

Report on the Federation part of the Project Financial
Statements of the

REDUCING HEALTH RISK FACTORS PROJECT

of the Ministry of Finance and Treasury of Bosnia and
Herzegovina

Financed by:

- SDC Grant No. TF0A4795

For the year ended 31 December 2019

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

CONTENTS

1	Introduction	1
2	Independent Auditor's Report	3
3	Project Financial Statements for the year 2019	5
4	Notes to the Project Financial Statements	7

APPENDICES

A	Designated account statement – SDC Grant No. TF0A4795	8
B	SoE Withdrawal Schedule of SDC Grant No. TF0A4795 for the year ended 31 December 2019	9
C	Reconciliation between IBRD's Historic Transaction Report in USD and IBRD Grant account in EUR according to the to the balance sheet as of 31 December 2019; SoE Withdrawal Schedule of SDC Grant No. TF0A4795	10

REDUCING HEALTH RISK FACTORS **of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

1. Introduction

1.1 Objectives of the Project

International Bank for Reconstruction and Development ("IBRD"), acting as administrator of funds provided by the Swiss Agency for Development and Cooperation under the Reducing Health Risk Factors in Bosnia and Herzegovina Trust Fund, extended to the Bosnia and Herzegovina a grant in an amount not to extend USD 1,406,682.

Letter Agreement (SDC Grant No. TF0A4795) was signed as of 24 October 2017 between IBRD and State of Bosnia and Herzegovina, represented by Ministry of Finance and Treasury of Bosnia and Herzegovina.

The objective of the Project is to assist the Republika Srpska and Federation of Bosnia and Herzegovina in reducing selected non-communicable disease risk factors by promoting tobacco and alcohol control, and diet and physical activity in four selected local communities.

Project Agreement between World Bank and Federation of Bosnia and Herzegovina was signed as of 15 January 2018.

Subsidy Agreement between Bosnia and Herzegovina and Federation of Bosnia and Herzegovina was signed as of 8 February 2018.

In accordance with Declaration of Effectiveness, the Letter Agreement and the Project Agreements became effective as of 20 February 2018.

1.2 Components and activities of the Project

The project consists of two parts. Part A is related to Federation of Bosnia and Herzegovina:

1. Change Attitudes and Behaviour Concerning NCD Risk Factors

Provision of support to two selected communities towards the:

- (a) Review of existing programs and relevant studies that promote: (i) healthy food program(s) for pre- and primary school children; (ii) prevention of tobacco and alcohol use in primary and secondary schools; and (iii) awareness of non-communicable disease risk factors among the adult population;
- (b) Development of new preventive programs for major NCD risk factors including, inter alia: (i) designing, revising and distributing training materials among targeted groups; (ii) designating tobacco-free public spaces and promoting healthy lifestyles; and (iii) developing sets of toolkits for each risk factor for the promotion of tobacco-free public spaces and healthy lifestyles in public educational and health care institutions;
- (c) Implementation of comprehensive local government interventions to address key NCDs risk factors, including inter alia: (i) carrying out a training-the-trainers program(s) for teaching staff on practices that foster good health and promote awareness on risks and prevention of substance use; (ii) facilitating grants focused on promoting healthy lifestyles; and (iii) technical assistance for the development and implementation of advocacy campaigns and social mobilization, and surveys;
- (d) Carrying out advocacy and social mobilization campaigns targeting decision makers, civil servants and health professionals to increase awareness regarding harmfulness and hazards of NCDs risk factors; and
- (e) Carrying out and end-of-Project study.

Part A of the Project will be carried under the overall responsibility of the Ministry of Health ("Federation Project Implementing Department").

