements related to specific costs of contracting new personnel, advertising new positions at INCAP, periodic medical exams for staff, unused annual leave when a staff member leaves the Institute and severance payment when applicable.

Expenditure for this reserve includes an accrual amount of US\$ 378,981 which was recorded as of 21 January 2010 for the terminal benefits and severance payments to three INCAP staff whose contracts were terminated as of 28 February 2010.

##### *Reserve for short-term illness*

This reserve is contributed to by INCAP only and it is used for payments to temporary staff when core staff are unable to fulfill their duties due to illness.

##### *Christmas Bonus Reserve*

This reserve is contributed to by INCAP only and its purpose of it is the annual Christmas Bonus payment to support staff, which is paid in December every year, as per the Staff Rules of INCAP.

##### *Insurance Reserve*

This reserve is contributed to by INCAP and its employees with a level of contribution dependent upon their category and whether they have dependants. All employees are entitled to the benefit of the health and life insurance, and core staff are entitled to dental insurance and an additional benefit for optical glasses.

The status of each reserve is:

Account description	Balance 1 January 2008	Income	Transfers	Expenditure	Balance 21 January 2010
Statutory and termination costs	707 961	241 094		483 715	465 340
Short-term illness	15 852	6 134			21 986
Christmas bonus	4 654	57 418		50 241	11 831
Insurance	295 750	367 229		258 026	404 953
Total	1 024 217	671 875		791 982	904 110

## 15. Working Capital Fund

In 1992, the XLIII INCAP Directing Council recommended by Resolution II that the level of the Working Capital Fund should be \$1,000,000. Accordingly, any surplus or deficit on the fund is eliminated by a transfer to/from other funds.

The position of the Working Capital Fund as of 21 January 2010 is as follows:

	<b>1 January 2008 21 January 2010</b>	1 January 2006 31 December 2007
Balance as of 1 January 2008 (2006)	1 000 000	1 000 000
Excess (shortfall) of income over expenditure (from 1 January 2008 to 31 December 2009)	6 540	3 406
Subtotal	<u>1 006 540</u>	<u>1 003 406</u>
Less: Transfers to Endowment Fund		3 406
Excess (shortfall) of income over expenditure (from 1 January 2010 to 21 January 2010)	(146 956)	
Balance as of 21 January 2010 ( 31 December 2007)	<u><u>859 584</u></u>	<u><u>1 000 000</u></u>

The working capital fund has been used to finance the operations of INCAP due to a delay in the collection of contributions due. This fund will be replenished when contributions are received.

## 16. Non-expendable Inventories

The original cost of non-expendable inventory items valued at \$1,000 or more held by INCAP as of 21 January 2010 totaled \$1,580,117. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared to maintain effective custody of the physical assets of the Institute.

	<b>1 January 2008 21 January 2010</b>	1 January 2006 31 December 2007
Balance as of 1 January 2008 (2006)	1 442 752	1 404 436
Add:		
Acquisitions and donations	419 290	216 399
Less:		
Disposals and transfers	281 925	178 083
Balance as of 21 January 2010 ( 31 December 2007)	<u><u>1 580 117</u></u>	<u><u>1 442 752</u></u>

## 17. Eliminations on consolidations of the various INCAP funds

Every biennium, INCAP has internal transactions, not involving the use of cash, between the different funds. These internal transactions are included in income and in expenditure in the relevant funds. Because these are only internal transactions, their inclusion in income and expenditure results in an over-statement (duplication) of both income and expenditure by the same amount. Income and expenditure should only reflect the transactions of INCAP with external entities.

The "Eliminations" column in the "Statement of Income and Expenditure and Changes in Fund Balances" allows for the elimination of these duplications.

The internal transactions involving income and expenditure are as follows:

Account	Reference	<b>1 January 2008 21 January 2010</b>	1 January 2006 31 December 2007
A. Income from the internal service of photocopies, transportation and institutional services:			
Photocopying service	Note 13	50 074	47 269
Transportation service	Note 13	50 922	105 730
Total		<u>100 996</u>	<u>152 999</u>
B. Technical services provided internally among different units and projects of INCAP:			
Technical services credited to INCAP regular budget		4 205	
Total		<u>4 205</u>	
C. Income from the charge of Program Support Cost (PSC) to extrabudgetary projects and to the Special fund for INCAP services:			
Total	Note 12	64 497	59 067
D. Income from INCAP's contributions to the Staff Provident Fund and to the Provision for Personnel Entitlements:			
Contribution to the Staff Provident Fund	Note 10	398 428	385 622
Contribution to the Provision for Personnel Entitlements	Note 14	671 875	610 137
Total		<u>1 070 303</u>	<u>995 759</u>
Summary:			
Revenue-producing activities			
A. Photocopies, transportation and institutional services	Note 13	100 996	152 999
B. Technical services		4 205	
Subtotal		<u>105 201</u>	<u>152 999</u>
Income from services rendered:			
C. Program Support Cost	Note 12	64 497	59 067
Subtotal		<u>64 497</u>	<u>59 067</u>
Non INCAP program activities			
D. Staff Provident Fund	Note 10	398 428	385 622
Subtotal		<u>398 428</u>	<u>385 622</u>
Allocation from other funds			
E. Provision for Personnel Entitlements	Note 14	671 875	610 137
Subtotal		<u>671 875</u>	<u>610 137</u>
Total		<u>1 240 001</u>	<u>1 207 825</u>

## 18. Expenditures

Expenditure incurred by INCAP during the biennium was as follows:

Expense Category	Regular	Trust	Special	Regular	Special	<b>Total</b>	Total
	Budget	Funds	Funds	Budget	Funds	<b>1 January 2008</b>	1 January 2007
	INCAP	INCAP	INCAP	PAHO	PAHO	<b>21 January 2010</b>	31 December 2007
Personnel	934 513	1 078 120	220 824	1 696 525		<b>3 929 982</b>	<i>3 704 381</i>
Duty travel	41 704	113 014	3 302	126 330		<b>284 350</b>	<i>194 544</i>
Contractual services	165 796	529 673		162 435		<b>857 904</b>	<i>1 362 385</i>
Fellowships and seminars	63 241	1 047 790	1 205	140 332		<b>1 252 568</b>	<i>1 005 308</i>
General operation expenses	320 976	213 964	82 124	163 809		<b>780 873</b>	<i>782 239</i>
Supplies and equipment	87 344	113 644		17 952		<b>218 940</b>	<i>320 443</i>
Program support costs		42 859	21 637			<b>64 496</b>	<i>59 067</i>
Total:	1 613 574	3 139 064	329 092	2 307 383		<b>7 389 113</b>	<i>7 428 367</i>
Eliminations on consolidations (Note 17)						<b>(169 698)</b>	<i>(212 066)</i>
Total International Health Program						<b>7 219 415</b>	<i>7 216 301</i>
Other purposes: Special Funds PAHO						<b>3 754 574</b>	<i>1 525 049</i>
Eliminations on Consolidation (Note 17)						<b>(1 070 303)</b>	<i>(995 759)</i>
Total Other Purposes						<b>2 684 271</b>	<i>529 290</i>
Total expenditure (Statement XI)						<b>9 903 686</b>	<i>7 745 591</i>

## 19. Losses

There were no cases of losses to be reported for the period 1 January 2008 to 31 December 2009.

