

MINISTRY OF HEALTH AND WELLNESS

**BH-L1055 PROGRAM TO SUPPORT THE HEALTH SECTOR
TO CONTAIN AND CONTROL CORONAVIRUS AND TO
MITIGATE ITS EFFECTS IN SERVICE PROVISION
IN THE BAHAMAS**

FINANCIAL REPORTS

JUNE 30, 2021

MINISTRY OF HEALTH AND WELLNESS

**BH-L1055 PROGRAM TO SUPPORT THE HEALTH SECTOR TO CONTAIN AND CONTROL
CORONAVIRUS AND TO MITIGATE ITS EFFECTS IN SERVICE PROVISION IN THE BAHAMAS**

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**REPORT OF THE AUDITORS TO THE MANAGEMENT OF
BH-L1055 PROGRAM TO SUPPORT THE HEALTH SECTOR TO CONTAIN AND CONTROL
CORONAVIRUS AND TO MITIGATE ITS EFFECTS IN SERVICE PROVISION IN THE BAHAMAS**

Opinion

We have audited the financial statements of the Program to Support the Health Sector to Contain and Control Coronavirus and to Mitigate its effects in Service Provision ("Project"), which comprise the Statement of Cash Received and Disbursements and the Statement of Cumulative Investments for the period from March 17, 2021 to June 30, 2021, and notes to the Project financial statements, including a summary of significant accounting policies. The Project is executed by the Ministry of Health and Wellness ("Executing Agency") and financed with funds from the Inter-American Development Bank ("IDB") Loan Contract No. 5179/OC-BH.

In our opinion, the accompanying financial statements of the Project for the period from March 17, 2021 to June 30, 2021 have been prepared, in all material respects, in accordance with the financial reporting requirements of the contractual clause of Loan Contract No. 5179/OC-BH and the Audited Financial Reports and External Audit Management Handbook for project financed by IDB.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and specific requirements of the Inter-American Development Bank ("IDB"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Executing Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

As described in Note 2 of the financial statements, the statement of cash received and disbursements and the statement of cumulative investments were prepared using the "Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting" which is a comprehensive basis of accounting other than IFRS but is acceptable in preparing the Project's financial statements based on the Audited Financial Reports and External Audit Management Handbook for projects financed by IDB. Cash basis accounting recognises transactions and acts only when the cash is received or disbursed by the entity, and not when they give rise to, accrue or originate rights or obligations although there was no cash movement. The financial statements are prepared to assist the Executing Agency in complying with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Executing Agency and IDB and should not be distributed to or used by parties other than the Executing Agency or IDB. Our opinion is not modified in respect of this matter.

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

The Executing Agency's Project Execution Unit ("PEU") is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of IDB Loan Contract No. 5179/OC-BH, and for such internal control as the PEU determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the PEU 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 Project's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

A further description of the auditors' responsibilities for the audit of the financial statements is located in an Appendix to this report. This description forms part of our auditors' report.

BDO

Chartered Accountants

Nassau Bahamas

October 28, 2021

APPENDIX TO THE AUDITORS' REPORT

Detailed Description of Our Responsibilities

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

- Identify and assess the risk of material misstatement of the 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 Program'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 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.

MINISTRY OF HEALTH AND WELLNESS
BH-L1055 PROGRAM TO SUPPORT THE HEALTH SECTOR TO CONTAIN AND CONTROL
CORONAVIRUS AND TO MITIGATE ITS EFFECTS IN SERVICE PROVISION IN THE BAHAMAS
STATEMENT OF CASH RECEIVED AND DISBURSEMENTS

(Expressed in US dollars)

Period from March 17, 2021 to June 30, 2021

	IDB	TOTAL
CASH RECEIVED		
Beginning balance	\$ -	\$ -
Activity during the period		
. Disbursements (advances, reimbursements, direct payments and reimbursements guaranteed by letters of credit)	8,000,000	8,000,000
. Interest received	-	-
. Other	-	-
Total Cash Received	8,000,000	8,000,000
DISBURSEMENTS		
Beginning balance	-	-
Activity during the period		
. Refunds	-	-
. Payments for goods and services	8,000,000	8,000,000
. Other	-	-
Total Cash Disbursements	8,000,000	8,000,000
AVAILABLE CASH AS OF PERIOD-END	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Signature: _____

