



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, 2007

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, 2007 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, 2007 have been audited. The Statements comprise a Statement of Financial Position as at 30 September, 2007, a Statement of Net Assets, a Statement of Operations for the year ended 30 September, 2007, a Statement of Cash Flows for the year ended 30 September, 2007 and Accounting Policies labelled a to j and Notes to the Financial Statements numbered 1 to 11.

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	171,436,240
Non-Capital Assets	41,935,430
Capital Assets	230,973,858

DEFERRED CONTRIBUTIONS AND CAPITAL

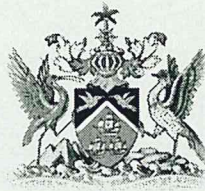
Liabilities	\$
Current Liabilities	86,230,594
Non-Current Liabilities	28,221,696
Deferred Contributions	329,893,238

Statement of Operations

	\$
Income	482,864,576
Expenses	477,971,788

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**



**MAJEED ALI
AUDITOR GENERAL**

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2016 10/14

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Financial Statements

For the Year Ended 30 September 2007

THE NORTH WEST REGIONAL HEALTH AUTHORITY

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THE NORTH WEST REGIONAL HEALTH AUTHORITY

Statement of Financial Position

	Notes	30 September 2007 \$	30 September 2006 \$
ASSETS			
Current			
Cash and cash equivalents	1	125,545,037	57,229,192
Receivable from Ministry of Health	3	30,806,628	40,300,930
Receivables and prepayments	2	4,029,565	2,981,442
Inventories	4	11,055,010	9,917,788
		<u>171,436,240</u>	<u>110,429,352</u>
Non current			
Receivable from Ministry of Health	3	41,935,430	55,649,164
Capital Assets			
Property, plant and equipment	6	<u>230,973,858</u>	<u>210,679,969</u>
Total Assets		<u>444,345,528</u>	<u>376,758,486</u>
LIABILITIES, DEFERRED CONTRIBUTIONS AND CAPITAL			
Current Liabilities			
Bank overdraft	7	-	411,231
Accounts payable and accrued liabilities	8	72,516,860	34,088,378
Current Portion of Long-term debt	9	<u>13,713,734</u>	<u>13,713,734</u>
		86,230,594	48,213,343
Non current			
Long-term debt	9	28,221,696	41,935,430
Deferred Contributions			
Operating Fund		45,014,538	42,982,785
Deferred grants -Tenders		53,904,842	32,946,959
Capital Grants Deferred		<u>230,973,859</u>	<u>210,679,969</u>
		329,893,238	286,609,713
Total Liabilities, Deferred Contributions and Capital		<u>444,345,528</u>	<u>376,758,486</u>



The accompany summary of significant accounting policies on pages 5 to 7 and the notes set out on pages 8 to 11 form an integral part of these financial statements.

 Chairman

 Chief Executive Officer

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Statement of Net Assets

	Year Ended 30 September 2007 \$	Year Ended 30 September 2006 \$
Net Assets		
Net Assets, Beginning of Year	42,982,785	7,022,860
Excess (Deficiency) of Revenue over expenses	2,031,753	35,959,925
Net Assets, end of year	45,014,538	42,982,785

Deferred Contributions/ Government Grants

Deferred Contributions, Beginning of Year	243,626,928	237,870,771
Investment in New Capital Assets	29,552,985	30,481,361
Advance on capital asset purchases	20,957,882	9,700,684
Movement in Deferred Grants –tenders	-	(25,012,705)
Amortization of Capital Assets	(9,259,095)	(9,413,183)
Deferred Contributions, end of year	284,878,700	243,626,928

The accompany summary of significant accounting policies on pages 5 to 7 and the notes set out on pages 8 to 11 form an integral part of these financial statements

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Statement of Operations / Comprehensive Income

	Year Ended 30 September 2007 \$	Year Ended 30 September 2006 \$
Income		
Subventions – Ministry of Health		
Personal emoluments- Public Servants	-	131,058,000
Personal emoluments- RHA employees	276,640,000	204,166,927
Goods and Services	88,100,000	77,649,273
C40	85,029,869	63,301,891
Personal Care assistants	4,307,100	1,598,912
Pension	8,420,096	5,562,036
Other	11,108,416	26,666,375
Amortization of capital assets	9,259,095	9,413,183
Other patient revenues	-	864,321
	<u>482,864,576</u>	<u>520,280,918</u>
Expenses		
Salaries, wages and medical staff remuneration	283,742,401	357,215,998
Administrative costs	10,055,264	4,055,590
Utility costs	10,476,129	8,536,235
Property maintenance	34,069,762	8,994,874
Medical supplies	98,748,716	82,181,455
Amortization of capital assets	9,259,095	9,413,183
Kitchen /Other supplies and expenses	24,293,605	21,552,705
Write offs/(write backs)	<u>7,326,816</u>	<u>-</u>
Total operating expenditure	<u>477,971,788</u>	<u>491,950,040</u>
Finance costs	(2,861,035)	(3,953,507)
Penalty & Interest on Statutory payments	-	11,582,555
Surplus (Deficit) of Revenues over Expenses for the year	<u>2,031,753</u>	<u>35,959,926</u>

The accompany summary of significant accounting policies on pages 5 to 7 and the notes set out on pages 8 to 11 form an integral part of these financial statements.