**Institute of Nutrition of Central America and Panama**  
**Statement of Assessed Quota Contributions Due from Members**  
**Financial Period 1 January 2008 to 21 January 2010**

(expressed in US dollars)

<b>Member</b>	<b>Year</b>	<b>Amount Due</b>	<b>Collected</b>	<b>Balance Due 21 January 2010</b>
Belize	2008-2009	37 400	37 400	
		37 400	37 400	
Costa Rica	2008-2009	100 800	72 605	28 195
		100 800	72 605	28 195
Dominican Republic	2008-2009	100 000	100 000	
	2006-2007	53 638	53 638	
		153 638	153 638	
El Salvador	2008-2009	122 400	122 400	
		122 400	122 400	
Guatemala	2008-2009	225 400	224 729	671
	2006-2007	226	226	
		225 626	224 955	671
Honduras	2008-2009	74 800	37 400	37 400
		74 800	37 400	37 400
Nicaragua	2008-2009	89 200	89 200	
		89 200	89 200	
Panama	2008-2009	107 400	107 400	
	2006-2007	5 632	5 632	
		113 032	113 032	
<b>Total</b>		916 896	850 630	66 266
Amounts consist of:				
		857 400	791 134	66 266
		59 496	59 496	
		916 896	850 630	66 266



**Institute of Nutrition of Central America and Panama**  
**Statement of Trust Funds**  
**Financial Period 1 January 2008 to 21 January 2010**

(expressed in US dollars)

Source of Funds	Project Reference	Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure	Project Adjustments	Balance 21 January 2010
<b>I. Government Financing</b>						
<i>Belgium</i>						
Support for Agroindustrial Enterprises with Incorporation of Women into Municipalities by the Development of the Border Area Nicaragua - Costa Rica	NUT-469	11 571	289 653	292 493		8 731
<i>United States of America</i>						
<i>U.S. Department of Agriculture</i>						
Food Security as Related to Gender in Mesoamerica. (Workshop)	NUT-448	16 221		16 191	232	262
<i>National Institutes of Health - NIH/NHLBI</i>						
Global Health Activities in Developing Countries to Combat Non-Communicable Chronic Cardiovascular and Pulmonary Diseases - Centers of Excellence (COE)	NUT-502		16 543	8 492		8 051
<i>Subtotal</i>		16 221	16 543	24 683	232	8 313
<b>Total - Government Financing</b>		27 792	306 196	317 176	232	17 044
<b>II. International Organizations</b>						
<i>Center for Social and Demographic Studies - CESDEM</i>						
Micronutrients determination in Plasma Samples to Evaluate the Nutritional Status in the Population of the Dominican Republic.	NUT-501		37 949	26 356		11 593
<i>Food and Agriculture Organization of the United Nations - FAO</i>						
Case Studies on School Gardening and Nutrition Education in Four Countries in Central America and the Caribbean	NUT-458	508			( 508)	
Survey Fieldwork on the Long-term Welfare Effects of Commercialization of Agriculture among Smallholders in the Central Highlands of Guatemala.	NUT-462	7 168		7 168		

Source of Funds	Project Reference	Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure	Project Adjustments	Balance 21 January 2010
Feasibility Study of the long-term Welfare Effects of Commercialization of Agriculture among Smallholders in the Central Highlands of Guatemala	NUT-472	1 155		1 155		
<i>Subtotal</i>		8 831		8 323	( 508)	
<b>International Atomic Energy Agency - IAEA</b>						
Body Composition and Daily Expenditure of Older Adults Living in Rural Guatemala	NUT-461	2 702	4 975	7 667	( 10)	
Training Course - Data Analysis on Prediction of Body Composition, Guatemala	NUT-489	314			( 314)	
<i>Subtotal</i>		3 016	4 975	7 667	( 324)	
<b>Inter-American Development Bank</b>						
Central American Food Fortification with 'Folic Acid' and other Micro Nutrients as a Good Public Regional	NUT-479	182	54 000	54 182		
<b>INCAP</b>						
Experimental Farm	NUT-130	1 469	33 502	34 462		509
<b>OVATIONS</b>						
Nutrition-related Chronic Diseases (NRCDS) Center of Central America, the Dominican Republic, and Mexico	NUT-491	10 389		10 389		
Strengthening the Local Capabilities in Health Promotion, Prevention and Control of Chronic Diseases Related to Nutrition to Central America, Dominican Republic, and Mexico 2008-2012	NUT-495		40 050	40 050		
<i>Subtotal</i>		10 389	40 050	50 439		
<b>Pan American Health and Education Foundation - PAHEF</b>						
Indigenous Perspective and Cultural and System Barriers for Postpartum Care	NUT-471	613		602	( 11)	

Source of Funds	Project Reference	Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure	Project Adjustments	Balance 21 January 2010
Intervention Model for the Prevention of Childhood Malnutrition through the Promotion of a Healthy Diet and Physical Activity in Elementary School Children	NUT-498		49 880	48 049		1 831
<i>Subtotal</i>		613	49 880	48 651	( 11)	1 831
<b>World Food Program - WFP (PMA)</b>						
Development and Validation of a Tool to Determine the Institutional Capacity for the Governments of Central America and the Dominican Republic in the Nutrition Sector	NUT-492	5 135	42 927	20 421		27 641
Cost of the Hunger in Venezuela	NUT-494	1 913		1 873	( 40)	
<i>Subtotal</i>		7 048	42 927	22 294	( 40)	27 641
<b>Regional Program for Reducing Vulnerability and Environmental Degradation - PREVDA</b>						
Design and Implementation of Master's, Associate's and Bachelor's Degree Programs in Territorial Planning and Management of Water and Environmental Risks with Gender and Multicultural Emphasis.	NUT-499		1 035 086	386 858		648 228
<b>SEGEPLAN</b>						
Evaluation of the Program Growing Well	NUT-477	( 6 137)	39 189	32 022	( 1 030)	
<b>Central American Integration System - (SICA)</b>						
Regional Program of Food and Nutrition Security to Central America	NUT-468	21 869		22 846	977	
INCAP's Technical Cooperation to PRESANCA	NUT-473	343 763		318 583	166	25 346
Immediate Actions Against the Extreme Poverty and Hunger in Central America: Operationalization of the Strategy in Municipios by Development of Central America and the Dominican Republic	NUT-481	125 019	3 716	133 598	4 886	23

Source of Funds	Project Reference	Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure	Project Adjustments	Balance 21 January 2010
Regional Program of Food and Nutrition Security to Central America - POA2	NUT-484	356 106	128 175	340 228	( 144 053)	
Technical Assistance for the Institution Building of the Foson (RE4)	NUT-486	1 064 217		929 492	( 134 725)	
Technical Assistance for Development, Attendance, and Implementation of the Activities of the POA2 of Presanca	NUT-487	295 199	11	225 175	( 70 035)	
<i>Subtotal</i>		2 206 173	131 902	1 969 922	( 342 784)	25 369
<b>United Nations Children's Fund - UNICEF</b>						
Fortified Food Evaluation (Salt with Iodine, Sugar with Vitamin A), in Sentinel Schools	NUT-452	6 078	33 341	13 571		25 848
<b>Total - International Organizations</b>		2 237 662	1 502 801	2 654 747	( 344 697)	741 019
<b>III. Private and Public Sector</b>						
<b>Cooperativa Agricola Union de 4 Pinos</b>						
Program Fortification of Food and Paired Fortified Food	NUT-493	1 004	8 278	9 282		
<b>Emory University</b>						
Early Nutrition, Human Capital, and Economic Productivity	NUT-441	12 282	72 312	77 444	( 6 373)	777
Zinc, Mental Health, and School Performance.	NUT-467	75	6 916	6 991		
<i>Subtotal</i>		12 357	79 228	84 435	( 6 373)	777
<b>SENACYT</b>						
Assurance of the Quality and Dairy Product Safety	NUT-488	( 45 128)	45 128			
<b>University of California</b>						
Beef as a Source of Vitamin B-12, Iron, and Zinc to Improve Development of Infants Fed Low Amounts of Animal Products	NUT-464	281			( 281)	
<b>University Research Co., LLC</b>						
<b>URC Washington</b>						
Validation of Practical Methods for the Monitoring at the Level of the Country of the Realization of the Right to an Adequate Diet	NUT-476	242			( 242)	

