



**12th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Washington, D.C., USA, 21-23 March 2018

Provisional Agenda Item 4.1

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OVERVIEW OF THE FINANCIAL REPORT OF THE DIRECTOR FOR 2017

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 2017 financial reporting period. This Financial Report of the Director will contain PAHO's financial statements as of 31 December 2017. The document will also include the External Auditor's report and opinion on the Organization's Financial Statements for 2017.

Preparation of the Financial Report of the Director

2. PAHO's financial statements will be prepared in accordance with the 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 2017 IPSAS-compliant Financial Statements for the Pan American Health Organization include:

- a) the Statement of Financial Position,
- b) the Statement of Financial Performance,
- c) the Statement of Changes in Net Assets,
- d) the 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 5 through 23 March 2018 to complete the audit of the financial statements for the 2017 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 2018.

Steps in the Preparation of the Report

7. In March 2018, PAHO will provide a preliminary overview on the Organization's financial performance for the 2017 financial reporting period to the 12th 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 2017, 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 162nd Session of the Executive Committee for its consideration. The Executive Committee shall forward the Report to the 56th 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\$ 1,509 million,¹ as compared to \$1,448 million originally reported in 2016 and \$1,450 million restated for 2016 after the implementation of the new IPSAS 39 in 2017. PAHO's total consolidated expense reached \$1,511 million in 2017, compared to \$1,426 million originally reported in 2016 and \$1,428 million restated for 2016. The restatement of the 2016 accounts was done according to IPSAS to allow a correct comparison between both years.

10. During 2017, payments towards assessed contributions—both current and in arrears—were received from 39 Member States, Participating States, and Associate Members. Regarding the 2017 assessed contributions, 27 Members paid their assessments in full, 12 Members made partial payments, and 3 Members made no payments.

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

11. Miscellaneous Revenue credited to the Regular Budget totaled \$16.7 million during 2017. Budgeted Miscellaneous Revenue for 2017 was \$12.5 million.

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 any comments and recommendations it might consider pertinent.

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