Name and Title: COLIN HIGGS, PERMANENT SECRETARY

Date: October 28, 2021

Signature: _____

Name and Title: Linden Nairn
PEU Manager

Date: October 28, 2021

MINISTRY OF HEALTH AND WELLNESS
BH-L1055 PROGRAM TO SUPPORT THE HEALTH SECTOR TO CONTAIN AND CONTROL CORONAVIRUS
AND TO MITIGATE ITS EFFECTS IN SERVICE PROVISION IN THE BAHAMAS
STATEMENT OF CUMULATIVE INVESTMENTS
(Expressed in US dollars)

Period from March 17, 2021 to June 30, 2021

ITEM	Opening Balance		Movement During Year		Balance at June 30, 2021	
	IDB	TOTAL	IDB	TOTAL	IDB	TOTAL
1. Response Leadership at the Country Level	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Case Detection and Monitoring	-	-	5,295,270	5,295,270	5,295,270	5,295,270
2.1. Surveillance, rapid-response teams, and case management	-	-	5,295,270	5,295,270	5,295,270	5,295,270
2.2. Laboratory network	-	-	-	-	-	-
2.3. Information and communications technology tools	-	-	-	-	-	-
3. Interruption of the Chain of Transmission	-	-	1,722,310	1,722,310	1,722,310	1,722,310
3.1. Access to vaccines for COVID-19	-	-	666,636	666,636	666,636	666,636
3.2. Communication with the public	-	-	-	-	-	-
3.3. New and updated protocols	-	-	-	-	-	-
3.4. Strengthening points of entry	-	-	1,055,674	1,055,674	1,055,674	1,055,674
4. Improvement of the Capacity for Service Delivery	-	-	982,420	982,420	982,420	982,420
4.1. Delivery of healthcare for COVID-19 patients	-	-	982,420	982,420	982,420	982,420
4.2. Continuity of essential care	-	-	-	-	-	-
5. Program Administration, Evaluations and Auditing Costs	-	-	-	-	-	-
GRAND TOTAL	\$ -	\$ -	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000

Signature: _____

Name and Title: COLIN HIGGS
PERMANENT SECRETARY

Date: October 28, 2021

Signature: _____

Name and Title: Lindon Nairn
PEU Manager

Date: October 28, 2021

MINISTRY OF HEALTH AND WELLNESS
BH-L1055 PROGRAM TO SUPPORT THE HEALTH SECTOR TO CONTAIN AND CONTROL
CORONAVIRUS AND TO MITIGATE ITS EFFECTS IN SERVICE PROVISION IN THE BAHAMAS
NOTES TO THE FINANCIAL STATEMENTS OF THE PROJECT

1. Description of the Project

- 1.1 The Inter-American Development Bank (“the Bank”) and the Government of The Bahamas (“GoBH”) signed the Loan Contract 5179/OC-BH dated March 17, 2021 in the amount of twenty million USD (\$20,000,000) for the execution of investment project BH-L1055 “Program to Support the Health Sector to Contain and Control Coronavirus and to Mitigate its Effects in Service Provision”.

The disbursement period of the Project is up to March 17, 2023 (2 years from the effective date of the contract). Additionally, disbursements incurred between March 16, 2020 and December 9, 2020 up to eight million USD (\$8,000,000) are deemed eligible.

The loan shall be repaid by means of semiannual, consecutive and equal installments commencing 66 months from the effective date on the contract and shall be fully repaid no later than 25 years from the same date.

- 1.2 *Objectives.* The general objectives of the Project are to help reduce the morbidity and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. The specific objectives of the Project are to: (i) strengthen response leadership at the country level; (ii) improve case detection and monitoring; (iii) support initiatives to break the chain of transmission of the illness; and (iv) to improve service delivery capacity.

- 1.3 *Components.* The Project has four components:

(a) Component 1: Response Leadership at the Country Level. This component will strengthen the Emergency Operations Committee (“EOC”) by enhancing its capabilities for decision-making, surveillance, assessment, public health management, and multi-sectoral coordination. Specifically, this component will finance: (i) a platform for epidemiological surveillance and public health (software and hardware) and technical support (public health and digital health experts) to streamline the response processes and strengthen the digital health information systems for real-time management and monitoring of the pandemic in the country; and (ii) the strengthening of the national logistic support system (software, hardware) to track procurement processes and use of medical supplies, pharmaceuticals, and therapeutics within the public health system.

(b) Component 2: Case Detection and Monitoring. This component will support actions to expand the health system’s capacity for screening, case detection, contact tracing, reporting and monitoring of COVID-19 cases, focusing especially on fifty-four (54) health facilities that are the key points of care in Nassau and the Family Islands.