Source of Funds	Project Reference	Balance 1 January 2008	Funds Received <sup>1/</sup>	Project Expenditure	Project Adjustments	Balance 21 January 2010
Evaluation of the Component of Monitoring and Promotion of the Growth of the AINM-C IMCI Strategy in the Expansion of Coverage (quality in health)	NUT-478	( 18 594)	20 000		( 1 406)	
<i>Subtotal</i>		( 18 352)	20 000		( 1 648)	
<b>Various</b>						
Program Fortification of Food and Complementary Fortified Food	NUT-483	2 969		2 946	( 23)	
III National Height Census of School Children in First Grade in Guatemala.	NUT-496		47 000	46 963	( 37)	
First Week's Regional Food and Nutrition Security.	NUT-497		17 500	17 485	( 15)	
<b>W.K. Kellogg Foundation</b>						
Facilitating Emotional Development of Children by Providing Training for Parents and Teachers in Central American and Caribbean Countries	NUT-459	2 818			( 2 818)	
Institutional Strengthening Project	NUT-466	6 030		6 030		
<i>Subtotal</i>		8 848		6 030	( 2 818)	
<b>Total - Private and Public Sector</b>		( 38 021)	217 134	167 141	( 11 195)	777
<b>Total</b>		<b>2 227 433</b>	<b>2 026 131</b>	<b>3 139 064</b>	<b>( 355 660)</b>	<b>758 840</b>
Balance at 21 January 2010 is represented by:						
Receipts in excess of expenditure accumulated on projects held in trust by INCAP						758 840
Expenditure funded by INCAP in excess of receipts incurred on projects						
						<b>758 840</b>

<sup>1/</sup> Funds Received are shown net of refunds to Donors.

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National Audit Office

The National Audit Office (NAO), headed by the Comptroller and Auditor General of the United Kingdom, provides an external audit service to the Institute of Nutrition of Central America and Panama (INCAP). The External Auditor has been appointed by the Directing Council of INCAP in accordance with Regulation XIV of the Financial Regulations. In addition to certifying the accounts of INCAP, he has authority under the mandate to report to the Directing Council on the economy, efficiency and effectiveness with which the Institute has used its resources.

The aim of the audit is to provide independent assurance to the Directing Council; to add value to the Institute's financial management and governance; and to support the objectives of the Institute's work.

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2008-2009

## External Auditor's Report

### Audit of the Financial Statements of the Institute of Nutrition of Central America and Panama (INCAP)

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## EXECUTIVE SUMMARY

*We have provided an unqualified audit opinion on the 2008-2009 financial statements - which present fairly, in all material respects and our audit revealed no weaknesses or errors which we considered to be material to the accuracy, completeness and validity of the financial statements.*

*In addition to comments on INCAP's financial performance our audit report focuses on other areas of financial and governance interest:*

***On going concern*** – *While income from assessed contributions remained relatively constant during this biennium, we noted a significant fall in income from voluntary contributions and a corresponding decline in the number of Trust Fund projects undertaken by INCAP. In contrast to declining income, staff costs and the costs of providing fellowships and seminars have increased. We have therefore stressed the importance of developing a detailed business plan to ensure that the levels of planned resources and activities are aligned and respond to variations in project activity. We have also recommended that INCAP carefully monitor performance against the Funding Agreement with PAHO to ensure that the criteria are met.*

***On the internal control environment*** - *Our review of the system of internal control provided sufficient evidence for the purposes of our audit to conclude that INCAP had maintained an effective level of internal financial control during this financial period. However, we have raised concerns that aspects of the control environment have deteriorated following the separation from PAHO, in particularly in relation to the absence of appropriate policies and procedures covering all areas of INCAP's business.*

***On governance matters*** – *We have noted that under an agreement PAHO will continue to provide internal oversight over the course of the next two years, but INCAP need to ensure that the level of audit assurance is sufficient to provide assurance during the period of change and to formalize longer term arrangements as soon as practicable. We encourage the Institution to develop an Information Technology strategy covering all of its hardware and software needs. We also highlight the need for INCAP to develop a practical business continuity plan.*

***On IPSAS and financial reporting*** – *Our report highlights the benefits for INCAP from adopting an accounting framework which is comparable with other international organisations by adopting International Public Sector Accounting Standards (IPSAS). We further highlight the action that INCAP need to take to embed effective financial reporting both for the benefit of senior management and INCAP's governing body.*



## DETAILED FINDINGS

### Overall Results of the Audit

1. We have audited the financial statements of the Institute of Nutrition of Central America and Panama (INCAP) in accordance with the Financial Rules and Regulations and in conformity with International Standards on Auditing. The audit examination revealed no weaknesses or errors which we considered to be material to the accuracy, completeness and the validity of the Institute's financial statements. In my opinion, these financial statements present fairly, in all material respects, the financial position as at 21 January 2010 and the results of operations and cash flows for the period then ended, in accordance with United Nations System Accounting Standards and INCAP's stated accounting policies.
2. This audit examination included a general review of the Institute's accounting procedures; a broad assessment of internal controls; and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. Our audit procedures are designed primarily for the purpose of forming an audit opinion. Consequently, the work did not involve a detailed review of all aspects of the Institute's budgetary and financial information systems, and the results should not be regarded as a comprehensive statement on them. Finally an examination was carried out to ensure that the financial statements accurately reflected INCAP's accounting records and were fairly presented.
3. Our current appointment as the external auditors of INCAP covered the two biennia 2008-2009 and 2010-2011. However, by agreement we have ended our appointment at the end of the current financial period as the administration of INCAP passed from PAHO to the INCAP Directing Council. We outlined in our 2006-2007 report that on separation it would be more cost effective for INCAP to use a locally based external auditor. As of this date *Orellana Sanchez & Asociados* will take over as the new external audit firm for INCAP.
4. The main observations and recommendations from our audit are summarised below. Our recommendations are summarised in **Annex A**. Action taken by management in response to our recommendations in 2006-2007, is set out at **Annex B**.

## Financial Results

### Reporting Period

5. INCAP separated from the Pan American Health Organization on 21 January 2010. To accurately report the financial position of INCAP as at the date of separation it was agreed to extend the current reporting period to 21 January 2010 so that all transactions and balances could be included and reported in the current set of financial statements and to enable an audit opinion to be expressed at the time of separation.

### Financial Overview

6. The financial statements report that during the financial period the Institute received US\$1.48 million in regular budget income and incurred related expenditure of US\$1.61 million. After providing for delays in the collection of assessed contributions, and adjusting for contributions received in relation to prior years, the financial statements record a net shortfall of income over expenditure of US\$140,416 for the extended period as a whole, primarily due to the inclusion of additional costs resulting from the extended accounting period. On a comparable basis with the previous year the position at 31 December 2009 showed a small surplus of US\$6,540. The deficit for the extended period has been financed by utilising the Working Capital Fund, which has since been replenished with funds received in 2010.

