



SECOND REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NORTH WEST REGIONAL HEALTH AUTHORITY FOR THE YEAR ENDED 30 SEPTEMBER, 2006

Section 25(2) of the Regional Health Authority Act, Chapter 29:05 requires the Auditor General to audit the accounts of the North West Regional Health Authority. The First Report of the Auditor General of the Republic of Trinidad and Tobago on the non-receipt of the Financial Statements of the North West Regional Health Authority for the year ended 30 September, 2006 was signed by the Auditor General on 4th November, 2009 and forwarded to the Speaker and the President of the Senate to be laid before the House of Representatives and the Senate respectively and to the Minister of Finance.

2. The accompanying Financial Statements of the North West Regional Health Authority for the year ended 30 September, 2006 have been audited. The Statements comprise a Statement of Financial Position as at 30 September, 2006, a Statement of Net Assets, a Statement of Operations for the year ended 30 September, 2006, a Statement of Cash Flows for the year ended 30 September, 2006 and Accounting Policies labelled a to j and Notes to the Financial Statements numbered 1 to 10.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

3. The management of the North West Regional Health Authority (the Authority) is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

4. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit. The audit which was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 25 (2) of the Regional Health Authority Act, Chapter 29:05 was conducted in accordance with generally accepted auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, sufficient appropriate audit evidence was not obtained to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

5. The Authority's underlying accounts in many instances were not properly maintained and preserved for audit examination. As a result, I was unable to verify the account balances listed below:

STATEMENT OF FINANCIAL POSITION

Assets	\$
Current Assets	124,143,087
Non-Capital Assets	41,935,430
Capital Assets	210,679,969

DEFERRED CONTRIBUTIONS AND CAPITAL

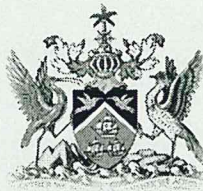
Liabilities	\$
Current Liabilities	48,213,343
Non-Current Liabilities	41,935,430
Deferred Contributions	243,626,928

Statement of Operations

	\$
Income	520,280,918
Expenses	491,950,040

DISCLAIMER OF OPINION

6. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph 5, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the Financial Statements.



SUBMISSION OF REPORT

7. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

**14TH OCTOBER, 2016
PORT-OF-SPAIN**



**MAJEEED ALI
AUDITOR GENERAL**

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2016 10/4

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Financial Statements

For the Year Ended 30 September 2006

THE NORTH WEST REGIONAL HEALTH AUTHORITY

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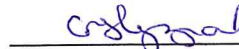
Statement of Financial Position

	Notes	30 September 2006 \$	30 September 2005 \$
ASSETS			
Current			
Cash and cash equivalents	1	57,229,192	45,222,567
Receivables and prepayments	2	4,208,637	2,848,851
Receivable from Ministry of Health	3	52,787,470	99,641,063
Due from NCRHA		-	-
Inventories	4	<u>9,917,788</u>	<u>6,015,812</u>
		<u>124,143,087</u>	<u>152,728,294</u>
Non current			
Receivable from Ministry of Health	3	41,935,430	55,649,164
Capital Assets			
Property, plant and equipment	5	<u>210,679,969</u>	<u>189,611,791</u>
Total Assets		<u>376,758,486</u>	<u>397,989,249</u>
LIABILITIES, DEFERRED CONTRIBUTIONS AND CAPITAL			
Current Liabilities			
Bank overdraft	6	411,231	15,634,002
Accounts payable and accrued liabilities	7	34,088,378	58,848,022
Current Portion of Long-term debt	8	<u>13,713,734</u>	<u>22,964,430</u>
		48,213,343	97,446,454
Non current			
Long-term debt	8	41,935,430	55,649,164
Deferred Contributions			
Deferred grants -Tenders		23,246,275	48,258,980
Capital Grants Deferred		<u>220,380,653</u>	<u>189,611,791</u>
		243,626,928	237,870,771
Net Assets			
Net Assets		<u>42,982,785</u>	<u>7,022,860</u>
Total Liabilities, Deferred Contributions and Capital		<u>376,758,486</u>	<u>397,989,249</u>

The accompany summary of significant accounting policies on pages 4 to 6 and the notes set out on pages 7 to 10 form an integral part of these financial statements.