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

1.3 Financing of the Project

Grant will be used to finance eligible expenses as set forth in the following table:

Category	Amount of the Grant Allocated (USD)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Goods, consulting services, Training and Incremental Operating Costs under Part A of the Project	718,938	100%
Total – Part A of the Project	718,938	100%

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Independent Auditor's Report

To the State of Bosnia and Herzegovina,
Ministry of Finance and Treasury
Attn. of Minister of Finance and Treasury H.E. Mr. Vjekoslav Bevanda

Report on the Project Financial Statements

Opinion

We have audited the accompanying project financial statements of the Federation part of the Reducing Health Risk Factors (the "Project"), which comprise of Summary of sources and uses of funds, Balance sheet, Designated account, Statements of grant withdrawals as of and for the year ended 31 December 2019, and a summary of significant accounting policies and other explanatory notes for the year then ended, financed under SDC Grant No. TF0A4795.

In our opinion, the accompanying project financial statements present fairly, in all material aspects, the financial position of the Project as of 31 December 2019, and of the funds received and disbursed during the year then ended, in accordance with the cash basis of accounting based on International Public Sector Accounting Standard ("IPSAS"), as described in Note 4.1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and "Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities" issued by FMSB. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Ministry of Finance and Treasury in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Project Financial Statements

The management of project implementing department is responsible for the preparation of these project financial statements in accordance with the cash basis of accounting based on IPSAS, as described in Note 4.1., Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities, and for such internal control as management determines is necessary to enable the preparation of project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the financial reporting process.

Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other requirements

In addition, with respect to the Statement of Expenditure, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditure incurred; and all expenditure included in withdrawal applications and reimbursed against are eligible for financing under the project.

Signed on behalf of Baker Tilly Re Opinion d.o.o. Sarajevo

Nihad Fejzić, Director and Certified Auditor

Sarajevo, 8 May 2020



Ema Sinanović, Certified Auditor

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2019

3.1. Summary of Sources and Uses of Funds under the SDC Grant No. TF0A4795

	Actual Ref.	Cumulative 2019	Cumulative 2019	Cumulative 2018	Cumulative budget	Cumulative variance
FINANCING						
SDC Grant No. TF0A4795					606,519	
Initial deposit	-	150,000	150,000			
Direct payments	-	157,364	157,364			
SoE replenishment	251,440	320,983	69,543			
Return of unused funds	(20,330)	(20,330)	-			
TOTAL FINANCING	3.2	231,110	608,017	376,907	606,519	(1,498)

PROJECT EXPENDITURE

By Category

Goods, consulting services, Training and Incremental Operating Costs under Part A of the Project	344,209	608,017	263,808	606,519	(1,498)
TOTAL EXPENDITURE	3.2 344,209	608,017	263,808	606,519	(1,498)

PROJECT EXPENDITURE

By Component

Increased enforcement of tobacco control policy documents and legislation in the FBiH	-	-	-	-	-
Changed attitudes and behaviour on NCD risk factors and their prevention among the citizens of B&H with the main focus on youth	309,595	540,346	230,751	543,471	3,125
Project support	34,614	67,671	33,057	63,048	(4,623)
TOTAL EXPENDITURE	3.2 344,209	608,017	263,808	606,519	(1,498)

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended 31 December 2019


(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2019 (continued)


3.2 Balance sheet as of 31 December 2019 showing accumulated funds of the Project and bank balances concerning SDC Grant No. TF0A4796

	Ref.	31 December 2019	31 December 2018
ASSETS			
Project expenditure SDC Grant TF0A4796	3.1.	608,017	263,808
		608,017	263,808
Designated account SDC Grant TF0A4796	A.1	-	113,099
		-	113,099
Total assets		608,017	376,907
LIABILITIES			
SDC Grant TF0A4796	3.1.	608,017	376,907
Total liabilities		608,017	376,907

Signed and authorized by:


 Vilijana Doder, Head of the department for
 organization and development of health care
 Federal Ministry of Health

Sarajevo, 8 May 2020


 Nedim Džaro, Financial Specialist

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

4. Notes to the project financial statements

4.1 Basis of preparation and accounting records

These project financial statements have been prepared on the cash basis of accounting based on International Public Sector Accounting Standards issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the accounting policies below, which have been consistently followed in all material respects.

4.2 Accounting policies

The Project's fiscal year is 1 January to 31 December for the recording of all transactions.

