

**15th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Virtual Session, 24-26 March 2021

Provisional Agenda Item 4.1

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**OVERVIEW OF THE FINANCIAL REPORT
OF THE DIRECTOR FOR 2020**

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 2020 financial reporting period. This Financial Report of the Director will contain PAHO's Financial Statements as of 31 December 2020. The document will also include the External Auditor's report and opinion on the Organization's Financial Statements for 2020.

Preparation of the Financial Report of the Director

2. PAHO's Financial Statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS).
 3. The 2020 IPSAS-compliant Financial Statements for the Pan American Health Organization include:
 - a) Statement of Financial Position,
 - b) Statement of Financial Performance,
 - c) Statement of Changes in Net Assets,
 - d) Cash Flow Statement,
 - e) Comparison of Budget and Actual Amounts, and
 - f) Notes, comprising a summary of significant accounting policies and other relevant information.
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External Audit

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

5. The External Auditor will commence the audit of the Financial Statements for the 2020 financial reporting period on 8 March 2021. 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 2021.

Steps in the Preparation of the Report

6. In March 2021, PAHO will provide a preliminary overview on the Organization's financial performance for the 2020 financial reporting period to the 15th Session of the Subcommittee on Program, Budget, and Administration, pending completion of the external audit.

7. Once finalized and signed, the Financial Report of the Director, along with the Report of the External Auditor, will be presented to the 168th Session of the Executive Committee for its consideration. The Executive Committee shall forward the Report to the 59th 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

8. The unaudited preliminary financial figures for the Pan American Health Organization reflect a total consolidated revenue of US\$ 1,340 million,¹ as compared to \$1,194 million in 2019. PAHO's total consolidated expense reached \$1,351 million in 2020, compared to \$1,189 million in 2019.

9. During 2020, payments towards assessed contributions—both current and in arrears—were received from 34 Member States, Participating States, and Associate Members. Regarding the 2020 assessed contributions, 27 Members paid their assessments in full, four Members made partial payments, and 11 Members made no payments. The total assessed contributions due as of 31 December 2020 was \$84.6 million, compared to \$88.9 million pending at the end of 2019 and \$42.8 million at the end of 2018. The significant delays in payment of assessed contributions by Member States has forced the Organization to fully utilize the Working Capital Fund and borrow other unrestricted funds to enable the implementation of the 2020-2021 Program Budget.

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

10. 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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