 Chairman

Chairman

 Chief Executive Officer

Chief Executive Officer

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Statement of Net Assets

	Year Ended 30 September 2006 \$	Year Ended 30 September 2005 \$
Net Assets		
Net Assets, Beginning of Year	7,022,860	42,164,560
Excess (Deficiency) of Revenue over expenses	35,959,925	(35,141,700)
Net Assets, end of year	42,982,785	7,022,860

Deferred Contributions/ Government Grants

Deferred Contributions, Beginning of Year	237,870,771	163,877,546
Investment in New Capital Assets	30,481,361	30,775,897
Advance on capital asset purchases	9,700,684	
Movement in Deferred Grants –tenders	(25,012,705)	48,258,980
Amortization of Capital Assets	(9,413,183)	(5,051,652)
Deferred Contributions, end of year	243,626,928	237,870,771

The accompany summary of significant accounting policies on pages 4 to 6 and the notes set out on pages 7 to 10 form an integral part of these financial statements

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Statement of Operations

	Year Ended 30 September 2006 \$	Year Ended 30 September 2005 \$
Income		
Subventions – Ministry of Health		
Personal emoluments- Public Servants	131,058,000	113,548,500
Personal emoluments- RHA employees	204,166,927	197,552,595
Statutory payments	-	-
Goods and Services	77,649,273	48,642,539
C40	63,301,891	48,853,170
Personal Care assistants	1,598,912	7,623,988
Pension	5,562,036	6,016,512
Other	26,666,375	11,506,928
Amortization of capital assets	9,413,183	5,051,652
Other patient revenues	<u>864,321</u>	<u>10,030,633</u>
	<u>520,280,918</u>	<u>448,816,517</u>
Expenses		
Salaries, wages and medical staff remuneration	357,215,998	311,498,169
Administrative costs	4,055,590	4,253,915
Utility costs	8,536,235	9,555,664
Property maintenance	8,994,874	52,016,990
Medical supplies	82,181,455	68,830,397
Amortization of capital assets	9,413,183	5,051,652
Kitchen /Other supplies and expenses	<u>21,552,705</u>	<u>11,427,351</u>
Total operating expenditure	<u>491,950,040</u>	<u>462,624,131</u>
Finance costs	3,953,507	5,484,093
Penalty & Interest on Statutory payments	(11,582,555)	15,849,987
Excess (Deficiency) of Revenues over Expenses for the year	<u>35,959,926</u>	<u>(35,141,700)</u>

The accompany summary of significant accounting policies on pages 4 to 6 and the notes set out on pages 7 to 10 form an integral part of these financial statements

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Statement of Cash Flows

For the year ended Sept. 30

	2006	2005
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	35,959,926	(35,141,700)
Amortization of deferred Contribution		
Adjustment to reconcile net assets	-	-
Amortization of capital assets	<u>9,413,183</u>	<u>5,051,652</u>
	45,373,109	(30,100,058)
Changes in non-cash working capital balances		
Accounts receivable and Other Assets	(1,359,785)	2,034,586
Amounts Receivable from Ministry of Health	59,567,327	235,351,552
Adjustment to clear NCRHA Intercompany		23,257,480
Accounts payable and accrued liabilities	(24,759,644)	(268,743,156)
Inventories	<u>(3,901,976)</u>	<u>3,236,201</u>
	74,919,031	(4,863,227)
Investing activities		
Purchase of capital assets, net of disposals	(30,481,361)	(30,775,897)
Adjustment to Capital Assets	-	-
	<u>(30,481,361)</u>	<u>(30,775,897)</u>
Financing activities		
Repayment of long-term debt	(22,964,430)	(22,724,837)
Deferred contributions, donations and interest	<u>5,756,157</u>	<u>73,993,225</u>
	(17,208,273)	51,268,388
Increase /(Decrease) in cash and cash equivalents during the year	227,229,397	15,629,154
Cash and cash equivalents, beginning of year	29,588,565	13,959,411
Cash and cash equivalents, end of year	56,817,961	29,588,565
Represented by		
Cash in Bank	57,216,092	45,209,467
Cash in hand	13,100	13,100
Bank Overdraft	<u>(411,231)</u>	<u>15,634,002</u>
	<u>56,817,961</u>	<u>29,588,565</u>

