OVERVIEW OF THE FINANCIAL REPORT OF THE DIRECTOR FOR 2011

Content of the Financial Report of the Director

1. As required by Financial Regulation 13.2, a final financial report of the Pan American Health Organization (PAHO) is being prepared for the 2011 financial reporting period. This Financial Report of the Director will contain PAHO’s consolidated financial statements as of 31 December 2011. The document also includes the External Auditor’s Report and opinion on the Organization’s Financial Statements for 2011.

Preparation of the Financial Report of the Director

2. PAHO transitioned from the United Nations System Accounting Standards (UNSAS) to the International Public Sector Accounting Standards (IPSAS) beginning on 1 January 2010. For the second consecutive year, PAHO’s financial statements will be prepared in accordance with IPSAS. Continued compliance with IPSAS remains a priority for the Organization.

3. The 2011 IPSAS-compliant Financial Statements for the Pan American Health Organization include:

- the Statement of Financial Position,
- the Statement of Financial Performance,
- the Statement of Changes in Net Assets/Equity,
- the Cash Flow Statement,
- the Statement of Comparison of Budget and Actual Amounts, and
- the Accounting Policies and Notes to the Financial Statement.
4. An unaudited informational annex will also be attached to the Financial Report of the Director with the following financial statements:

- Segmented Information of the Financial Performance,
- Assessed Contributions,
- Procurement Funds (Revolving Fund for Vaccine Procurement, Reimbursable Procurement on Behalf of Member States, Regional Revolving Fund for Strategic Public Health Supplies),
- Voluntary Contributions,
- Regional Office of the Americas (AMRO)/World Health Organization,
- Caribbean Epidemiology Center,
- Caribbean Food and Nutrition Institute, and
- Other Centers.

External Audit

5. PAHO’s External Auditor, the National Audit Office of the United Kingdom of Great Britain and Northern Ireland (NAO), 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 PAHO’s accounting standards.

6. The External Auditor will visit PAHO headquarters from 5 through 30 March 2012 to complete the audit of the financial statements for the 2011 financial reporting period. In accordance with Financial Regulation 14.9, the completed Report of the External Auditor must be signed and provided to the Director, together with the audited financial statements, by 15 April 2012.

7. With the completion of the audit of PAHO’s 2011 Financial Statements, the National Audit Office of Great Britain and Northern Ireland will complete its assignment as PAHO’s External Auditor. The Member States have elected the Spanish Court of Audit as PAHO’s External Auditor for the 2012-2013 and 2014-2015 biennia.

Steps in the Preparation of the Report

8. In March 2012, PAHO will provide a preliminary overview of the Organization’s financial performance for the 2011 financial reporting period to the Sixth Session of the Subcommittee on Program, Budget, and Administration, pending completion of the external audit. This preliminary overview will include:

- a summary of the status of PAHO’s revenue and expenses in 2011; and
- a summary of PAHO’s aggregate assets and liabilities.

**Unaudited Preliminary Financial Status**

10. The unaudited preliminary financial figures for the Pan American Health Organization reflect a decrease in the Organization’s financial resources with total revenue approaching US$ 838.5 million\(^1\) for 2011, compared to $932.6 million for 2010. The significant factor in the decrease of total revenue was the decrease in the procurement of vaccines attributable to the H1N1 virus being incorporated into the 2010-2011 seasonal influenza vaccine. PAHO’s total expenses reached $837.2 million in 2011, compared to $927.3 million in 2010.

11. During 2011, PAHO received assessed contributions from 33 Member States. Twenty-five Member States paid their 2011 assessed contributions in full, four Member States made partial payments toward their 2011 assessed contributions, and 10 Member States made no payment toward their 2011 assessed contributions.

12. The Miscellaneous Income earned during 2011 was $4.3 million, which is less than the budgeted amount of $10.0 million.

**Action by the Subcommittee on Program, Budget, and Administration**

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

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