

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 2019

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 2019
(*all amounts in EUR, unless otherwise stated*)

CONTENTS

1	Introduction	1
2	Independent Auditor's Report	3
3	Consolidated Project financial statements for the year 2019	5
4	Notes to the consolidated project financial statements	9

APPENDICES

A.1	Designated account statement – SDC Grant No. TF0A4795 – FB&H	10
A.2	Designated account statement – SDC Grant No. TF0A4795 – RS	11
A.3	Designated account statement (BAM) – VAT refund – RS	12
B	SoE Withdrawal Schedule of SDC Grant No. TF0A4795 (EUR) for the year ended 31 December 2019	13
C	Reconciliation between IBRD's Historic Transaction Report in USD and IBRD Grant account in EUR according to the balance sheet as of 31 December 2019; SoE Withdrawal Schedule of SDC Grant No. TF0A4795	14

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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
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%
TOTAL	1,409,682	100.00%

Baker Tilly Re Opinion d.o.o.
Grbavička 4
71000 Sarajevo
Bosna i Hercegovina

T: +387 (0) 33 552 150
F: +387 (0) 33 552 152

2. Independent Auditor's Report

info@bakertilly.ba
www.bakertilly.ba

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 2019, 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 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 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

13 May 2020



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 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019

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

	Ref	Actual 2019	Cumulative 2019	Cumulative 2018	Cumulative Budget	Cumulative variance
FINANCING						
SDC Grant No. TF0A4795		458,094	1,185,169	727,075	1,257,458	72,289
RHRFP Account BAM		26,977	39,717	12,740	39,717	-
TOTAL FINANCING	3.1.	485,071	1,224,886	739,815	1,297,175	72,289
PROJECT EXPENDITURES						
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)
Goods, consulting services, Training and Incremental Operating Costs under Part B of the Project		326,169	581,333	255,164	616,152	34,819
TOTAL EXPENDITURES	3.1.	670,378	1,189,350	518,972	1,222,671	33,321
PROJECT EXPENDITURES						
By component						
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		609,151	1,075,477	466,326	1,078,602	3,125
Project steering, coordination and supervision		61,227	113,873	52,646	144,069	30,196
TOTAL EXPENDITURES	3.1.	670,378	1,189,350	518,972	1,222,671	33,321

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

Consolidated project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

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

	Ref	Actual 2019	Cumulative 2019	Cumulative 2018	Cumulative Budget	Cumulative variance
FINANCING						
SDC Grant No. TF0A4795		458,094	1,185,169	727,075	1,257,458	72,289
TOTAL FINANCING	3.1.	458,094	1,185,169	727,075	1,257,458	72,289
PROJECT EXPENDITURES						
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)
Goods, consulting services, Training and Incremental Operating Costs under Part B of the Project		321,988	577,152	255,164	577,152	-
TOTAL EXPENDITURES	3.1.	666,197	1,185,169	518,972	1,183,671	(1,498)
PROJECT EXPENDITURES						
By component						
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		609,151	1,075,477	466,326	1,078,602	3,125
Project steering, coordination and supervision		57,046	109,692	52,646	105,069	(4,623)
TOTAL EXPENDITURES	3.1.	666,197	1,185,169	518,972	1,183,671	(1,498)

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

Consolidated project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

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

	Ref	Actual 2019	Cumulative 2019	Cumulative 2018	Cumulative Budget	Cumulative variance
FINANCING						
RHRFP Account BAM		26,977	39,717	12,740	39,717	-
TOTAL FINANCING	3.1.	26,977	39,717	12,740	39,717	-

PROJECT EXPENDITURES

By category

Goods	-	-	-	-	-	
Consulting services	-	-	-	-	-	
Training	-	-	-	-	-	
Incremental operating costs	4,181	4,181	-	39,000	34,819	
TOTAL EXPENDITURES	3.1.	4,181	4,181	-	39,000	34,819

