

Report on the Consolidated Project Financial  
Statements of the

**REDUCING HEALTH RISKS FACTORS**

of the Ministry of Finance and Treasury  
Financed by:

- SDC Grant No. TF0A4795

For the year ended 31 December 2018

**REDUCING HEALTH RISKS FACTORS PROJECT**  
**of the Ministry of Finance and Treasury of Bosnia and Herzegovina**  
Consolidated Project financial statements for the year ended 31 December 2018  
(all amounts in EUR, unless otherwise stated)

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## 1. Introduction

### 1.1 Background

Bosnia and Herzegovina, through its Ministry of Treasury has obtained a grant funds from the International Bank for Reconstruction and Development as administrator funds of the World Bank. The grant funds provided by the Swiss Agency for Development and Cooperation.

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 (NCD) risk factors by promoting tobacco and alcohol control, and diet and physical activity in four selected local communities.

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

#### 1.1.1 Description of Project

##### Change Attitudes and Behavior 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 shool children; (ii) prevention of tobacco and alcohol use in primary and secondary schools; and (iii) awareness of NCD risk factors among the adult population;
- b) Development of new preventive programs for major NCD 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 helthy lifestyles in public educational and health care institutions;
- c) Implementation of comprehensive local government interventions to adress key NCDs risk factors, including inter alia: (i) carryng out a training-the-trainers program(s) for teaching staff on practices that foster good health and promote awereness on risk and prevention of substance use; (ii) facilitating grants focused on promoting healthy lifesyles; and (iii) technical assistance for the dvelopment and implementation of advocacy campaigns and social mobilization, and surveys;
- d) Carrying out advocacy and social mobilization campaigns targeting dcision makers, civil servants and health professionals to increase awareness regarding harmfulness and hazards of NCDs risk factors; and
- e) Carrying out an end-of-Project study.

The Project is financed by grant funds in total amount USD 1,409,682, of which the amount is USD 690,744 for Republika Srpska and USD 718,938 for Federation of Bosnia and Herzegovina.

## **1.2 SDC Grant No. TF0A4795**

The World Bank has offered technical assistance and advice to the Republic of Srpska and the Federation of BH with an aim to undertake strategic interventions in the reduction of risk factors for selected non-communicable diseases, by promoting control of the use of tobacco and alcohol, and by improving the nutrition and increasing physical activity. The Swiss Agency for Cooperation and Development participates in the project as the financier, in order to provide support to the authorities in the Republic of Srpska and the Federation of Bosnia and Herzegovina in the preparation and implementation of efficient and promotional programs of prevention for the reduction of selected risk factors for non-communicable diseases among the population.

## **1.3 Financing of the Consolidated Project**

Eligible Expenditures as set forth in the following table:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, consulting services, Training and Incremental Operating Costs under Part A of the Project	718,938	100.00%
Goods, consulting services, training and Incremental operating costs under part B of the Project	690,744	100.00%
<b>TOTAL</b>	<b>1,409,682</b>	<b>100.00%</b>

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## **2. 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 Consolidated Project Financial Statements**

#### **Opinion**

We have audited the accompanying project financial statements of the Reducing Health Risk Factors Project (the "Project"), which comprise of Summary of sources and uses of funds, Balance sheet, Designated account statement, Statement of loan withdrawals as of and for the year ended 31 December 2018, and a summary of significant accounting policies and other explanatory notes for the year then ended, financed under SDC Grant.

In our opinion, the accompanying consolidated project financial statements present fairly, in all material aspects, the financial position of the Project as of 31 December 2018, 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 implementation unit in FB&H and management of project coordination unit in RS is responsible for the preparation of separate 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 separate project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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. These consolidated financial statements are sum of separate project financial statements.

