



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



FOURTH SESSION OF THE SUBCOMMITTEE ON PROGRAM, BUDGET, AND ADMINISTRATION OF THE EXECUTIVE COMMITTEE

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Provisional Agenda Item 4.1

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OVERVIEW OF THE FINANCIAL REPORT OF THE DIRECTOR FOR 2008-2009

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 2008-2009 biennium. This Financial Report of the Director will contain PAHO's financial statements as of 31 December 2009, the financial statements of the Caribbean Epidemiology Center (CAREC), the Caribbean Food and Nutrition Institute (CFNI), and the Institute of Nutrition of Central America and Panama (INCAP). The document also includes the External Auditor's report on the Organization's financial statements for 2008-2009.

Preparation of the Financial Report of the Director

2. PAHO's financial statements are presented in accordance with the revised United Nations System Accounting Standards (UNSAS). Because PAHO transitioned from UNSAS to the International Public Sector Accounting Standards (IPSAS) beginning on 1 January 2010, the statements for the 2008-2009 financial reporting period will be prepared in accordance with UNSAS, and the statements for the 2010 financial reporting period will be prepared in accordance with IPSAS.

3. The 2008-2009 financial statements for the Pan American Health Organization, Caribbean Epidemiology Center, the Caribbean Food and Nutrition Institute, and the Institute of Nutrition of Central America and Panama include:

- the Statement of Income and Expenditure and Changes in Fund Balances;
- the Statement of Assets, Liabilities, and Reserves and Fund Balances;
- the Statement of Cash Flow;
- the Statement of Regular Budget Appropriations; and
- the Explanatory Notes to the Financial Statements.

External Audit

4. PAHO's External Auditor, the National Audit Office of the United Kingdom of Great Britain and Northern Ireland (NAO), assesses 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.

5. The External Auditor will visit PAHO headquarters from 8 March through 2 April 2010 to complete the audit of the financial statements for the 2008-2009 biennium. In accordance with Financial Regulation 14.9, the report of the External Auditor must be completed and provided to the Director, together with the audited financial statements, no later than 15 April 2010.

Steps in the Preparation of the Report

6. In March 2010, PAHO will provide a preliminary summary on the Organization's financial performance for the 2008-2009 biennium to the Fourth Session of the Subcommittee on Program, Budget, and Administration, pending completion of the external audit. Once finalized and signed, the Financial Report of the Director, along with the Report of the External Auditor, will be presented to the 146th Executive Committee for its consideration. The Executive Committee shall forward the Report to the 50th Directing Council. The Financial Report of the Director and the Report of the External Auditor will be made publicly available on PAHO's internet.

Unaudited Preliminary Financial Status

7. The unaudited preliminary financial figures for the Pan American Health Organization reflect a significant growth in the Organization's financial resources with total financial resources exceeding US\$ 1.4 billion, as compared to \$1.16 billion for the 2006-2007 biennium. The significant growth occurred in the following funds:

- Revolving Fund for the Expanded Program on Immunization;
- Regional Revolving Fund for Strategic Public Health Supplies;
- PAHO Trust funds which include voluntary contributions mobilized by PAHO; and
- World Health Organization's Other Sources Funds which comprise voluntary contributions mobilized through WHO.

8. During the 2008-2009 biennium, assessed quota contributions were received from 38 Member States. Twenty-six Member States paid their 2008-2009 quota assessments in full, seven paid the 2008 quota assessments in full and made partial payments toward their 2009 quota assessments, and five made partial or full payments toward their 2008 quota assessments.

9. The Miscellaneous Income earned during the 2008-2009 biennium exceeded the budgeted amount of \$17.5 million and contributed to a fully-funded PAHO Regular Budget for the 2008-2009 biennium.

Action by the Subcommittee on Program, Budget, and Administration

10. The Subcommittee is invited to note this overview.

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