The accompany summary of significant accounting policies on pages 5 and 6 and the notes set out on pages 7 to 12 form an integral part of these financial statements.

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Accounting Policies

30 September 2006

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention. Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of goods or services and the creation of a legal obligation to pay. During the period 1999 to 2004, the Authority was constrained by the following factors in seeking to prepare its financial statements in accordance with International Financial Reporting Standards:-

- i) Lack of adequate accounting records from predecessor RHA's which were merged into the NWRHA;
- ii) Breakdowns in the Accounting Information Systems (Dacey and Peachtree) which resulted in loss of data;
- iii) High turnover in Senior Finance Personnel including periods where several senior positions were vacant for extended periods.

b Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, accounts receivable, other assets, bank indebtedness, accounts payable, long-term debt and other liabilities. and are stated at their approximate fair values determined in accordance with the policy statements disclosed. Unless otherwise noted, it is management's opinion that the RHA is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

c Capital Assets (Property, plant and equipment)

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the RHA's ability to provide services, its carrying amount is written down to its residual value.

Amortization of capital assets is calculated on the reducing balance basis, over their estimated useful lives, using the following rates:

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Accounting Policies (Continued)

30 September 2006

c Capital Assets (Property, plant and equipment) cont'd

Freehold Land	-
Freehold Buildings	2%
Leasehold Improvements	10%
Plant and Equipment	20%
Office Furniture	10%
Office Equipment	10%
Computer Equipment	25%
Fixtures and Fittings	10%
Medical Equipment	10%
Motor Vehicles	25%

Land is not depreciated.

Profits or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in income.

d Inventories

Inventories are stated at cost determined using the average basis.

e Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost and comprise cash in hand and, cash at bank. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. For the purposes of the cash flow statement, cash and cash equivalents also include the bank overdrafts.

f Trade receivables

Trade receivables are carried at the original invoiced amounts. No provision was made for the impairment of these receivables.

g Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the exchange rates prevailing at the accounting date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. All exchange differences are taken to the income and expenditure statement as incurred.

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Accounting Policies (Continued)

30 September 2006

h Government grants and Revenue recognition

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

Government grants relating to recurrent expenditure are deferred and are included in non-current liabilities. They are recognized in the income statement over the period necessary to match them with the net expenditure for the year which they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to the income statement on a straight line basis over the expected lives of the related assets.

i Taxation

The Authority is not subject to corporation tax, by Act Number 5 of 1994.

j Use of Estimates/ Comparatives

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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Notes to the Financial Statements 30 September 2006

1 Incorporation and Principal Business Activity

The North West Regional Health Authority, incorporated in the Republic of Trinidad and Tobago, is a state controlled institution, which became a statutory body in 1994, and was merged with the then autonomous units, the Eric Williams Medical Sciences Complex and the Central Regional Health Authority. The principal activities of the Authority according to the Regional Health Authorities Act of 1994, are:

- To provide efficient systems for the provision of health care to the citizens of Trinidad and Tobago, on behalf of the Ministry of Health.
- To provide the use of health care facilities for service, training and research.
- To facilitate the education of persons, and research in medical and related fields.
- To collaborate with and advise municipalities on matters of public health.