## **Responsibilities for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated project financial statements, including the disclosures, and whether the consolidated 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, Bosnia and Herzegovina

5 June 2019



Ezita Imamović, Certified Auditor

**REDUCING HEALTH RISKS FACTORS  
of the Ministry of Finance and Treasury**

Consolidated project financial statements for the year ended 31 December 2018

*(all amounts in EUR, unless otherwise stated)*

**3. Consolidated project financial statements for the year 2018**

**3.1 Summary of sources and uses of funds EUR under the TF0A4795**

	Ref	Actual 2018	Cumulative 2018	Cumulative Budget	Cumulative variance
<b>FINANCING</b>					
SDC Grant No. TF0A4795		727,075	727,075	1,257,458	530,383
RHRFP Account BAM		12,740	12,740	12,740	-
<b>TOTAL FINANCING</b>	3.1.	<b>739,815</b>	<b>739,815</b>	<b>1,270,198</b>	<b>530,383</b>
<b>PROJECT EXPENDITURES</b>					
<b>By category</b>					
Goods, consulting services, Training and Incremental Operating Costs under Part A of the Project		263,808	263,808	606,519	342,711
Goods, consulting services, Training and Incremental Operating Costs under Part B of the Project		255,164	255,164	650,939	395,775
<b>TOTAL EXPENDITURES</b>	3.1.	<b>518,972</b>	<b>518,972</b>	<b>1,257,458</b>	<b>738,486</b>
<b>PROJECT EXPENDITURES</b>					
<b>By component</b>					
Increased enforcement of tobacco control policy documents and legislation in the FBiH		-	-	-	-
Changed attitudes and behavior on NCD risk factors and their prevention among the citizens of B&H		466,326	466,326	1,107,730	641,404
Project steering, coordination and supervision		52,646	52,646	149,728	97,082
<b>TOTAL EXPENDITURES</b>	3.1.	<b>518,972</b>	<b>518,972</b>	<b>1,257,458</b>	<b>738,486</b>

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*(all amounts in EUR, unless otherwise stated)*

**3. Consolidated project financial statements for the year 2018 (continued)**

**3.1.1 Summary of sources and uses of funds EUR under the TF0A4795**

	Ref	Actual 2018	Cumulative 2018	Cumulative Budget	Cumulative variance
<b>FINANCING</b>					
SDC Grant No. TF0A4795		727,075	727,075	1,257,458	530,383
<b>TOTAL FINANCING</b>	3.1.	<b>727,075</b>	<b>727,075</b>	<b>1,270,198</b>	<b>530,383</b>
<b>PROJECT EXPENDITURES</b>					
<b>By category</b>					
Goods, consulting services, Training and Incremental Operating Costs under Part A of the Project		263,808	263,808	606,519	342,711
Goods, consulting services, Training and Incremental Operating Costs under Part B of the Project		255,164	255,164	650,939	395,775
<b>TOTAL EXPENDITURES</b>	3.1.	<b>518,972</b>	<b>518,972</b>	<b>1,257,458</b>	<b>738,486</b>
<b>PROJECT EXPENDITURES</b>					
<b>By component</b>					
Increased enforcement of tobacco control policy documents and legislation in the FBiH		-	-	-	-
Changed attitudes and behavior on NCD risk factors and their prevention among the citizens of B&H		466,326	466,326	1,107,730	641,404
Project steering, coordination and supervision		52,646	52,646	149,728	97,082
<b>TOTAL EXPENDITURES</b>	3.1.	<b>518,972</b>	<b>518,972</b>	<b>1,257,458</b>	<b>738,486</b>

**REDUCING HEALTH RISKS FACTORS  
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*(all amounts in EUR, unless otherwise stated)*