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NOTES TO THE FINANCIAL STATEMENTS OF THE PROJECT

1. Description of the Project (continued)

- (c) Component 3: Interruption of the Chain of Transmission. This component will finance the following: (i) design and implementation of a public communications campaign; (ii) update of care protocols and (iii) strengthening of ports of entry.
- (d) Component 4: Improving of the Capacity for Service Delivery. This component will support the strengthening of the COVID-19 case management capacity and also the continuity of essential care services during the emergency.
- (e) Component 5: Project administration, evaluation, and auditing costs. This component will finance the activities to strengthen the Ministry of Health and Wellness' (MOHW's) institutional project management, fiduciary, and procurement capabilities for project implementation. Specifically, it will fund the following: (i) a Project Executing Unit (PEU); (ii) the hiring of consultants and specialized technical services; (iii) independent auditing services; (iv) the impact evaluation; and (v) the implementation of an Environmental and Social Management Plan, which will update procedures for the proper handling of medical waste.

1.4 Execution. The GoBH has designated the MOHW as the Project Executing Agency ("PEA"). The MOHW will establish a Project Executing Unit ("PEU") within its organizational structure and under the Office of the Permanent Secretary ("PS"). The PEU will be responsible for Project administration including planning, budgeting, accounting, procurement, application of social and environmental safeguards, monitoring, and reporting of progress on project implementation. The PEU will include a project coordinator, a monitoring specialist, and specialists in procurement, financial management, health informatics, epidemiology, and civil engineering, as well as an operational support staff.

2. Key Accounting Policies

- **Basis of Accounting**

The financial statements have been prepared using the cash basis of accounting, recognizing contributions and expenses when cash is received and disbursed, respectively. This record-keeping modality differs from the IPSAS under which transactions should be recorded as they are earned or incurred and not when cash is received or paid. However, the IPSAS have been applied to these circumstances discussed in the chapter "Cash Basis IPSAS: Financial Reporting under the Cash Basis of Accounting."

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NOTES TO THE FINANCIAL STATEMENTS OF THE PROJECT

2. Key Accounting Policies (continued)

▪ **Monetary Unit**

In accordance with the Bank's requirements, the Project's accounting records are maintained in US Dollars which is the financing currency. Foreign payments are paid via the Central Bank of the Bahamas in US Dollars. The foreign exchange rate for the Bahamian Dollar is set at par with the US Dollar.

3. Available cash balance

On June 23, 2021, the Bank approved Disbursement Request Number 1 which represented a retroactive disbursement in the amount of eight million USD (\$8,000,000). The funds were transferred to account number 1.2890.0255 at the Central Bank of the Bahamas.

The available balance on the account as at June 30, 2021 is US\$0. Reconciliation of the Project's cash balance follows:

	<u>2021</u>
Central Bank of the Bahamas	
Account No. 1.2890.0255	\$8,000,000
Less: Retroactive disbursements made by the	
Ministry of Finance	<u>(8,000,000)</u>
	<u>\$ -</u>

4. Advances pending justification

As at June 30, 2021, there are no advances pending justification.

5. Advances and justification

Movement between the advances received and advances justified follows:

	<u>2021</u>
Opening balance of advances	\$ -
Advances received	8,000,000
Advances recorded and justified	<u>(8,000,000)</u>
	<u>\$ -</u>

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NOTES TO THE FINANCIAL STATEMENTS OF THE PROJECT

6. Local counterpart funds

The Government of the Bahamas has not pledged any local counterpart financing on the Project.

7. Procurement of goods and services

The procurement of goods and services is conducted in accordance with the Bank's policies.

8. Investment categories

The investment categories under the Project are:

- a) Works – The scope of works includes the upgrade of ports of entry infrastructure.
- b) Goods – The scope of goods includes the acquisition of the following: i. ventilation systems with negative pressure for the primary healthcare facilities; ii. COVID-19 vaccines and related goods; iii. personal protective equipment; iv. computer hardware; and v. medical equipment.
- c) Individual Consultants – Individual consultants include members of the Program Execution Unit (the PEU).

9. Disbursements

As of June 30, 2021, the cumulative disbursements of the Project amounted to eight million USD (\$8,000,000.00).

In accordance with Section 3.02 (b) of the agreement, expenditures consisting of supplies, medication, Covid-19 vaccine procurement through the COVAX Facility, personal protective equipment, personnel upgrade and equipping of health units and other related activities in regard to the upgrade/fitting of points of entry, up to the equivalent of eight million USD (\$8,000,000), were considered by the Bank as eligible expenses and subject to retroactive reimbursement.