### Collection of quota income

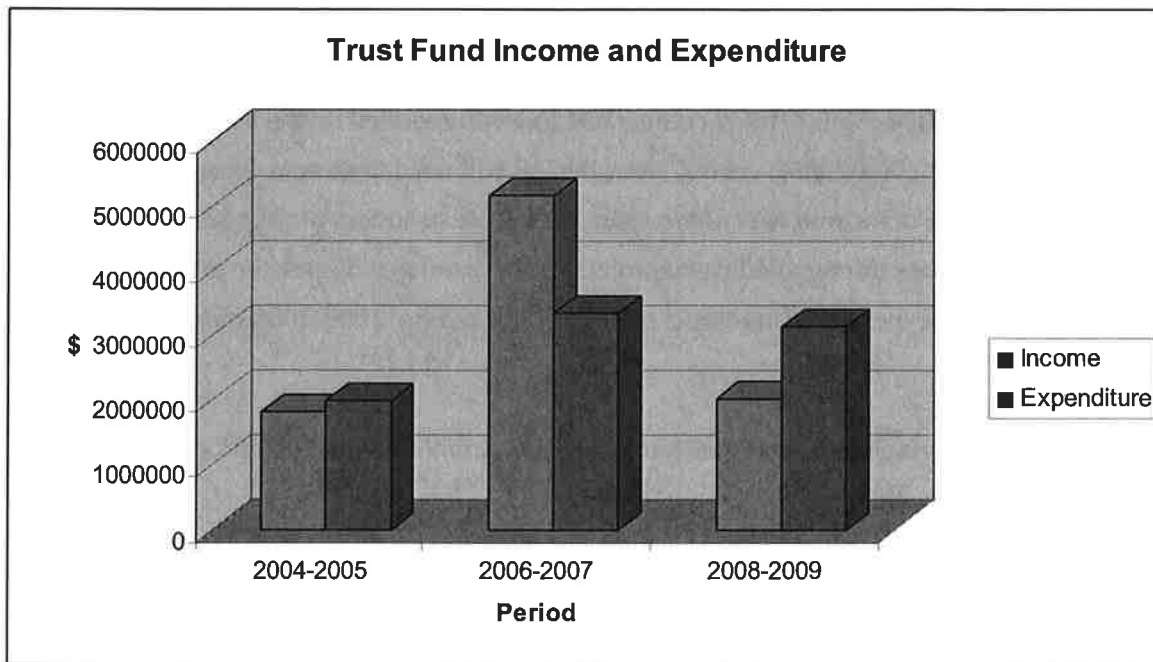
7. INCAP's total income from assessed contributions (quota income) during 2008-2009 remained at the same level as the previous biennium at US\$857,400 and we understand that again these contribution rates are to be held for 2010-2011. Any additional income requirements must therefore be resourced from other incoming alternative funding sources. The collection rate for assessed contributions has improved steadily over the last decade, and this high level of collection has continued this financial period at 93 per cent of assessed contributions due (94 per cent in 2006-07).

**Trust Fund income**

8. The amount of voluntary contributions received by INCAP decreased significantly by 61 per cent, from US\$5.2 million in 2006-2007 to US\$2.0 million in 2008-2009 largely as a result of the uncertainty surrounding the separation from PAHO and the economic climate. The proportion of INCAP's total income represented by Trust Funds has also decreased from 54 per cent in 2006-2007 to 28 per cent in 2008-2009. This is comparable to levels reported by the Institution four years ago (29 per cent in 2004-2005). In our view, INCAP will need to grow voluntary contributions as a source of income over future years, if they are to sustain project activities and pursue their core objectives through dedicated projects. We noted that despite the fall in voluntary contributions, expenditure in respect of Trust Funds during 2008-2009 increased as follows:
- Personnel Costs in respect of Trust Funds rose to US\$1.1 million from US\$996,000 in the previous biennium; and
  - Expenditure on Fellowships and Seminars also increased to US\$1.1 million from US\$842,000 in the previous biennium.
9. If voluntary contributions continue to decrease then INCAP will need to reassess the size of their current operation and adjust personnel and infrastructure costs associated with Trust Fund activities in line with income.
10. During our visit we noted concern over the significant decrease in the number of projects currently being implemented by the Institute. During 2006-2007 the Institute managed 46 Trust Fund projects, while during 2008-2009 this had fallen to 38, with only 11 of these still in progress as at 21 January 2010. The majority of the US\$2.0 million received during the biennium, related to a major regional program aimed at reducing vulnerability and environmental degradation, which is due to complete within the next 10 months. This project accounted for 51% of Trust Fund income and without new project agreements the Institute could experience difficulties in meeting overhead cost.

11. A summary of Income and Expenditure relating to Trust Funds over the last three biennia is illustrated in Figure 1 below:

**Figure 1: Profile of Trust Fund Income and Expenditure 2004 to 2009**



### Special Funds income

12. Income from Special Funds, which include the Staff Provident Fund, Endowment Fund and Special Fund for Programme Support Costs, increased by 39 percent. This was due to a large increase in revenue producing activities and income for services rendered including advertising for the provision of INCAP laboratory services and patent royalties for the nutritional supplement INCAPARINA. Sales of the supplement continue to grow, giving rise to increased royalties. We confirmed that INCAP have access rights to the organization undertaking sales of INCAPARINA to validate the level of royalties paid if required although we are not aware that these rights have been exercised. We would encourage INCAP to use these rights periodically in order to validate the levels of royalties paid.

**PAHO income**

13. Income received from PAHO (US\$2.3 million) remained relatively constant with the previous biennium. However, this contribution is set to fall after the date of separation by some 16 per cent, and the current agreement sets out an amount of approximately US\$1.9 million for the period 2010-2011. PAHO have set strict criteria for the receipt of this funding, including the utilisation of the first payment; achievement of performance indicators and is subject to PAHO being satisfied that there are no serious concerns regarding INCAP's operations. PAHO can in consultation with INCAP, retain or modify the amount of subsequent donations. The conditionality of this funding poses a new risk to INCAP and consequently careful monitoring is required to ensure conditions are met.

***Recommendation 1: We recommend that INCAP regularly monitor performance against the PAHO funding agreement in order to ensure the conditions for funding are met.***

**Amounts written off, other losses, fraud and ex-gratia payments**

14. Primary responsibility for the prevention and detection of fraud rests with the management of INCAP. Under the terms of reference governing the External Audit contained in the Financial Regulations, we are required to bring to the notice of the Directing Council any cases of fraud or presumptive fraud. INCAP did not report any amounts written off or any instances of fraud or loss during the period of account. Our audit has not identified any cases of fraud or presumptive fraud during the year.
15. We note the improvements INCAP have made during the biennium in response to recommendations in our previous reports to management with regards monitoring and tracking cases of fraud. The designation of a fraud officer within INCAP and the creation of a fraud register offers some assurance that any potential cases of fraud will be detected, investigated and recorded. These arrangements are expected to continue under the new INCAP organizational structure. INCAP staff also had access to the PAHO wide Integrity and Conflict Management System (ICMS), which included facilities for 'whistleblowing' up to the point of separation from PAHO. We encourage INCAP to arrange such a facility to provide these important facilities following the separation.

**Bank accounts and balances at the date of separation**

16. Bank accounts held by INCAP remained in use at the date of separation and will remain open for six months in order to allow for any un-presented cheques to clear. All chequebooks for these accounts have been destroyed to ensure no further cheques can be issued. As a part of the audit we have obtained independent confirmation from INCAP's banks of all the balances held as at 21 January 2010. We can confirm that the overall balance of cash held across all accounts amounted to some US\$1,201,317 as reported in note three to the financial statements.