**3. Consolidated project financial statements for the year 2018 (continued)**

**3.1.2 Summary of sources and uses of funds EUR under the TF0A4795 (RHRFP Account BAM, RS only)**

	Ref	Actual 2018	Cumulative 2018	Cumulative Budget	Cumulative variance
<b>FINANCING</b>					
RHRFP Account BAM		12,740	12,740	12,740	-
<b>TOTAL FINANCING</b>	3.1.	<b>12,740</b>	<b>12,740</b>	<b>12,740</b>	-
<b>PROJECT EXPENDITURES</b>					
<b>By category</b>					
Goods		-	-	-	-
Consulting services		-	-	-	-
Training		-	-	-	-
Incremental operating costs		-	-	-	-
<b>TOTAL EXPENDITURES</b>	3.1.	-	-	-	-
<b>PROJECT EXPENDITURES</b>					
<b>By component</b>					
Changed attitudes and behavior on NCD risk factors and their prevention among the citizens of the RS		-	-	-	-
Project steering, coordination and supervision		-	-	-	-
<b>TOTAL EXPENDITURES</b>	3.1.	-	-	-	-

**REDUCING HEALTH RISKS FACTORS  
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*(all amounts in EUR, unless otherwise stated)*

**3. Consolidated project financial statements for the year 2018 (continued)**

**3.2 Balance sheet as of 31 decembar 2018 showing accumulated funds of the project EUR**

	<b>Ref.</b>	<b>31 December 2018</b>
<b>ASSETS</b>		
Project expenditure by category	3.1.	518,972
<b>Balance of Accounts</b>		
Designated account SDC Grant TF0A4795 – FB&H	A.1	113,099
Designated account SDC Grant TF0A4795 – RS	A.2	95,004
RHRFP Account BAM - RS	A.3	12,740
<b>TOTAL ASSETS</b>		<b>739,815</b>
<b>LIABILITIES</b>		
SDC Grant TF0A4795 – FB&H and RS		727,075
Other income – VAT - RS		12,740
<b>TOTAL LIABILITIES</b>		<b>739,815</b>

**REDUCING HEALTH RISKS FACTORS  
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**4. Notes to the consolidated project financial statements**

**4.1 Basis of preparation and accounting records**

These consolidated project financial statements have been prepared in accordance with the International Public Sector Accounting Standard: "Financial Reporting under the Cash Basis of Accounting" 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 and comply with the "Guidelines: Annual Financial Reporting and Auditing for World Bank – Financed Activities", issued by the Financial Management Sector Board.

**1.2.1 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 TF0A4795 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 Credit account of the World Bank.

***Statement of Expenditure (SoE)***

Statements of Expenditure are used by the Ministry of health and social welfare to state the expenditure under the IBRD Agreement during a certain period. These statements are sent to the World Bank's disbursement department who authorises 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 disbursement or transaction.

Bank balances, recorded on the balance sheet at reporting date, have been converted at reporting date rate.

***Designated account***

This is the total amount of the withdrawals from the Grant account for the Project. Grant is in USD, but withdrawals are in EUR.

***Other income***

Other income includes VAT refund.

**REDUCING HEALTH RISKS FACTORS  
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**APPENDIX A.1**

**DESIGNATED ACCOUNT STATEMENT – FB&H**

**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

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		<b>2018</b>
	<b>Ref.</b>	<b>EUR</b>
<b>Opening balance 1 January</b>	3.2	-
Add:		
IBRD replenishments	B	219,543
		<u>219,543</u>
Deduct:		
Payments of expenditures during the period		106,444
		<u>106,444</u>
<b>Ending balance 31 December</b>	<b>3.2</b>	<b>113,099</b>

**REDUCING HEALTH RISKS FACTORS  
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**APPENDIX A.2**

**DESIGNATED ACCOUNT STATEMENT - RS**

**Account owned by:** Ministry of Finance and Treasury

**Account No.:** 660000749-3

**Depository Bank:** Raiffeisen bank d.d. Sarajevo

**Address:** Zmaja od Bosne bb, Sarajevo

**Related Credit:** SDC Grant No. TF0A4795

**Currency:** EUR

	Ref.	EUR
<b>Opening balance 1 January 2018</b>	<b>3.2</b>	-
Add:		
Income from TF0A4795	B	<u>350,168</u>
		<b><u>350,168</u></b>
Deduct:		
Payments to suppliers		<u>255,164</u>
		<b><u>255,164</u></b>
<b>Ending balance 31 December 2018</b>	<b>3.2</b>	<b>95,004</b>