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Statement of Cash Flows

For the year ended September 30	2007	2006
Cash provided by (used in)		
Operating activities		
Surplus (Deficit) of revenues over expenses for the year	2,031,753	35,959,926
Amortization of deferred Contribution		
Amortization of capital assets	<u>9,259,095</u>	<u>9,413,183</u>
	11,290,848	45,373,109
Changes in non-cash working capital balances		
Accounts receivable and Other Assets	(1,048,123)	(1,359,785)
Amounts Receivable from Ministry of Health	23,208,036	59,567,327
Accounts payable and accrued liabilities	38,428,483	(24,759,644)
Inventories	<u>(1,137,222)</u>	<u>(3,901,976)</u>
	70,742,022	74,919,031
Investing activities		
Purchase of capital assets, net of disposals	(29,552,985)	(30,481,361)
Adjustment to Capital Assets	<u>-</u>	<u>-</u>
	(29,552,985)	(30,481,361)
Financing activities		
Repayment of long-term debt	(13,713,734)	(22,964,430)
Deferred contributions, donations and interest	<u>41,251,774</u>	<u>5,756,157</u>
	27,538,040	(17,208,273)
Increase/Decrease) in cash and cash equivalents during the year	68,727,076	27,229,397
Cash and cash equivalents, beginning of year	56,817,961	29,588,565
Cash and cash equivalents, end of year	<u>125,545,037</u>	<u>56,817,961</u>
Represented by		
Cash in Bank	125,531,937	57,216,092
Cash in hand	13,100	13,100
Bank overdraft	<u>-</u>	<u>(411,231)</u>
	<u>125,545,037</u>	<u>56,817,961</u>

The accompany summary of significant accounting policies on pages 5 to 7 and the notes set out on pages 8 to 11 form an integral part of these financial statements.

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Accounting Policies

30 September 2007

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. These 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 to their carrying values unless otherwise stated

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.

It is noted that the last valuation of assets were done in 1999/2000. No revaluation was done on the Authority's Property, Plant and Equipment.

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

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Accounting Policies (Continued)

30 September 2007

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 the lower of cost and net realizable value.

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.

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Accounting Policies (Continued)

30 September 2007

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 accordance with Internationally Accepted Accounting Standards 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.

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements 30 September 2007

1 Incorporation and Principal Business Activity

The North West Regional Health Authority (NWRHA), 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. However, 2005 this merger was then separated, resulting in the individual formation of the NWRHA. 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.

At 30 September 2007, the company had 2,938 employees and 2,598 in 2006.

2	Cash and Cash Equivalents	2007	2006
		\$	\$
	Cash at bank	125,531,937	57,216,092
	Cash in hand	<u>13,100</u>	<u>13,100</u>
		<u>125,545,037</u>	<u>57,229,192</u>
3	Receivables and Prepayments		
	Prepayments	374,086	-
	Income receivable	828,828	243,378
	Security Deposit	179,379	-
	VAT refundable	<u>2,647,272</u>	<u>2,738,064</u>
		<u>4,029,565</u>	<u>2,981,442</u>
4	Receivable from Ministry of Health		
	Grants Receivable	72,742,058	95,950,094
	Non current portion	(41,935,430)	(55,649,164)
	Current portion	<u>30,806,628</u>	<u>40,300,930</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 2007

5	Inventories			2007 \$	2006 \$	
	Consumables			<u>11,055,010</u>	<u>9,917,788</u>	
6	Property, Plant and Equipment					
			Plant			
		Land	Buildings	Furniture, Fittings & Equipment	Motor Vehicles	Total
		\$	\$	\$	\$	\$
	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)	(9,413,184)
	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)	(54,136,720)
	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>
	Year ended 30 September 2007					
	Opening net book amount	42,725,000	112,466,136	54,391,881	1,096,951	210,679,968
	Adjustments	-	18,807,720	(17,686,077)	252,931	1,374,574
	Additions	-	-	28,178,411	-	28,178,411
	Depreciation charge	-	(2,604,612)	(6,377,423)	(277,060)	(9,259,095)
	Closing net book amount	<u>42,725,000</u>	<u>128,669,244</u>	<u>58,506,792</u>	<u>1,072,822</u>	<u>230,973,858</u>
	At 30 September 2007					
	Cost/valuation	42,725,000	156,676,491	75,123,424	2,797,318	277,322,233
	Accumulated depreciation	-	(28,007,247)	(166,16,632)	(1,724,496)	(46,348,375)
	Net book amount	<u>42,725,000</u>	<u>128,669,244</u>	<u>58,506,792</u>	<u>1,072,822</u>	<u>230,973,858</u>

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements (Continued) 30 September 2007

7	Bank overdraft	2007 \$	2006 \$
	Bank overdraft	<u>-</u>	<u>411,231</u>
8	Accounts Payable and accrued liabilities	2007 \$	2006 \$
	Other accrued liabilities	29,425,757	709,253
	PAYE payable	18,071	-
	Health Surcharge payable	(11)	-
	Provision for arrears	32,854,609	6,279,908
	National Insurance Payable	712	-
	Trade payables	<u>10,217,722</u>	<u>27,099,217</u>
		<u>72,516,860</u>	<u>34,088,378</u>
9	Long Term Loan	2007 \$	2006 \$
	Scotia Trust	38,758,520	51,678,027
	Citibank	<u>3,176,909</u>	<u>3,971,137</u>
		41,935,430	55,649,164
	Current portion	(13,713,734)	(13,713,734)
		<u>28,221,696</u>	<u>41,935,430</u>

Principal repayments for the next four years are as follows:

Year	Scotia Trust	Citibank
2007	12,919,507	794,228
2008	12,919,507	794,228
2009	12,919,507	794,228
2010		794,228

THE NORTH WEST REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements (Continued)
30 September 2007

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.

11. Long Term Loan

The Authority via the Ministry of Health was awarded a loan from the commercial banks, in order to clear outstanding supplier payments while it was merged with the then autonomous units, the Eric Williams Medical Sciences Complex and the Central Regional Health Authority.