1	Cash and Cash Equivalents	2006	2005
		\$	\$
	Cash at bank	57,216,092	45,209,467
	Cash in hand	<u>13,100</u>	<u>13,100</u>
		<u>57,229,192</u>	<u>45,222,567</u>
2	Receivables and Prepayments	2006	2005
		\$	\$
	Prepayments	-	10,379
	Income receivable	1,470,573	-
	VAT refundable	<u>2,738,064</u>	<u>2,838,473</u>
		<u>4,208,637</u>	<u>2,848,852</u>
3.	Receivable from Ministry of Health	2006	2005
		\$	\$
	Grants Receivable	94,722,900	154,290,227
	Non current portion	(41,935,430)	(55,649,164)
	Current portion	<u>52,787,470</u>	<u>98,641,063</u>

The above grants are received from the Government of Trinidad and Tobago to fund the Authority's recurrent expenditure.

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements (Continued) 30 September 2006

4	Inventories	2006	2005
		\$	\$
	Consumables	<u>9,917,788</u>	<u>6,015,812</u>

5 Property, Plant and Equipment

	Land	Buildings	Plant Furniture, Fittings & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Year ended 30 September 2005					
Opening net book amount	42,725,000	112,982,097	6220,313	1,950,136	163,877,546
Additions	-	1,622,376	29,153,521	0	30,775,897
Depreciation charge	-	(2,292,089)	(2,260,028)	(487,534)	(5,051,652)
Closing net book amount	<u>42,725,000</u>	<u>112,312,383</u>	<u>33,111,806</u>	<u>1,462,602</u>	<u>189,611,791</u>
At 30 September 2005					
Cost/valuation	42,725,000	145,320,376	44,940,706	3,348,796	234,334,877
Accumulated depreciation	-	(33,007,993)	(9,828,900)	(1,886,193)	(44,723,086)
Net book amount	<u>42,725,000</u>	<u>112,312,383</u>	<u>33,111,806</u>	<u>1,462,602</u>	<u>189,611,791</u>
Year ended 30 September 2006					
Opening net book amount	42,725,000	112,312,383	33,111,806	1,462,602	189,611,791
Additions	-	2,400,000	28,081,361	0	30,481,361
Depreciation charge	-	(2,246,248)	(6,801,285)	(365,651)	(9,413,183)
Closing net book amount	<u>42,725,000</u>	<u>112,466,136</u>	<u>54,391,881</u>	<u>1,096,952</u>	<u>210,679,968</u>
At 30 September 2006					
Cost/valuation	42,725,000	147,720,376	71,022,067	3,348,796	264,816,238
Accumulated depreciation	-	(35,254,240)	(16,630,186)	(2,251,844)	(54,136,270)
Net book amount	<u>42,725,000</u>	<u>112,466,136</u>	<u>54,391,881</u>	<u>1,096,952</u>	<u>210,679,968</u>

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements (Continued) 30 September 2006

6	Bank overdraft	2006 \$	2005 \$
	Bank overdraft	<u>411,231</u>	<u>15,634,002</u>
7	Accounts Payable and accrued liabilities	2006 \$	2005 \$
	Other accrued liabilities	709,253	60,301
	Paye payable	-	-
	Health Surcharge payable	-	-
	Provision for arrears	6,279,908	5,390,528
	Statutory deduction liability	0	11,582,555
	National Insurance Payable	-	-
	Trade payables	<u>27,099,217</u>	<u>41,814,638</u>
		<u>34,088,378</u>	<u>58,848,022</u>
8	Long Term Loan	2006 \$	2005 \$
	Scotia Trust	51,678,027	73,818,229
	Citibank	<u>3,971,137</u>	<u>4,765,365</u>
		55,649,164	78,613,594
	Current portion	(13,713,734)	(22,964,430)
		<u>41,935,430</u>	<u>55,649,164</u>

Principal repayments for the next seven years are as follows:

Year	Principal –Scotia Trust	Principal –Citibank
2007	12,919,507	794,228
2008	12,919,507	794,228
2009	12,919,507	794,228
2010		794,228
2011		794,228
2012		794,228

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements (Continued)
30 September 2006

10. Commitments and Contingencies

a. Purchase of Contracts

The RHA has no material long term purchase contracts.

b. Contingencies

Legal and Litigation Matters

In the normal course of business the RHA is involved in certain legal matters and litigations, the outcome of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.