**Staff Provident Fund**

17. As part of the transfer of the administration of INCAP from PAHO to the Directing Council, the Institute agreed to pay out the full balances of the Provident Fund as at 31 December 2009 to each participating staff member. We examined a sample of payments to staff to confirm that these had been accurately made.
18. A new Provident Fund has now been established and will be administered directly by INCAP. The balance reported in the financial statements as at 21 January 2010 reflects the contributions made to the new provident fund which were deducted from the January 2010 payroll.
19. We understand that in the future, the bank will have responsible for maintaining the provident fund arrangements, with INCAP's contribution being paid into a bank account in the name of the staff member. However, at the date of our audit the agreements with the bank were pending authorisation and finalisation by the new INCAP Director.

**Working Capital Fund**

20. During this financial period, the regular budget was overspent by US\$140,000 and this shortfall was financed by drawing on the Working Capital Fund. The Directing Council Resolution (1992 XLIII) recommended that the level of the Working Capital Fund should be maintained at US\$1 million, with any deficit or surplus being transferred from or to other funds. The deficit in the Working Capital Fund has arisen because of the unusual extension in the period of account. At the 31 December 2009, the Working Capital Fund exceeded US\$1 million by US\$6,540 and in an ordinary biennium the surplus would have been transferred to another fund through the application of a special resolution. Additional disclosures have been included within the financial statements to confirm that the Directing Council resolution has not been breached.

## Going Concern

21. The going concern concept considers whether or not an organization is able to continue operating in the foreseeable future, which is deemed to be a time period no less than 12 months following the end of the financial period. As part of our audit we review evidence such as cash flows, budgets and overall financial health, together with management representations to support our assessment.
22. As at the 21 January 2010 INCAP held US\$2.1 million of cash, which management deemed sufficient to operate their business in the short term. Given that the total net shortfall of income over expenditure through all funds for the current financial period was US\$2.7 million, INCAP will need to:
  - Examine whether the current level of programme activity is sufficient to sustain the number of staff employed and the facilities it currently occupies;
  - Undertake a review of its fixed and variable costs in order to understand how much income must be generated in order to continue operations; and
  - Consider the need to increase or attract new sources of funding or to improve organisational efficiency through cost reduction.
23. We note that within the existing work plan for 2010 and 2011, INCAP have suggested they will generate approximately US\$4 million of income. This is substantially less than the amount raised during 2008-09 which already reflects the downscaling of operations. INCAP must ensure that any reduction in income forecasts is matched by a reduction in project overheads and that income will be sufficient to meet project costs. We note that INCAP have separated three senior staff, by agreement, which in some part begins this process.
24. INCAP's largest project (responsible for 51 per cent of all voluntary contributions) is due to finish within the next 10 months, and no large projects are in the pipeline to replace this. It is important therefore that INCAP actively seeks additional sources of income, which we understand will be through establishing links with industry; mobilising funds in member countries; and partnership arrangements with other similar institutions in Central America to gain further efficiencies.
25. We understand that INCAP intends to seek economies by closing its unprofitable commercial farm operations and that it is considering potential consolidation of operations with the Foundation for Food and Nutrition within Central America and Panama (FANCAP), a separate entity which is closely aligned to INCAP's programmes and donors. INCAP have suggested that



this consolidation could create significant efficiencies in administrative costs.

26. We have concluded that INCAP remains a going concern; on the basis that funding has been guaranteed from both PAHO and the Institute's Member States for the next two years. However, it is entering a period of much greater uncertainty and will need to mobilise additional resources if it is to maintain its present level of activity.

***Recommendation 2: We recommend that INCAP formulate a detailed business plan outlining future levels of project activity and how it intends to generate additional funds. The plan should also identify how overhead costs will be reduced in line with the projected level of activity, identifying the levels of fixed and variable costs that must be met. To remain a financially viable organization, INCAP should ensure that resource levels match levels of anticipated activity.***

## Internal Financial Controls

27. We routinely test the systems of internal financial control in operation at INCAP, this included;
- Ensuring that appropriate internal controls are in place for processing income, expenditure and to manage assets; and
  - Tracing transactions through the systems of internal control to ensure that controls worked effectively during the financial period;
28. Our review of these systems and procedures provided sufficient evidence to conclude that the Institute had maintained an effective level of internal financial control during this financial period for the purposes of our audit opinion. From our sampling we found no examples where established key controls had not operated as expected. Where potential improvements could be made we have reported such improvements directly to management.

## Internal Control Environment

29. It will be important for INCAP to maintain a sound internal control environment following the separation from PAHO. A good internal control system is vital to the successful management of an organization. In particular a strong internal control environment:



- Plays an important role in preventing and detecting fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks);
- Sets the tone for the organization, which influences the culture of its employees; and
- At the organizational level provides a more reliable basis for financial and performance reporting, as well as providing greater assurance over compliance with laws and regulations.

30. This is particularly important where income and expenditure and close cash flow management will be key for the success of the Institute. We would encourage INCAP to keep the operation of the control environment under review. Our report highlights a number of aspects which we consider important in this respect.

#### **Approved Policies and Procedures**

31. Following the separation we understand that a number of authorised policies and regulations previously established by PAHO no longer remain applicable. INCAP will need to develop its own specific policies and procedures and seek approval from its Directing Council. This has already been achieved for personnel and accounting policies. Other key areas of the business, where processes and policies need to be developed and formally agreed are:

- Travel and Subsistence;
- Procurement;
- Management of Fixed Assets and Inventory; and
- Recruitment.

32. Temporary measures are being followed at the discretion of the Director in all these areas. We would encourage the Director to refer to the controls in operation as part of the Institute's next financial report, to provide an overview of the systems in operation during the financial period and to comment on their effectiveness during the period.

***Recommendation 3: We recommend that INCAP agree a timetable for the development of a comprehensive set of policies and processes to cover all areas of the business. Where possible, and to simplify the process, these should be adapted from those used by PAHO to suit the needs of INCAP and implemented as soon as practicable. We also recommend that a brief overall reference to the internal control environment should be included in the next financial statements of the Institute.***

### **Internal Audit Arrangements**

33. During the biennium INCAP's internal audit function was provided by PAHO's Department of Internal Oversight and Evaluation Service (IES). IES completed a report on INCAP and the issues around separation, these findings were considered as part of our audit approach. This report helped INCAP address a number of the key issues with regard the transition, including the future external audit arrangements, the use of laboratory services and the farm going forward.
34. In the agreement between INCAP and PAHO the IES will continue to provide the internal audit function to INCAP for the next two years. However, an internal audit plan has not yet been submitted, and the number of audit and the scope of audit work has not yet been determined. An effective internal audit function is a critical part of effective governance arrangements, particularly during this period of uncertainty and change. The Directing Council need assurances from Internal Audit to provide assurance on internal control, and therefore the sufficiency of coverage should be kept under review. INCAP should begin the consideration of how internal audit services might be provided in advance of the conclusion of the agreement with PAHO.