Cash basis of accounting

All receipts and expenses under SDC Grant are recorded on actual receipt and payment basis of accounting as per approved categories.

Project expenditure is stated at original cost on the Balance sheet.

Direct payments

Direct payments concern the amounts paid directly from the SDC Grant account.

Statement of Expenditure (SoE)

Statements of Expenditure are used to state the expenditure under SDC Grant during a certain period. These statements are sent to the IBRD disbursement specialist who authorizes the payment of the expenditure through the Designated account.

Currency conversions

The reporting currency is Euro (EUR). Sources and use of funds (payments to suppliers and contractors) in currencies other than EUR have been converted to EUR using the currency rate at the moment of the transaction.

Bank balances, recorded on the Balance sheet at year-end, have been converted at year-end rate.

Designated account

This is the total amount of the withdrawals from the SDC Grant account for the Project. SDC Grant account is in USD.

Interest on Designated accounts

Interest earned on the Designated accounts belongs to the Borrower.

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

APPENDIX A

DESIGNATED ACCOUNT STATEMENT

Account owned by: Ministry of Finance and Treasury of Bosnia and Herzegovina

Account No.: BA391611000003240246

Depository Bank: Raiffeisen bank d.d. BiH

Address: Zmaja od Bosne bb, 71000 Sarajevo

Related Credit: SDC Grant TF0A4796

Currency: EUR

		2019
	Ref.	EUR
Opening balance 1 January	3.2	113,099
Add:		
SDC replenishments	B	251,440
		<u>251,440</u>
Deduct:		
Payments of expenditures during the period		344,209
Return of unused funds		<u>20,330</u>
		<u>364,539</u>
Ending balance 31 December	3.2	-

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

APPENDIX B SoE Withdrawal Schedule of SDC Grant TF0A4796 for the year ended 31 December 2019

	Initial deposit	Goods, consulting services, Training and Incremental Operating Costs under Part A of the Project	Total application	Total disbursed
Previous years	150,000	263,808	263,808	376,907
Total initial deposit 2019	-	-	-	-
Total direct payments 2019	-	-	-	-
Application 7	-	-	-	36,901
Application 8	-	100,759	100,759	100,759
Application 9	-	54,904	54,904	54,904
Application 10	-	58,876	58,876	58,876
Application 11	(129,650)	129,650	129,650	-
Total SoE application 2019	(129,650)	344,189	344,189	251,440
Return of unused funds	(20,350)	20	20	(20,330)
Total returns 2019	(20,350)	20	20	(20,330)
Cumulative 2019	(150,000)	344,209	344,209	231,110
Cumulative	-	608,017	608,017	608,017

REDUCING HEALTH RISK FACTORS
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

APPENDIX C Reconciliation between IBRD's Historic Transaction Report in USD and SDC Grant account in EUR according to the to the balance sheet as of 31 December 2019; SoE Withdrawal Schedule of SDC Grant TF0A4796

	Changes in SDC Grant (in USD)	Exchange rate used	Changes in SDC Grant (in EUR)
Original amount	718,938	0.84363	606,519
	718,938		606,519
Withdrawal 1	174,705	0.85859	150,000
Withdrawal 2	58,803	0.85205	50,103
Withdrawal 3	58,041	0.85205	49,454
Withdrawal 4	35,506	0.85205	30,253
Withdrawal 5	32,338	0.85206	27,554
Withdrawal 6	81,838	0.84976	69,543
Total disbursed in 2018	441,231		376,907
Withdrawal 7	41.584	0.88739	36,901
Withdrawal 8	112.226	0.89783	100,759
Withdrawal 9	61.245	0.89646	54,904
Withdrawal 10	66.026	0.89171	58,876
Total disbursed in 2019	281,081		251,440
Return of unused funds	(22,540)		(20,330)
Cumulative disbursements	699,772		608,017
Calculated undisbursed balance as of 31 December 2019	19,166		(1,498)
Undisbursed balance as per IBRD's Historic Transaction Report	19,166	0.89182	17,093
Potential exchange rate gain			18,591