PROJECT EXPENDITURES

By component

Changed attitudes and behavior on NCD risk factors and their prevention among the citizens of the RS	-	-	-	-	-	
Project steering, coordination and supervision	4,181	4,181	-	39,000	34,819	
TOTAL EXPENDITURES	3.1.	4,181	4,181	-	39,000	34,819

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

Consolidated project financial statements for the year ended 31 December 2019
(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

3.2 Balance sheet as of 31 decembar 2019 showing accumulated funds of the project EUR

	Ref.	31 December 2019	31 December 2018
ASSETS			
Project expenditure by category	3.1.	1,185,169	518,972
Project expenditure by category-Government	3.1.2.	4,181	-
Total Project Expenditure		1,189,350	518,972
Balance of Accounts			
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	35,536	12,740
TOTAL ASSETS		1,224,886	739,815
LIABILITIES			
SDC Grant TF0A4795 – FB&H and RS		1,185,169	727,075
Other income – VAT - RS		39,717	12,740
TOTAL LIABILITIES		1,224,886	739,815

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

Consolidated project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

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
of the Ministry of Finance and Treasury**

Consolidated project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

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

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

**REDUCING HEALTH RISKS FACTORS
of the Ministry of Finance and Treasury**
 Consolidated project financial statements for the year ended 31 December 2019
(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	95,004
Add:		
Income from TF0A4795	B	<u>226,984</u>
		<u>226,984</u>
Deduct:		
Payments to suppliers		<u>321,988</u>
		<u>321,988</u>
Ending balance 31 December 2019	3.2	-

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

Consolidated project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	24,917	12,740
Add:			
VAT Refund	B	52,762	26,977
		52,762	26,977
Deduct:			
Payments to suppliers		8,177	4,181
		8,177	4,181
Ending balance 31 December 2019	3.2	69,504	35,536

REDUCING HEALTH RISKS FACTORS
of the Ministry of Finance and Treasury

Consolidated project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

B APPENDIX SoE Withdrawal Schedule of SDC Grant TF0A4795 (EUR) for the year ended 31 December 2019

Previous periods	Initial deposit	Goods, consultants services, incremental operating costs, goods	Total amount of applications	Total replenished
	300,000	518,972	572,062	727,075
Application 5* (RS)	-	-	-	52,928
Application 6 part (RS)	-	53,090	-	55,158
Application 7 (RS)	-	119,875	119,875	119,875
Application 8 (RS)	-	26,998	26,998	7,030
Application 9 (RS)	-	122,025	122,025	-
Application 7 (FB&H)	-	-	-	36,901
Application 8 (FB&H)	-	100,759	100,759	100,759
Application 9 (FB&H)	-	54,904	54,904	54,904
Application 10 (FB&H)	-	58,876	58,876	58,876
Application 11 (FB&H)	(129,650)	129,650	129,650	-
Total SoE applications	(129,650)	666,177	613,087	486,431
Return of unused funds	(20,350)	20	20	(28,337)
Total 2019	(150,000)	666,197	613,107	458,094
Cumulative as of 31 December 2019	150,000	1,185,169	1,185,169	1,185,169

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

Consolidated Project financial statements for the year ended 31 December 2019

(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
Original amount	1,409,682	1,257,458
Disbursed in previous years	-	-
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
TOTAL disbursement in 2018	847,069	727,075
Withdrawal 5 (RS)	60,052	52,928
Withdrawal 6 (RS)	62,014	55,158
Withdrawal 7 (RS)	133,973	119,875
Withdrawal 8 (RS)	7,801	7,030
Withdrawal 7 (FB&H)	41,584	36,901
Withdrawal 8 (FB&H)	112,226	100,759
Withdrawal 9 (FB&H)	61,245	54,904
Withdrawal 10 (FB&H)	66,026	58,876
TOTAL disbursement in 2019	544,920	486,431
Return of unused funds	(31,353)	(28,337)
Cumulative disbursed as of 31 December 2019	1,360,636	1,185,169
Calculated undisbursed balance as of 31 December 2019	49,046	72,289
Undisbursed balance WB Summary as at 31 December 2019	49,046	43,686
Exchange rate (+/-)	(28,603)	