The PEU has discounted certain expenditures to account for the eight million USD (\$8,000,000.00) allowed retroactive reimbursement.

10. Reconciliation between the “Statement of Cash Received and Disbursements” and the “Statement of Cumulative Investments”

Amount disbursed per Statement of Cash Received and Disbursements as of June 30, 2021	US\$8,000,000
Amount disbursed per Statement of Cumulative Investments as of June 30, 2021	US\$8,000,000

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NOTES TO THE FINANCIAL STATEMENTS OF THE PROJECT

11. Reconciliation by investment categories between the Project's records and the Bank's records

The balances per the Project's investment categories are consistent with the Bank's records.

12. Subsequent events

- On September 1, 2021, an Advance of Funds of two million three hundred ninety-nine thousand nine hundred fifty-seven dollars (\$2,399,957) was made by IDB to cover approximately six (6) months of financial commitments under Loan Contract 5179/OC-BH.
- On September 15, 2021, contracts for individual consultants of the PEU were signed and executed effective September 6, 2021
- On September 24, 2021, the MOHW engaged the audit services of BDO to conduct the audits of the financial statements for the fiscal years ended/ending June 30, 2021 through June 30, 2023.
- On September 29, 2021, the MOHW directed the wire transfer of one million three hundred eighty-nine thousand five hundred seventy-seven dollars (\$1,389,577) to facilitate the reimbursement to the GoBH for the purchase of fifty-seven thousand three hundred thirty (57,330) doses of Pfizer COVID-19 vaccine.

13. Comparative figures

No opening figures are shown as this is the Project's first period of operation

REPORT ON THE SYSTEM OF INTERNAL CONTROL

**To the Management of Ministry of Health and Wellness (Executing Agency)
Program to Support the Health Sector to Contain and Control Coronavirus
and to Mitigate its Effects in Service Provision**

We have audited the statement of cash receipt and disbursements and statement of cumulative investments of the Program to Support the Health Sector to Contain and Control Coronavirus and to Mitigate its Effects in Service Provision, for the period from March 17, 2021 to June 30, 2021. The Project is executed by the Ministry of Health and Wellness, and financed by the Inter-American Development Bank under Loan Contract No. 5179/OC-BH.

We issued our audit report thereon dated October 28, 2021.

This report complements our opinion on the referenced financial statements.

The PEU of the Program to Support the Health Sector to Contain and Control Coronavirus and to Mitigate its Effects in Service Provision is responsible for establishing and maintaining a system of internal control sufficient to mitigate the risks of financial information misstatements and safeguard the assets of the Project, including construction works and other procured goods. In fulfilling this responsibility, estimates and judgments by Project's management are required to assess the expected benefits and related costs of system of internal control policies and procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are protected against loss from unauthorised use or disposition; transactions are executed in accordance with management's authorisation and in accordance with the terms of the contract, and transactions are recorded properly to permit the preparation of fair and true financial statements. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Project's financial statements for the period from March 17, 2021 to June 30, 2021, we obtained an understanding of the system of internal control, and we assessed control risk in order to determine the auditing procedures for the purpose of expressing an opinion on the Project's financial statements and not to express an opinion on the effectiveness of the system of internal control. Accordingly, we do not express such an opinion.

We noted certain matters that are described in this report, involving the system of internal control and its operation that we considered to be material weakness or reportable conditions under International Standards on Auditing. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the system of internal control that, in our judgment, could adversely affect the ability of the Project to record, process, summarize, and report financial data consistent with assertions of management in the Statement of Cash Receipt and Disbursements and the Statement of Cumulative Investments.

A material weakness is a reportable condition in which the design or operation of one or more of the specific elements of the system of internal control does not reduce to a relatively low level the risk that significant errors or irregularities in amounts that would be material in relation to the Project's financial statements may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the system of internal control would not necessarily disclose all matters in the system of internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

Reportable Conditions

On our independent check of the members of the PEU, it was noted that a personnel under the PEU has a history of previous conviction of fraud in the United States in which the management and the Bank was not made aware of. Since the disbursements on the Project for the period from March 17, 2021 to June 30, 2021 pertains to retroactive reimbursements of expenditures already paid by the Government, we considered this matter as a reportable condition for the lack of background investigation on personnel but not a material weakness as defined above.

The Project does not have a defined policy with regards to the identification of related party relationships which may need to be declared by all parties prior to the authorization and approval of the transaction. We consider this matter as a reportable condition but not a material weakness as defined above.

BDO

Chartered Accountants
Nassau Bahamas
October 28, 2021