



**10th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Washington, D.C., USA, 30 March-1 April 2016

Provisional Agenda Item 4.1

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OVERVIEW OF THE FINANCIAL REPORT OF THE DIRECTOR FOR 2015

Content of the Financial Report of the Director

1. As required by Financial Regulation 13.2, a final report showing the current financial position of the Pan American Health Organization (PAHO) is being prepared for the 2015 financial reporting period. This Financial Report of the Director will contain PAHO's consolidated financial statements as of 31 December 2015. The document will also include the External Auditor's report and opinion on the Organization's Financial Statements for 2015.

Preparation of the Financial Report of the Director

2. PAHO's financial statements will be prepared in accordance with International Public Sector Accounting Standards (IPSAS), which were adopted effective 1 January 2010. Continued compliance with IPSAS remains a priority for the Organization.

3. The 2015 IPSAS-compliant Financial Statements for the Pan American Health Organization include:

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

4. An unaudited informational annex will also be attached to the Financial Report of the Director with additional financial statements.

External Audit

5. PAHO's External Auditor, the Spanish Court of Audit (SCA), renders an opinion on whether the Organization's financial statements are an accurate representation of its actual position, and the extent to which they comply with its accounting standards.

6. The External Auditor will be in PAHO headquarters from 7 March through 1 April 2016 to complete the audit of the financial statements for the 2015 financial reporting period. In accordance with Financial Regulation 14.9, the Report of the External Auditor must be completed, signed and provided to the Director, together with the audited financial statements, no later than 15 April 2016.

Steps in the Preparation of the Report

7. In March 2016, PAHO will provide a preliminary overview on the Organization's financial performance for the 2015 financial reporting period to the 10th Session of the Subcommittee on Program, Budget, and Administration, pending completion of the external audit. This preliminary summary will include:

- a) a summary of the status of PAHO's revenue and expenses in 2015, and
- b) a summary of the PAHO's aggregate assets and liabilities.

8. Once finalized and signed, the Financial Report of the Director, along with the Report of the External Auditor, will be presented to the 158th Session of the Executive Committee for its consideration. The Executive Committee shall forward the Report to the 55th Directing Council. The Financial Report of the Director and the Report of the External Auditor will be made publicly available on PAHO's website.

Unaudited Preliminary Financial Status

9. The unaudited preliminary financial figures for the Pan American Health Organization reflect a total consolidated revenue of US\$ 1,460.4¹ million,² as compared to \$1,726.2 million in 2014. PAHO's total consolidated expense reached \$1,455.9 million in 2015, compared to \$1,703.5 million in 2014.

10. During 2015, payments towards assessed contributions were received from 38 Member States. Thirty Member States paid their 2015 assessments in full, 12 Member States made partial payments toward their 2015 assessments, and 4 Member States made no payment toward their 2015 assessments.

11. Miscellaneous Revenue credited to the Regular Budget totaled \$8.2 million during 2015, net of investment management fees and losses on currency exchange. Budgeted Miscellaneous Revenue for 2015 was \$8.0 million.

¹ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

² A revision of this document will be published once the amounts are determined.

Action by the Subcommittee on Program, Budget, and Administration

12. The Subcommittee is invited to note this overview of the Financial Report of the Director and provide comments and recommendations.

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