

**11th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Washington, D.C., USA, 22-24 March 2017

Provisional Agenda Item 4.1

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OVERVIEW OF THE FINANCIAL REPORT OF THE DIRECTOR FOR 2016

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 2016 financial reporting period. This Financial Report of the Director will contain PAHO's consolidated financial statements as of 31 December 2016. The document will also include the External Auditor's report and opinion on the Organization's Financial Statements for 2016.

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 2016 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 6 through 30 March 2017 to complete the audit of the financial statements for the 2016 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 2017.

Steps in the Preparation of the Report

7. In March 2017, PAHO will provide a preliminary overview on the Organization's financial performance for the 2016 financial reporting period to the 11th 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 2016, 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 160th Session of the Executive Committee for its consideration. The Executive Committee shall forward the Report to the 29th Pan American Sanitary Conference. 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\$ 1,448 million,¹ as compared to \$1,460 million in 2015. PAHO's total consolidated expense reached \$1,426 million in 2016, compared to \$1,469 million in 2015.

10. During 2016, payments towards assessed contributions—both current and in arrears—were received from 38 Member States, Participating States, and Associate Members. Regarding the 2016 assessed contributions, 29 Members paid their assessments in full, 4 Members made partial payments, and 9 Members made none.

11. Miscellaneous Revenue credited to the Regular Budget totaled \$15.2 million during 2016, net of investment management fees and losses on currency exchange. Budgeted Miscellaneous Revenue for 2015 was \$12.5 million.

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

Action by the Subcommittee on Program, Budget, and Administration

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

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