

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, 2022

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**

<u>Contents</u>	<u>Page</u>
Report of the Auditors	1-2
Appendix to the Auditors' Report	3
Statement of Cash Received and Disbursements	4
Statement of Cumulative Investments	5
Notes to the Financial Statements of the Project	6-10

**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 (the “Project”), which comprise the Statement of Cash Received and Disbursements and the Statement of Cumulative Investments for the year ended 30 June 2022, 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 (the “Executing Agency”) and financed with funds from the Inter-American Development Bank (the “IDB”) Loan Contract No. 5179/OC-BH.

In our opinion, the accompanying financial statements of the Project for the year ended 30 June 2022 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 (ISA) and specific requirements of the 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 International Public Sector Accounting Standards (IPSASs): 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 the IDB and should not be distributed to or used by parties other than the Executing Agency or the 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 ISA 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.

A handwritten signature in blue ink, appearing to read 'BDO'.

Chartered Accountants
Nassau Bahamas
31 October 2022

APPENDIX TO THE AUDITORS' REPORT

Detailed Description of Our Responsibilities

As part of an audit in accordance with ISA, 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 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 auditors' 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 auditors' 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.

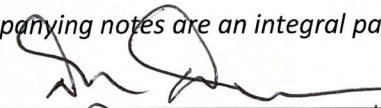
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


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

For the year ended June 30, 2022
(Expressed in United States Dollars)

	Notes	Year ended June 30, 2022		Period from March 17, 2021 to June 30, 2021	
		IDB	Total	IDB	Total
		\$	\$	\$	\$
CASH RECEIVED					
Beginning balance		8,000,000	8,000,000	—	—
Activity during the year					
(i) Disbursements (advances, reimbursements, direct payments and reimbursements guaranteed by letters of credit		2,399,957	2,399,957	8,000,000	8,000,000
Total cash received	3	10,399,957	10,399,957	8,000,000	8,000,000
DISBURSEMENTS					
Beginning balance		8,000,000	8,000,000	—	—
Activity during the year					
(i) Payments for goods and services		1,389,577	1,389,577	8,000,000	8,000,000
(ii) Other		407,026	407,026	—	—
Total cash disbursements	10	9,796,603	9,796,603	8,000,000	8,000,000
Available cash as of end of year	4	\$ 603,354	\$ 603,354	\$ —	\$ —

The accompanying notes are an integral part of these financial statements.

Signature: 
Name and Title: PROJECT MANAGER
Date: 31 October 2022

Signature: 
Name and Title: PERMANENT SECRETARY
Date: 31 October 2022

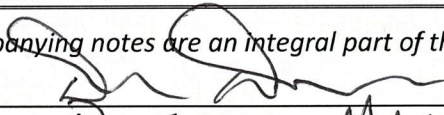
MINISTRY OF HEALTH AND WELLNESS
BH-L1055 PROGRAM TO SUPPORT THE HEALTH SECTOR TO CONTAIN AND CONTROL CORONAVIRUS
AND TO MITIGATE ITS EFFECTS IN SERVICE PROVISION IN THE BAHAMAS
STATEMENT OF CUMULATIVE INVESTMENTS


For the year ended June 30, 2022

(Expressed in United States Dollars)

ITEM	Year ended June 30, 2022			Period from March 17, 2021 to June 30, 2021		
	Opening balance	Current period activity	Cumulative balance	Opening balance	Current period activity	Cumulative balance
	\$	\$	\$	\$	\$	\$
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 cash 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	1,389,577	3,111,887	—	1,722,310	1,722,310
3.1. Access to vaccines for COVID-19	666,636	1,389,577	2,056,213	—	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	—	407,026	407,026	—	—	—
GRAND TOTAL	\$8,000,000	\$1,796,603	\$9,796,603	\$—	\$8,000,000	\$8,000,000

The accompanying notes are an integral part of these financial statements.

Signature: 
Name and Title: PROJECT MANAGER
Date: 31 October 2022

Signature: 
Name and Title: PERMANENT SECRETARY
Date: 31 October 2022

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 (“IDB or 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.

On 9 September 2021, the Project received advances from IDB amounting to \$2,399,957.

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) 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.

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 (continued)

- (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.
- (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 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.

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

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 International Public Sector Accounting Standards (IPSASs) 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.”
- **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. Funds received from IDB

Funds are received from IDB based on disbursement requests submitted. Requests are made by one of three request methods: i) Justification of Advance ii) Expense Reimbursement iii) New Advance of Funds. The first drawdown of the loan was received on 24 June 2021 via an Expense Reimbursement in the amount of \$8,000,000. The second drawdown of the loan was received on 9 September 2021 via a New Advance of Funds in the amount of \$2,399,957.

The disbursements received as of June 30, 2022 amounted to \$10,399,957 (2021: \$8,000,000).

4. Available cash balance

The Project’s cash balance as of June 30, 2022 stood at \$603,354 (2021: \$-).

Reconciliation of the Project’s cash balance follows:

	2022	2021
	\$	\$
Central Bank of the Bahamas		
Account No. 1.2890.0255	10,050,890	8,000,000
Less: Retroactive and other disbursements made		
by the Ministry of Finance	(9,447,536)	(8,000,000)
	603,354	–

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

4. Available cash balance (cont)

Reconciliation of cumulative disbursement as follows:

	2022	2021
	\$	\$
Disbursements made by the Ministry of Finance	9,447,536	8,000,000
Disbursements from Central Bank account	349,067	–
	<u>9,796,603</u>	<u>8,000,000</u>

5. Advances pending justification

As of June 30, 2022, the advances pending justification to the IDB is comprised of the following disbursement requests awaiting processing, or expenditures incurred but not included in justification of disbursement requests to the IDB as at that date:

	2022	2021
	\$	\$
Available cash	603,354	–
Expenditures incurred but not yet justified	1,796,603	–
	<u>2,399,957</u>	<u>–</u>

6. Advances and justification

Movement between the advances received and advances justified follows:

	2022	2021
	\$	\$
Opening balance of advances pending justification	–	–
Advances received	2,399,957	8,000,000
Advances recorded and justified	–	(8,000,000)
	<u>2,399,957</u>	<u>–</u>

7. Local counterpart funds

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

8. Procurement of goods and services

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

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

9. 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 PEU.

10. Disbursements

As of June 30, 2022, the cumulative disbursements of the Project amounted to \$9,796,603 (2021: \$8,000,000).

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

	2022	2021
	\$	\$
Disbursement per statement of cash received and disbursements	9,796,603	8,000,000
Amount invested per statement of cumulative investments	9,796,603	8,000,000
	–	–

12. 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.

13. Contingencies

As at 30 June 2022, there were no contingent assets or liabilities due to lawsuits or claims that need to disclose or accrue on the financial statements of the Project.