***Recommendation 4: We recommend that INCAP negotiate a clear terms of reference with the IES setting out the scope of IES work, commensurate to INCAP's new operating environment. INCAP should also ensure that this provides sufficient assurance over the internal control framework and financial systems or whether additional resources may be required.***

## Financial Reporting

35. Up until now INCAP has operated under the same financial reporting structure as PAHO, a biennial period of account, using the United Nations System Accounting Standards (UNSAS) framework for reporting. However as INCAP is now under the control of its Directing Council it has the ability to select its own methods of financial reporting. Given the potential risks in respect of financial stability post separation, INCAP would benefit from adopting an annual reporting cycle. Annually audited information will provide greater assurance to Member States and provide more timely information to support management decision making.
36. Furthermore, whilst under the administration of PAHO, INCAP were preparing for the adoption of International Public Sector Accounting Standards (IPSAS) as both organizations were moving to adoption in 2010. However, upon announcement of the separation, INCAP have decided not to adopt IPSAS and plan to continue using UNSAS. In our view UNSAS does not provide the most transparent and accurate means of assessing and reporting financial performance, and UNSAS itself will no longer be supported once the UN moves to IPSAS. There are clear benefits in moving to IPSAS which:
- Enables reporting on a full accruals basis, matching income and expenditure to the period in which the activity takes place rather than when the cash payments are made. This would allow the Institute to measure the true full cost of their activities in any reporting period and provide more complete and transparent reporting; and it
  - Requires all assets and liabilities to be accounted for and reported in the financial statements. This means for example that organizations have to capitalise, record and manage their non-current assets such as land, buildings, fixtures and IT equipment, with annual depreciation costs reflecting the cost of using these assets. Such a statement of assets and liabilities facilitates better understanding of the underlying position of the Institute and puts greater focus on the stewardship of assets;
  - Adoption of these accounting standards will also allow an easier comparison of INCAP's financial information with that of PAHO and the World Health Organization.
37. The adoption of IPSAS does need to be supported by a robust accounting system and suitably knowledgeable finance staff. Overall, adoption of IPSAS will enhance the accountability and transparency of the financial reports prepared by INCAP.

***Recommendation 5: We recommend that INCAP adopts an annual cycle of audited financial reporting to its Directing Council. Furthermore, we recommend that INCAP considers adopting IPSAS as the basis of its accounting framework.***

### **Information Technology (IT)**

38. As part of our audit testing we conducted a review of the current IT environment, existing policies and overall strategy. We noted that INCAP require a significant upgrade of IT communication systems and the finance module. Plans have been under consideration for some time in order to implement these new systems, and we understand that INCAP are currently tendering for the planned upgrade to IT.
39. In the cooperation agreement it was agreed that PAHO would provide the financial and technical support required for selecting and implementing a new commercial operating system and it is expected that this will be in place during the latter part of 2010. INCAP have appointed a project manager for the task and are currently in the process of obtaining quotes which will be submitted to PAHO before funds can be released.
40. PAHO provided a number of IT services to INCAP, such as webpage hosting, access to video conferencing software and regular hardware updates. Without this support INCAP are exposed to the risk of operating without an adequate IT infrastructure.

***Recommendation 6: We recommend that INCAP develop an IT strategy as a matter of priority to assess its hardware and software needs and to set out the plan to provide cost effective n efficient and effective IT solutions to meet the needs of INCAP.***

### **Business Continuity Planning**

41. Business continuity planning is the task of identifying, developing, acquiring, documenting, and testing the procedures and resources that will ensure operational continuity in the event of an accident, disaster, emergency or other threat. It involves risk mitigation planning (reducing possibility of the occurrence of adverse events), and business recovery planning (ensuring continued operation in the aftermath of a disaster). Planning enables organizations to react positively to unforeseen events, thereby limiting disruption from any particular incident.

42. At present INCAP does not have a business continuity plan and recent events in Haiti and Chile demonstrate the need to have plans to address risks. Planning needs to be an ongoing process, which is embedded within an organization's governance and operational processes. There are typically five stages to the lifecycle for such plans and these are shown in the diagram below, starting with an initial analysis of risks to an ongoing maintenance plan to ensure that the continuity arrangements are regularly tested and current.



43. In developing such a plan INCAP should:

- Analyse the threat - documenting potential threats to detail a specific disaster's unique recovery steps. Common threats include disease, earthquake, fire, flood, sabotage, hurricane;
- Assess the potential impact - differentiating between critical (urgent) and non-critical (non-urgent) functions and activities; and
- Define impact scenarios - (a typical impact scenario is 'Building Loss', which will most likely encompass all critical business functions, and the worst potential outcome from any potential threat).

44. The aim of the design phase is to identify the most cost effective disaster recovery solution that meets the business requirements identified at the impact analysis stage. The implementation phase involves execution of the design including testing of the continuity plan developed. The purpose of testing is to achieve organizational acceptance that the plan meets the organization's recovery requirements. Once developed and implemented a continuity plan is generally conducted on an annual or biennial schedule.

45. Business Continuity Plans should be rolled out to all staff with clearly identified contact points in the event of a situation occurring. In addition specific training should be provided for individuals whose roles are identified as critical in response and recovery and it should be tested periodically.

***Recommendation 7: We recommend that INCAP construct a business continuity plan in order to safeguard the business against any future unforeseen circumstances, and once adopted should be tested periodically.***

## INCAP's Separation from PAHO – Lessons Learned

46. Following separation INCAP is now administered by its own Directing Council as indicated in Resolution II of the LIX Directing Council of INCAP, and the Resolution CD49.R16 of the 49th Directing Council of the Pan American Health Organization. The process of transition has been challenging and represented a major change for INCAP. A plan for transition was established in 2008 and covered most aspects of INCAP's operations. Although all the most important matters have now been addressed to effect the transfer, a number of issues remained unresolved at the time of our audit. Table 2 summaries the progress made against key transfer issues highlighted in our previous report.

**Table 2: Summary of actions against the risks identified in our 2006-07 External Auditor's Report.**

Risk Identified in NAO's 2006-2007 Report	NAO Assessment of Progress Made by INCAP and PAHO
<p><b>Financial Solvency</b></p> <p>The future security of the level of PAHO funding is critical to INCAP as this regular budget funding supports the administrative and overhead costs of the organization</p>	<p>Subject to compliance with the requirements of the agreement PAHO has agreed to provide funding up to a maximum of US\$3.8 million over the next two biennia until 2014. This should ensure that INCAP have the funds to meet salary obligations, during its initial phase after separation.</p> <p><b>Matters Outstanding:</b> Responsibility for raising funding and negotiating agreements with donors has now passed to INCAP. The new Director is currently pursuing links with industry and other similar Central American Organizations in order to mobilise funds. However, at the time of our audit there were no significant new agreements in place and no new major projects are scheduled to commence in the next 12 months.</p>

<b>Risk Identified in NAO's 2006-2007 Report</b>	<b>NAO Assessment of Progress Made by INCAP and PAHO</b>
<p><b>Staff Provident Fund</b></p> <p>There is a risk that the existing Staff Provident Fund may be used by INCAP for operational purposes following separation from PAHO.</p>	<p>The staff provident fund as administered by PAHO has now been fully paid out to staff. INCAP are establishing arrangements for a new provident fund.</p> <p>All funds held by PAHO on behalf of INCAP are to be transferred following the certification of INCAP's 2008-2009 Financial Statements.</p> <p>INCAP have now opened 2 new bank accounts, one in local currency and one in US\$ and are now able to receive funds and make payments through these.</p>
<p><b>Professional Appointments</b></p> <p>The Director of INCAP is a PAHO employee and as such the Director's salary is met by PAHO.</p> <p>INCAP currently have an interim Director in place and plan to employ a new Director directly following the transition</p>	<p>A new Director was chosen by the Member States and started employment with INCAP on the 13 January 2010.</p> <p>There was a limited opportunity to secure a handover, one week, during which the interim and new Directors were both in employment. This made it difficult for the new Director to gain an early and full understanding of the business and risk environment, in particular the project pipeline.</p> <p>During the last two years there have been three different Directors and this has impacted on the Institution's focus and momentum, in particular in relation to new project funding.</p>
<p><b>Financial rules, regulations and operating policies</b></p> <p>PAHO's internal control structure, pay scales and operating policies are observed within INCAP. While INCAP has some existing control procedures under current arrangements PAHO policies are commonly used.</p>	<p>The PAHO Legal Department aided INCAP in revising the financial and staff regulations and these were agreed by the Directing Council in December 2009.</p> <p>A new pay structure resulted in a decision to separate three members of staff employed by INCAP and severance packages have been agreed.</p> <p><b>Matters Outstanding:</b> We have detailed the weaknesses in policies and procedures in this report.</p>