**REDUCING HEALTH RISKS FACTORS  
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 Consolidated project financial statements for the year ended 31 December 2018  
*(all amounts in EUR, unless otherwise stated)*

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**APPENDIX A.3**

**DESIGNATED ACCOUNT STATEMENT**

**Account owned by:** Ministry of Finance and Treasury

**Account No.:** 660000749-3

**Depository Bank:** Raiffeisen bank d.d. Sarajevo

**Address:** Zmaja od Bosne bb, Sarajevo

**Related Credit:**

**Currency:** BAM

	Ref.	BAM	EUR
<b>Opening balance 1 January 2018</b>	3.2	-	-
Add:			
VAT Refund	B	24,917	12,740
		<b>24,917</b>	<b>12,740</b>
Deduct:			
Payments to suppliers		-	-
		-	-
<b>Ending balance 31 December 2018</b>	<b>3.2</b>	<b>24,917</b>	<b>12,740</b>

**REDUCING HEALTH RISKS FACTORS  
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**B APPENDIX SoE Withdrawal Schedule of SDC Grant TF0A4795 (EUR) for the year ended 31 December 2018**

<b>Previous periods</b>	<b>Initial deposit</b>	<b>Goods, consultants services, incremental operating costs, goods</b>	<b>Total amount of applications</b>	<b>Total replenished</b>
	-	-	-	-
Application 1 (FB&H and RS)	300,000	109,564	109,564	300,000
Application 2 (FB&H and RS)	-	129,155	129,155	109,564
Application 3 (FB&H and RS)	-	91,259	91,259	129,155
Application 4 (FB&H and RS)	-	80,482	80,482	91,259
Application 5* (FB&H and RS)	-	71,611	124,701	27,554
Application 6* (FB&H and RS)	-	36,901	36,901	69,543
Application 7 (FB&H)	-	-	-	-
<b>Total SoE applications</b>	<b>300,000</b>	<b>518,972</b>	<b>572,062</b>	<b>727,075</b>
<b>Total 2018</b>	<b>300,000</b>	<b>518,972</b>	<b>572,062</b>	<b>727,075</b>
<b>Cumulative as of 31 December 2018</b>	<b>300,000</b>	<b>518,972</b>	<b>572,062</b>	<b>727,075</b>

\*costs 2018, app from 2019 (RS)

**REDUCING HEALTH RISKS FACTORS  
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Consolidated Project financial statements for the year ended 31 December 2018

*(all amounts in EUR, unless otherwise stated)*

**C APPENDIX Reconciliation between World Bank's disbursement statements in EUR and according to the balance sheet**

	Changes in USD	Changes in EUR
<b>Original amount</b>	<b>1,409,682</b>	<b>1,257,458</b>
<b>Disbursed in previous years</b>	<b>-</b>	<b>-</b>
Withdrawal 1 (FB&H and RS)	350,381	300,000
Withdrawal 2 (FB&H and RS)	128,063	109,564
Withdrawal 3 (FB&H and RS)	149,793	129,155
Withdrawal 4 (FB&H and RS)	104,656	91,259
Withdrawal 5 (FB&H)	32,338	27,554
Withdrawal 6 (FB&H)	81,838	69,543
<b>TOTAL disbursement in 2018</b>	<b>847,069</b>	<b>727,075</b>
<b>Cumulative disbursed as of 31 December 2018</b>	<b>847,069</b>	<b>727,075</b>
<b>Calculated undisbursed balance as of 31 December 2018</b>	<b>562,613</b>	<b>530,383</b>
<b>Undisbursed balance WB Summary as at 31 December 2018</b>	<b>562,613</b>	<b>490,645</b>
<b>Exchange rate (+/-)</b>	<b>-39,738</b>	