OVERVIEW OF THE FINANCIAL REPORT OF THE DIRECTOR FOR 2012

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 2012 financial reporting period. This Financial Report of the Director will contain PAHO’s consolidated financial statements as of 31 December 2012. The document will also include the External Auditor’s report and opinion on the Organization’s Financial Statements for 2012.

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 third 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 2012 IPSAS-compliant Financial Statements for the Pan American Health Organization include:
   - the Consolidated Statement of Financial Position;
   - the Consolidated Statement of Financial Performance;
   - the Consolidated Statement of Changes in Net Assets;
   - the Consolidated Cash Flow Statement;
   - the Statement of Comparison of Budget and Actual Amounts; and
   - the Notes to the Financial Statements.
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 visited PAHO headquarters from 5 through 8 February 2013 to conduct the review of the Caribbean Epidemiology Center (CAREC) and the Caribbean Food and Nutrition Institute (CFNI) financial statements as part of the transition of those Centers to the Caribbean Public Health Agency (CARPHA). The SCA provided PAHO with Letters of Confirmation in relation to the audit of the two Centers in support of the final financial transfer to be concluded 31 March 2013. The External Auditors will be at PAHO headquarters from 3 March through 4 April to complete the audit of the financial statements for the 2012 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 2013.

**Steps in the Preparation of the Report**

7. In March 2013, PAHO will provide a preliminary overview on the Organization’s financial performance for the 2012 financial reporting period to the Seventh Session of the Subcommittee on Program, Budget, and Administration, pending completion of the external audit. This preliminary summary will include:

- a summary of the status of PAHO’s revenue and expenses in 2012, and
- a summary of the PAHO’s aggregate assets and liabilities.


**Unaudited Preliminary Financial Status**

9. The unaudited preliminary financial figures for the Pan American Health Organization reflect a total consolidated revenue of US$ 978.6 million\(^1\), as compared to

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\(^1\) All monetary figures in this report are expressed in United States dollars.
$838.5 million in 2011. PAHO’s total consolidated expense reached $969.7 million in 2012, as compared to $836.3 million in 2011.

10. During 2012, payments towards assessed contributions were received from 36 Member States. Twenty-nine Member States paid their 2012 assessments in full, four Member States made partial payments toward their 2012 assessments, and three Member States made no payment toward their 2012 assessments.


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

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