Risk Identified in NAO's 2006-2007 Report	NAO Assessment of Progress Made by INCAP and PAHO
<p><b>Good Governance</b></p> <p>PAHO provides governance and high level control functions to INCAP – notably with regard to fraud monitoring, IT security, external audit and internal oversight.</p>	<p><b>Matters Outstanding:</b> The new Director at INCAP has yet to adopt the organizational structure suggested by PAHO and delegated authority has not yet been formalized. A clearly defined organizational structure is important to support INCAP's work plan and strategy Delegations also need to be clarified to maintain proper internal control.</p> <p>Financial information is no longer being submitted to PAHO on a monthly basis and as such there will be no ongoing independent oversight of performance by financial experts during the course of the year.</p> <p><b>Matters Outstanding:</b> We have detailed issues regarding internal oversight arrangements but the Institute should consider mechanisms through which the Directing Council receives assurance over the financial position on a more regular basis.</p>
<p><b>Legal Services</b></p> <p>PAHO provides legal services to INCAP – notably the review of all Trust Fund agreements and Letters of Agreement</p>	<p>PAHO have agreed to provide legal support to INCAP for a period of 11 months following separation. However such support is specifically in relation to transition issues. INCAP have appointed a local firm for ongoing support and representation on legal matters and PAHO's involvement is now only advisory.</p>
<p><b>PAHO Training and Other Services</b></p> <p>Staff training is provided by PAHO for free, including ethics training and technical training. In the future charges may be made for these services.</p>	<p><b>Matters Outstanding:</b> INCAP have yet to make the arrangements for training and other services provided post separation.</p>
<p><b>PAHO WHO Representative (PWR) support to INCAP Projects</b></p> <p>INCAP projects often benefit from support and coordination services of the Central American PWR offices.</p> <p>The relationship between INCAP and PWR offices will be different following the transition because they will not be part of the same organization</p>	<p><b>Matters Outstanding:</b> The arrangements for how PAHO and INCAP projects will interact have not yet been finalized. INCAP have a number of staff, and assets, positioned in Country Offices, working with PAHO systems. The arrangements for the interaction between INCAP and Country Offices have yet to be finalised.</p>



## Future Reporting Arrangements for INCAP

47. This report has identified a number of issues that need to be addressed, including the level of future funding, maintenance of project activity and the need to strengthen internal controls and governance arrangements. In order to ensure INCAP are equipped to achieve these changes, the management information available must be fit for purpose in terms of scope, quality and presentation and be clearly linked to the organization's performance against its objectives. We note that INCAP's Directing Council has approved a budget for 2010-2011 and that following separation INCAP will produce annual audited financial statements.
48. Good financial management and governance are at the core of good decision making aiding the efficient running of the organization and maximising the effective use of resources. Good financial management is also essential in maintaining stewardship and accountability.
49. When INCAP operated under the auspices of PAHO, financial information was prepared on a monthly basis to monitor the financial position of the Institution and this acted as a control to query any unusual trends. However, PAHO no longer provides this oversight and the Directing Council will now have to consider new arrangements. This could be in the form of a finance committee to support the Directing Council, offering more detailed support and advice on the financial situation of the Institute during the year. In order to assist we have provided some guidance on the type of information we believe should be prepared and reviewed on a regular basis:
- Financial information presented to the Director and Member States should meet their needs and be sufficient to support decision making and the requirements of external reporting;
  - Financial information must be of sufficient quality to be trusted. To enable this it must be drawn from credible systems and be current, accurate and consistent;
  - The presentation information must be easily understood, i.e. it is presented in the context of wider operational performance and in a way that can be quickly understood;
  - The financial information presented must engage the Director and governing bodies by including narrative commentary on key trends and risk; and
  - Financial information should be produced, validated and presented to senior management on a timely basis.

50. INCAP should review management information arrangements as a matter of priority and consider both the quality and oversight over financial information presented during the year.


***Recommendation 8: We recommend that INCAP develop a financial reporting regime which meets good practice and provides the necessary level of assurance to meet the needs of the business. This should include development of monthly management information reports for senior management measuring cashflows and income and expenditure against budgets; and consider the need for a sufficiently expert committee to review the financial position periodically.***

## Follow up to 2006-2007 Audit Recommendations

51. In our report for 2006-2007, we made a number of recommendations including the transition towards independence, development of key performance indicators for projects, the need to include programme support costs within agreements, and arrangements with PAHO Country Offices. Overall, we concluded that some progress has been made by management in response to our recommendations, but that in some areas further action is required. **Annex B** details the action taken on the recommendations that we made in our 2006-2007 report.

## Acknowledgement

52. We wish to record our appreciation for the willing co-operation and assistance extended by the Director and the staff of the Institute throughout the course of the audit and the confidence you have placed in us throughout the course of our engagement as your external auditors.
53. We will follow the United Nations protocol for hand over arrangements following the appointment of your new external auditors. As part of this process we arrange to provide key documentation to *Orellana Sanchez & Asociados*, including our audit strategy documents and reports to management.

  
Amyas C E Morse 12<sup>th</sup> April 2010  
Comptroller and Auditor General, United Kingdom  
External Auditor

## ANNEX A

## Summary of Audit Recommendations

<i>Recommendation</i>	<i>Management Response<sup>1</sup></i>
<p><b><i>On Future Financial Funding</i></b></p> <p><b>Recommendation 1:</b> We recommend that INCAP regularly monitor performance against the PAHO funding agreement in order to ensure the conditions for funding are met.</p>	
<p><b><i>On Managing Income and Expenditure to Achieve Sustainability</i></b></p> <p><b>Recommendation 2:</b> We recommend that INCAP formulate a detailed business plan outlining future levels of project activity and how it intends to generate additional funds. The plan should also identify how overhead costs will be reduced in line with the projected level of activity, identifying the levels of fixed and variable costs that must be met. To remain a financially viable organization, INCAP should ensure that resource levels match levels of anticipated activity.</p>	
<p><b><i>On Strengthening Internal Controls</i></b></p> <p><b>Recommendation 3:</b> We recommend that INCAP agree a timetable for the development of a comprehensive set of policies, processes and delegations to cover all areas of the business. Where possible, and to simplify the process, these should be adapted from those used by PAHO to suit the needs of INCAP and implemented as soon as practicable. We also recommend that a brief overall reference to the internal control environment should be included in the next financial statements of the Institute.</p>	
<p><b><i>On Future Internal Oversight Arrangements</i></b></p> <p><b>Recommendation 4:</b> We also recommend that a brief overall reference to the internal control environment should be included in the next financial statements of the Institute.</p>	

<sup>1</sup> Management responses to be completed and presented to the Directing Council meeting in June

<p><b><i>On Financial Reporting Standards</i></b></p> <p><b>Recommendation 5:</b> We recommend that INCAP adopts an annual cycle of audited financial reporting to its Directing Council. Furthermore, we recommend that INCAP considers adopting IPSAS as the basis of its accounting framework.</p>	
<p><b><i>On the need to develop an Information Technology Strategy</i></b></p> <p><b>Recommendation 6:</b> We recommend that INCAP develop an IT strategy as a matter of priority to assess its hardware and software needs and to set out the plan to provide cost effective n efficient and effective IT solutions to meet the needs of INCAP.</p>	
<p><b><i>On Developing a Business Continuity Plan</i></b></p> <p><b>Recommendation 7:</b> We recommend that INCAP construct a business continuity plan in order to safeguard the business against any future unforeseen circumstances, and once adopted should be tested periodically.</p>	
<p><b><i>On Future Financial Reporting Arrangements</i></b></p> <p><b>Recommendation 8:</b> We recommend that INCAP develop a financial reporting regime which meets good practice and provides the necessary level of assurance to meet the needs of the business. This should include development of monthly management information reports for senior management measuring cashflows and income and expenditure against budgets; and consider the need for a sufficiently expert committee to review the financial position periodically.</p>	

## ANNEX B

## Follow up to 2006-2007 Audit Recommendations

NAO Recommendation	Implemented
<p>We recommend that PAHO and INCAP work together to ensure that an action plan is developed for INCAP's transition to independent status which responds appropriately to the key risks presented by the separation.</p>	<p>INCAP has successfully separated from PAHO on 21 January 2010. PAHO and INCAP have closely followed a 'roadmap' for separation taking account of the risks identified in our report for 2006-2007. We have commented further on the process for separation in paragraph 51 of this report and detailed some matters which need further attention in Table 2 of this report. However, the main recommendation in 2006-2007 has been implemented.</p> <p><b>Implemented.</b></p>
<p>We recommend that in consultation with trust fund donors, INCAP consider developing more objective key performance indicators to measure achievement of projects, for application in addition to the subjective measures used at present.</p>	<p>We are not aware of any performance indicators that have been developed by INCAP for trust fund projects.</p> <p><b>Not Implemented.</b></p>
<p>We recommended that INCAP seek to include project support costs in project agreements where possible and ensure that the overheads of the organization are fully recovered, unless explicit decisions are taken to subsidise the activities concerned from the regular budget.</p>	<p>As a result of a large decrease in the number of active projects in the biennium there have only been 4 projects on which these overheads have been charged with percentages varying between 7% and 13% during the financial period. In the previous biennium there were approximately 8 projects paying these costs at any one time.</p> <p>There have been six new contracts approved during the biennium - of which two include appropriate project support cost charges. We understand INCAP will seek to recover support costs on the other contracts through other means. However the risk is that with income from PAHO decreasing by 16 percent and member state contributions remaining at the same level that any increase in overhead costs as a consequence of inflation will place even more pressure on regular budget funds. Therefore INCAP should seek to recover programme support costs on all projects.</p> <p><b>Partially Implemented</b></p>

NAO Recommendation	Implemented
<p>We recommend that PAHO and INCAP review the existing arrangements in place for Country Offices to provide support to INCAP Trust Fund projects, in order to assess how these arrangements should be continued following the transition when INCAP becomes independent from PAHO. In doing so, both bodies will need to consider the impact on continued donor funding if these arrangements are no longer sustainable; and review the potential impact on the communities benefiting from these trust fund projects.</p>	<p>We have highlighted the significant fall in voluntary contributions and also the decline in the number of trust fund projects in this report. We are not aware of any separate arrangements entered in to by INCAP with the PAHO Country Offices to obtain support for trust fund projects.</p> <p><b>Not Implemented</b></p>

**Pan American Health Organization  
Consolidated Centers  
for Information Only**

**Pan American Health Organization**  
**Consolidated Centers**  
**for Information Only**  
**Financial Period 2008-2009**  
*(expressed in U.S. dollars)*

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

BIREME is a specialized center of PAHO established in Brazil in 1967 in collaboration with the Ministry of Health, Ministry of Education, Secretary of Health of the State of São Paulo and the Federal University of São Paulo. BIREME's mission is to contribute to the development of health in the countries of Latin America and the Caribbean by promoting the use of scientific and technical health information.

The financial status of the Center is as follows:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	349 033	624 923
Income from the sale of publications and other services	2 446 677	2 484 445
Income from the sale of PAHO/WHO publications	138 499	247 996
Income from CD-ROM system services	1 859 050	1 256 124
	<hr/>	<hr/>
Subtotal	4 793 259	4 613 488
Less: Expenditure	4 346 779	4 264 455
	<hr/>	<hr/>
Balance as of 31 December	<u>446 480</u>	<u>349 033</u>

Other expenditures include \$5,313,498 under trust fund arrangements (\$5,048,990 in 2006-2007); \$1,543,716 from PAHO Regular Budget (\$1,409,776 in 2006-2007) and \$790,654 from WHO funds (\$532,195 in 2006-2007).

**2. Pan American Center for Sanitary Engineering and Environmental Sciences (CEPIS)**

CEPIS is a specialized center of PAHO established in Peru in 1968. CEPIS' mission is to cooperate with the countries of the Americas to evaluate and control environmental risk factors that directly or indirectly affect the health of the population. CEPIS' cooperation is primarily provided through the dissemination of information, training of specialized staff, and direct technical advisory services. In addition, CEPIS' available resources include an internet-accessible library, state-of-the-art laboratory, and the distribution of various topical publications.

The financial status of the Center is as follows:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	1 146 281	1 216 186
Income from the sale of publications	8	
Income from laboratory services		
Income from other services	43	939
	<hr/>	<hr/>
Subtotal	1 146 332	1 217 125
Less: Expenditure	2 986	70 844
	<hr/>	<hr/>
Balance as of 31 December	<u>1 143 346</u>	<u>1 146 281</u>

Other expenditures include \$450,074 under trust fund arrangements (\$983,963 in 2006-2007), \$1,154,730 from PAHO Regular Budget (\$2,273,982 in 2006-2007) and \$457,895 from WHO funds (\$1,432,987 in 2006-2007).



### 3. Latin American Center for Perinatology and Human Development (CLAP)

The Latin American Center for Perinatology and Human Development (CLAP) is a PAHO/WHO Center, which is located at the University “Hospital de Clínicas” in Montevideo, Uruguay. Its mission is to foster maternal and child health by cooperating with the countries of the Region of the Americas to identify perinatal (obstetrical and neonatal) and pediatric problems and to suggest possible solutions. The strategies to pursue its mission are teaching, research, dissemination of information, and technical cooperation with the countries. The Center has a specialized library, evidence-based tutorials, an information systems development group, and units for the production of visual aids, books, and elements for “appropriate technologies.”

The financial status of the Center is as follows:

	<u>2008-2009</u>	<u>2006-2007</u>
Balance as of 1 January	50 811	19 475
Income from sundry sales and other services	<u>224 713</u>	<u>44 734</u>
Subtotal	275 524	64 209
Less: Expenditure	<u>45 706</u>	<u>13 398</u>
Balance as of 31 December	<u>229 818</u>	<u>50 811</u>

Other expenditures include \$801,666 under trust fund arrangements (\$403,145 in 2006-2007), \$1 598 420 from the PAHO Regular Budget (\$1,516,939 in 2006-2007) and \$969,576 from WHO funds (\$815,819 in 2006-2007).

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

PANAFTOSA is a specialized center of PAHO, which was established in Brazil in 1951 originally as a program of the Organization of American States. PANAFTOSA’s mission is to provide technical cooperation to the countries in the Region affected by the disease in order to develop and strengthen national and regional program efforts to prevent and eradicate the disease. Furthermore, PANAFTOSA works toward the development of programs within the Region to control and eradicate other animal diseases that affect the health of the population.

The financial status of the Center is as follows:

	<u>2008-2009</u>	<u>2006-2007</u>
PAHO Regular Budget Allocation	8 979 851	7 420 154
Less: Expenditure	<u>8 979 770</u>	<u>7 397 145</u>
Balance	<u>81</u>	<u>23 009</u>

Other expenditures include \$2,734,290 from PAHO Special Funds (\$2,398,293 in 2006-2007) and \$7,367,082 under Trust Fund arrangements (\$5,309,580 in 2006-2007).